



*Approved
SNA
16/2/25*

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 16 FEB 2025	DAY: TUE
TABLED BY:	HON. BENJAMIN LAGAT, MP VICE-CHAIRPERSON, D.C.C.P. FINANCE & NATIONAL PLANNING
CLERK-AT THE TABLE:	A. SHIBUKO

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THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON:
THE CONSIDERATION OF
THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) (NO. 2) BILL, 2024 (NATIONAL ASSEMBLY BILLS NO. 26 OF 2024)

NATIONAL ASSEMBLY RECEIVED
18 FEB 2025
SPEAKER'S OFFICE
P. O. Box 41842, NAIROBI.

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

NOVEMBER, 2024

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LIST OF ABBREVIATION

- MP - Member of Parliament
- PFM - Public Finance Management
- ICPAK - Institute of Certified Accountants of Kenya
- SRC - Salaries and Remuneration Commission

ANNEXURES

Annexure 1: Adoption Schedule

Annexure 2: Minutes

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Annexure 8: Memoranda by Stakeholders

CHAIRPERSON'S FOREWORD

This report contains the proceedings of the Departmental Committee on Finance and National Planning on the consideration of the Public Finance Management (Amendment) (No. 2) Bill, 2024 (National Assembly Bills No. 26 of 2024), sponsored by the Leader of the Majority party, Hon. Kimani Ichungwah, EGH, MP. The Bill was published on 16th April, 2024. It was read a First Time on 19th June, 2024 and was then committed to the Committee for consideration and tabling of report to the House pursuant to Standing Order 127.

The principal object of the Bill is to amend the Public Finance Management Act, Cap. 412A, to align the timelines for the passing and consideration of the Finance Bill by the County Assemblies and the National Assembly.

In compliance with Article 118(b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly placed an advertisement in the print media on 21st June, 2024 inviting the public to submit memoranda by way of written statements on the Bill.

In addition, the Clerk of the National Assembly vide letter Ref. No.NA/DDC/F&NP/2024/100 dated 17th September 2024 invited key stakeholders to submit views on the Bill and attend a public participation forum on 25th September, 2024. The memoranda were to be received on or before 15th April, 2024 at 5.00 pm (East African Time). By the close of the submission deadline, the Committee had received four memoranda.

On behalf of the Departmental Committee on Finance and National Planning and pursuant to the provisions of Standing Order 199(6), it is my singular honour to present to this House the Report of the Committee on its consideration of the Public Finance Management (Amendment) (No. 2) Bill, 2024 (National Assembly Bills No. 26 of 2024). The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support accorded to it during its consideration of the Bill.

Finally, I wish to express my appreciation to the Honourable Members of the Committee and the Committee Secretariat who made invaluable contributions towards the preparation and production of this report.

It is my pleasure to report that the Committee has considered the Public Finance Management (Amendment) (No. 2) Bill, 2024 (National Assembly Bills No. 26 of 2024) and wish to report to this August House with the recommendation that the House approves the Bill with amendments.

HON. CPA KURIA KIMANI, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING



ACKNOWLEDGMENT

The Committee extends its sincere gratitude to the Office of the Speaker of the National Assembly and the Clerk of the National Assembly for their invaluable logistical and technical support throughout its sittings. Their assistance facilitated the Committee's deliberations and ensured the smooth progress of its work.

The Committee especially acknowledges and appreciates the participation of all stakeholders and members of the public who diligently submitted their comments on the Bill. Their insights and contributions have enriched the Committee's understanding of the various perspectives on the proposed measures.

Further, the Committee wishes to express its heartfelt appreciation to the Honourable Members of the Committee and the dedicated Committee Secretariat whose commitment, expertise and collaborative efforts were instrumental in preparing and producing this report. I particularly commend the Secretariat for their diligent work that enabled the Committee to fulfill its constitutional mandate by thoroughly analyzing the Bill to the Committee.

On behalf of the Departmental Committee on Finance and National Planning and pursuant to Standing Order 199 (6), it is both a privilege and an honor to present to the House, the Report of the Departmental Committee on Finance and National Planning on its Consideration of the Public Finance Management (Amendment) (No. 2) Bill, 2024 (National Assembly Bills No. 26 of 2024). The Committee trusts that this report will serve as a valuable resource for informed debate and decision-making by the members of this House.

CHAPTER ONE

1.0 PREFACE

1.1 ESTABLISHMENT OF THE COMMITTEE

1. The Departmental Committee on Finance and National Planning is one of the fifteen Departmental Committees of the National Assembly established under **Standing Order 216 (5)** whose mandate is as follows:

- i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
- ii. *To study the program and policy objectives of Ministries and departments and the effectiveness of their implementation;*
- iii. **To study and review all the legislation referred to it;**
- iv. *To study, access, and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
- v. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
- vi. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on Appointments);*
- vii. *To examine treaties, agreements and conventions;*
- viii. *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
- ix. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
- x. *To examine any questions raised by Members on a matter within its mandate.*

1.2 MANDATE OF THE COMMITTEE

2. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, public finance, monetary policies, public debt, financial institutions (excluding those in securities exchange), investment and divestiture policies, pricing policies, banking, insurance, population revenue policies including taxation and national planning and development.

3. In executing its mandate, the Committee oversees the following government Ministries and Departments:

- i. State Department of National Treasury;
- ii. State Department of Economic Planning;
- iii. Commission on Revenue Allocation; and
- iv. Office of the Controller of Budget; and

1.3 COMMITTEE MEMBERSHIP

4. The Departmental Committee on Finance and National Planning comprises of the following Members:

Chairperson

Hon. CPA Kuria Kimani, CBS, MP
Molo Constituency

UDA Party

Vice-Chairperson

Hon. (Amb). Benjamin Langat, CBS, MP
Ainamoi Constituency

UDA Party

Hon. (Dr). Adan Keynan, CBS, MP
Eldas Constituency

Jubilee Party

Hon. Andrew Okuome, MP
Karachuonyo Constituency

ODM Party

Hon. David Mwalika Mboni, MP
Kitui Rural Constituency

Wiper Party

Hon. CPA. Joseph Oyula, MP
Butula Constituency

ODM Party

Hon. Joseph K. Makilap, MP
Baringo North Constituency

UDA Party

Hon. Umul Ker Kassim, MP
Mandera County

UDA Party

Hon. CPA Julius Rutto, MP
Kesses Constituency

UDA Party

Hon.(Dr.) Shadrack Ithinji, MP
South Imenti Constituency

Jubilee Party

Hon. Paul K. Biego, MP
Chesumei Constituency

UDA Party

Hon. Joseph Munyoro, MP
Kigumo Constituency

UDA Party

Hon. Dr. John Ariko Namoit, MP
Turkana South Constituency

ODM Party

Hon. Mohamed S. Machele, MP
Mvita Constituency

ODM Party

Hon. George Sunkuyia, MP
Kajiado West Constituency

UDA Party

1.4 COMMITTEE SECRETARIAT

5. The following staff facilitate the Committee:

Mr. Benjamin Magut
Principal Clerk Assistant /Head of Secretariat

Ms. Jennifer Ndeto
D/Director, Legal Service

Mr. Salem Lorot
Legal Counsel I

Mr. James M. Macharia
Media Relations Officer I

Ms. Peninnah Simiren
Legal Counsel II

Ms. Winfred Kambua
Clerk Assistant III

Mr. George Ndenjeshe
Fiscal Analyst III

Mr. Benson Kamande
Clerk Assistant III

Ms. Nelly W.N Ondieki
Research Officer III

Mr. Benson Muthuri
Serjeant-At-Arms

Ms. Joyce Wachera
Hansard Officer III

CHAPTER TWO

2.0 OVERVIEW OF THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) (NO. 2) BILL, 2024 (NATIONAL ASSEMBLY BILLS NO. 26 OF 2024)

2.1 BACKGROUND

6. The Public Finance Management (Amendment) (No. 2) Bill, 2024 (National Assembly Bills No. 26 of 2024), is sponsored by the Leader of the Majority Party, Hon. Kimani Ichung'wah, EGH, MP. The Bill was published on 16th April, 2024. It was read a First Time on 19th June, 2024 and was then committed to the Committee for consideration and tabling of report to the House pursuant to Standing Order 127.

2.2 SUMMARY OF LEGAL PROVISIONS

7. The principal object of the Bill is to amend the Public Finance Management Act, Cap. 412A, to align the timelines for the passing and consideration of the Finance Bill by the County Assemblies and the National Assembly.

8. Clause 2 of the Bill seeks to amend section 129(2)(a) of the Act to clarify and harmonize timelines for passing the Finance Bill between the County Assembly and the National Assembly. It seeks to delete the words "except the Finance Bill" in section 129(2)(a) of the Act. Section 129(2)(a) of the Act provides as follows—

(2) Following approval by the County Executive Committee, the County Executive Committee member for finance shall—

(a) submit to the county assembly the budget estimates, supporting documents, and any other Bills required to implement the budget, except the Finance Bill, by the 30th April in that year;

9. Clause 3 of the Bill seeks to introduce a new section 131A to provide for similar procedures for submission, consideration and passing of the Finance Bill in the County Assembly as that of the National Assembly. The proposed new section 131A provides as follows—

Submission, consideration and passing of the County Finance Bill

131A. (1) County Executive Committee member for finance shall submit to the County Assembly, on or before 30th April, the County Finance Bill setting out the revenue measures for the County Government.

(2) Following submissions of the County Finance Bill by County Executive Committee member for finance, the relevant committee of the County Assembly shall introduce the Bill in the County Assembly.

(3) The County Assembly shall consider and pass the County Finance Bill, with or without amendments, in time for it to be presented for assent by 30th June each year.

(4) Any recommendations made by the relevant committee of the County Assembly or resolution passed by the County Assembly on revenue matters shall—

(a) ensure the total amount of revenue raised is consistent with the approved fiscal framework;

(b) take into account the principles of equity, certainty and ease of collection;

(c) consider the impact of the proposed changes on the composition of the tax revenue with reference to direct and indirect taxes;

(d) consider domestic, regional and international tax trends;

(e) consider the impact on development, investment, employment and economic growth; and

(f) take into account the taxation and other tariff arrangements and obligations that Kenya has ratified, including taxation and tariff arrangements under the East African Community Treaty.

(5) The recommendations of the County Executive Committee member for finance shall be included in a report and tabled in the County Assembly.

10. Clause 4 of the Bill seeks to repeal section 133 to align the practice in the County Assembly to that of the National Assembly in the consideration of the Finance Bill. Section 133 provides as follows—

Approval of the Finance Bill.

133. Not later than ninety days after passing the Appropriation Bill, the county assembly shall consider and approve the Finance Bill with or without amendments.

CHAPTER THREE

3.0 PUBLIC PARTICIPATION AND STAKEHOLDER ENGAGEMENT ON THE BILL

3.1 LEGAL FRAMEWORK ON PUBLIC PARTICIPATION

11. Article 118 (1)(b) of the Constitution provides that:

"Parliament shall facilitate public participation and involvement in the legislative and other business of Parliament and its Committees."

12. The National Assembly Standing Order 127 (3) and (3A) stipulates that:

*"(3) The Departmental Committee to which a Bill is committed shall **facilitate public participation on the Bill** through an appropriate mechanism including-*

(a) inviting submission of memoranda;

(b) holding public hearings;

(c) consulting relevant stakeholders in a sector; and

(d) consulting experts on technical subjects.

(3A) The Departmental Committee shall take into account the views and recommendations of the public under paragraph (3) in its report to the House."

3.2 MEMORANDA RECEIVED ON THE BILL

13. Pursuant to the aforementioned provisions of law, the Clerk of the National Assembly placed an advertisement in the print media on 16th April, 2024, inviting the public to submit memoranda through written statements on the Bill. Further, the Clerk of the National Assembly vide letter Ref.No. NA/DDC/F&NP/2024/101 dated 17th September, 2024 invited key stakeholders to submit views on the Bill and attend a public participation forum on 25th September 2024 respectively.

14. The Committee received memoranda from the Office of the Auditor-General, the Office of the Attorney-General, the Institute of Certified Public of Kenya (ICPAK), and the Coast Regional Budget Hub. The memoranda are annexed to this report as Annexure 8.

3.3 PUBLIC VIEWS AND SUBMISSION

Clause 2

Institute of Certified Accountants of Kenya (ICPAK)

15. Amend the clause to insert the words "by the 30th of April in that year" in the proposed deletion of the words "except the Finance Bill" in section 129(2) of the Public Finance Management Act.

16. The proviso as it is in the Bill is not complete. The amendment therefore seeks to achieve completeness.

Committee Observation

The Committee observed that section 129(2)(a) of the Public Finance Management Act, Cap. 412A, provides for the CEC for finance to submit to the county assembly the budget estimates, supporting documents, and any other Bills required to implement the budget, except the Finance Bill, by the 30th April in that year. The proposed amendment seeks to delete the words “except the Finance Bill” to provide clarity and harmonization of timelines for passing of the Finance Bill between County Assembly and National Assembly. However, the Committee was of a different view that the stakeholder’s proposal to also delete the words “by the 30th April in that year” would remove the deadline which was important in timely passage of legislation in line with court pronouncements.

Clause 3

17. ICPAK proposed that clause 3 of the Bill be amended by inserting a new subsection (2A) immediately after subsection (2) in the proposed new section 131A as follows—

(2A) The County Executive Committee member for finance shall ensure public participation as provided for under the Constitution.

18. The justification for the proposed amendment was that it was in line with Article 201 of the Constitution which provides for public participation in financial matters.

Committee Observation

The Committee observed that public participation is a constitutional imperative; hence, it was not necessary to provide for it in the proposed new section since it was obligatory for public participation to be conducted as the Constitution dictates.

19. ICPAK further proposed that clause 3 of the Bill be amended in the proposed new section 131A by rearranging the subsections for logical flow in the Bill. The re-arranged provision was as follows—

- 131A. (1) County Executive Committee member for finance shall submit to the County Assembly on or before 30th April the County Assembly Bill setting out revenue measures for the County Government.
- (2) Following the County Finance Bill by the County Executive member for finance, the relevant committee of the County Assembly shall introduce the Bill in the County Assembly.
- (3) The County Executive Member for finance shall ensure public participation as provided for under the Constitution
- (4) Any recommendations made by the relevant committee of the County Assembly or resolution passed by the County Assembly on revenue matters shall:
- (a) ensure that the total amount of revenue raised is consistent with the approved fiscal framework and the County Allocation of Revenue Act;
 - (b) take into account the principles of equity, certainty and ease of collection;
 - (c) consider the impact of the proposed changes on the composition of tax revenue with reference to direct and indirect taxes;
 - (d) consider domestic, regional and international tax trends;
 - (e) consider the impact on development, investment, employment and economic growth; and
 - (f) take into account the taxation and other tariff agreements and obligations that Kenya has ratified, including taxation and tariff agreements under the East African Community Treaty.
- (5) The County Assembly shall consider and pass the Finance Bill with or without amendments in time for it to be presented for assented by 30th of June each year.
- (6) The recommendations of the County Executive Committee member for finance shall be included and tabled in the County Assembly.

Committee Observation

The Committee observed as follows:

- (a) The proposed amendment has deleted the proposed new subsection (3) (*providing for the passage of County Finance Bill and its deadline for passage*) and replaced it with a new subsection providing for the requirement of ensuring public participation. The new subsection (3) has been moved and placed after the new subsection (4).**

The Committee was of the view that, firstly, public participation is a constitutional imperative; hence, it was not necessary to provide for it in the proposed new section since it was obligatory for public participation to be

conducted as the Constitution dictates. Secondly, the sequence provided for in the Bill was proper and that it was logical.

(b) The proposed amendment has inserted County Allocation of Revenue Act into subsection 4(a); however, no justification has been given for the amendment.

(c) The proposed amendment to subsection 4(f) has sought to replace "tariff arrangements" with "tariff agreements". The Committee agreed to this amendment since it provides clarity.

COAST REGIONAL BUDGET HUB

20. The Coast Regional Budget Hub submitted that clause 3 of the Bill will align the county timelines with those of the national government, requiring Finance Bills to be submitted by April 30th and passed by June 30th. This synchronization will help reduce inconsistencies between county and national financial frameworks, ensuring that county governments are better prepared for the start of the fiscal year.

21. Further, the amendments promote timely enactment of revenue-raising measures, reducing delays that could affect the implementation of the budget.

Committee Observation

The Committee noted the stakeholder's submission.

22. Amend clause 3 of the Bill in the proposed new section 131A (4) by inserting a new paragraph (g) to provide for openness and accountability, including public participation in revenue matters, in alignment with Article 201(a) of the Constitution, which mandates that all aspects of public finance adhere to the principles of openness, accountability, and public participation.

Committee Observation

The Committee agreed with the stakeholder.

23. The stakeholder further proposed the following:

(a) There is a need to establish a monitoring framework to ensure that both county executives and assemblies adhere to the newly established timelines;

- (b) To ensure smooth implementation of the revised timelines, county assemblies should invest in building their technical and administrative capacities to handle the increased workload during the budget estimates and Finance Bill review periods;
- (c) There is a need to create public awareness of the changes should the Bill sail through and encourage robust public participation in the Finance Bill process at the county level to ensure that revenue-raising measures are both transparent and reflective of local needs.

Committee Observation

The Committee noted the stakeholder's recommendations but observed that the proposals were administrative hence did not require specific amendments.

THE OFFICE OF THE ATTORNEY-GENERAL AND DEPARTMENT OF JUSTICE

24. The Attorney-General stated that the amendments proposed with regard to the Act do not offend the Constitution or any other Act of Parliament and therefore were in order, subject to policy guidance by the National Treasury.

Committee Observation

The Committee noted the submission by the Attorney-General.

OFFICE OF THE AUDITOR-GENERAL

25. The Auditor-General agreed with the proposed amendment since it enhances the credibility of the budget and in particular ensures consideration of performance in revenue collection before setting the budget. The amendments will also ensure that County Governments consider own source revenue before setting their expenditure.


Committee Observation

The Committee noted the submission by the Auditor-General.

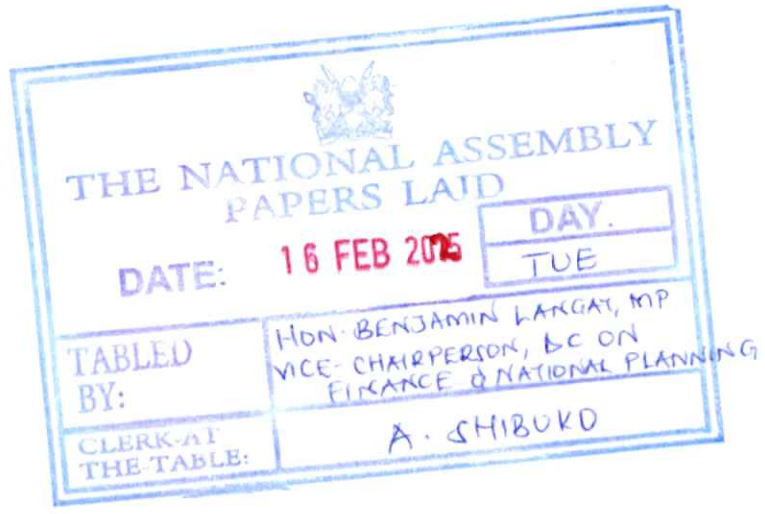
CHAPTER FOUR

4.0 COMMITTEE RECOMMENDATION

26. The Committee having considered the Public Finance Management (Amendment) (No. 2) Bill, 2024 (National Assembly Bills No. 26 of 2024) recommends that the House approves the Bill with amendments as proposed in the schedule.

SIGNED..........DATE.....18/02/2025.....

HON. CPA KURIA KIMANI, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING



CHAPTER FIVE

5.0 SCHEDULE OF PROPOSED AMENDMENTS

27. The Committee proposed the following amendments to be considered by the House in the Committee stage:

CLAUSE 3

THAT, clause 3 of the Bill be amended in the proposed new section 131A (4)—

(a) by inserting the following new paragraph immediately after paragraph (b)—

“(ba) be open and accountable, including public participation;”

(b) in paragraph (f)—

- (i) by deleting the word “arrangements” appearing immediately after the words “and other tariff” and substituting therefor the word “agreements”;
- (ii) by deleting the word “arrangements” appearing immediately after the words “taxation and tariff” and substituting therefor the word “agreements”.

Justification

The amendment seeks to align the provision with Article 201(a) of the Constitution which mandates that all aspects of public finance adhere to the principles of openness, accountability, and public participation. Further, the amendment seeks to correct clerical errors.



THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FOURTH SESSION - 2025

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING.
ADOPTION LIST

REPORT ON THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) (NO. 2) BILL, 2024
(NATIONAL ASSEMBLY BILLS NO. 26 OF 2024)

We, the Members of the Departmental Committee on Finance and National Planning have pursuant to Standing Order 199, adopted this Report and affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity today, **Tuesday, 18th February 2025.**

S/NO.	NAME	SIGNATURE
1.	HON. (CPA). KURIA KIMANI, CBS, MP - CHAIRPERSON	
2.	HON. (AMB). BENJAMIN KIPKIRUI LANGAT, MP – VICE CHAIRPERSON	
3.	HON. DR. ADAN KEYNAN WEHLIYE, MP	
4.	HON. GEORGE SUNKUYIA RISA, MP	
5.	HON. (CPA) JOSEPH MAERO OYULA, MP	
6.	HON. ANDREW ADIPO OKUOME, MP	
7.	HON. DAVID MWALIKA MBONI, MP	
8.	HON. JOSEPH MAKILAP KIPKOROS, MP	
9.	HON. JOSEPH KAMAU MUNYORO, MP	
10.	HON. (CPA) JULIUS KIPLETING RUTTO, MP	
11.	HON. PAUL KIBICHIY BIEGO, MP	
12.	HON. UMUL KER SHEIKH KASSIM, MP	
13.	HON. DR. SHADRACK MWITI ITHINJI, MP	
14.	HON. DR. JOHN ARIKO NAMOIT, MP	
15.	HON. MOHAMED SOUD MACHELE, MP	

MINUTES OF THE 3RD SITTING OF DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING HELD ON TUESDAY, 18TH FEBRUARY 2025 IN COMMITTEE ROOM 17, BUNGE TOWER, AT 10.00 A.M

PRESENT

- | | | |
|--|---|-------------------------|
| 1. Hon. CPA. Kuria Kimani, MP | - | Chairperson |
| 2. Hon. (Amb.) Benjamin Kipkirui Langat, CBS, MP | - | Vice-Chairperson |
| 3. Hon. David Mwalika Mboni, MP | | |
| 4. Hon. George Sunkuyia Risa, MP | | |
| 5. Hon. Andrew Adipo Okuome, MP | | |
| 6. Hon. Joseph Munyoro, MP | | |
| 7. Hon. Umul Ker Sheikh Kassim, MP | | |
| 8. Hon. Joseph Makilap Kipkoros, MP | | |

ABSENT WITH APOLOGY

1. Hon. Mohamed Soud Machele, MP
2. Hon. (Dr.) Shadrack Mwiti Ithinji, MP
3. Hon. (Dr.) Adan Keynan Wehliye, CBS, MP
4. Hon. Julius Kipletting Rutto, MP
5. Hon. CPA. Joseph Maero Oyula, MP
6. Hon. Paul Kibichiy Biego, MP
7. Hon. (Dr.) John Ariko Namoit, MP

COMMITTEE SECRETARIAT

- | | | |
|-----------------------|---|------------------------------|
| 1. Mr. Benjamin Magut | - | Principal Clerk Assistant II |
| 2. Mr. Benson Kamande | - | Clerk Assistant III |
| 3. Ms. Winfred Kambua | - | Clerk Assistant III |
| 4. Mr. Mabut Mutua | - | Legal Counsel II |
| 5. Ms. Nelly Ondieki | - | Research Officer III |
| 6. Ms. Joyce Wachera | - | Hansard Officer |
| 7. Mr. Ian Kinuthia | - | Intern |
| 8. Mr. Allan Kimani | - | Intern, Audio Services |

AGENDA

1. Prayers
2. Preliminaries/Introductions
3. Confirmation of Minutes/Matters Arising
 - a) **Consideration and adoption of the Report on the Public Finance Management (Amendment)(No.2) Bill, 2024 (National Assembly Bills No. 26 of 2024)**
 - b) **Consideration and adoption of the Report on the Public Finance Management (Amendment) Bill, 2024 (National Assembly Bills No. 2 of 2024)**
4. Any other Business

5. Adjournment/Date of the Next Sitting.

MIN No. NA/F & NP/2025/09:

PRELIMINARIES

The meeting was called to order at 10.14 a.m. with a word of prayer by the Hon. Joseph Kamau Munyoro, MP. The Chairperson then invited the meeting to deliberate on the day's agenda.

MIN No. NA/F & NP/2024/010:

CONFIRMATION OF MINUTES

Agenda deferred

MIN No. NA/F & NP/2024/011:

**CONSIDERATION AND ADOPTION OF THE
REPORT ON THE PUBLIC FINANCE
MANAGEMENT (AMENDMENT)(NO.2)
BILL, 2024 (NATIONAL ASSEMBLY BILLS
NO. 26 OF 2024)**

The meeting deliberated at length and agreed on the observations and recommendations contained in Chapter Four and Five of the Report as follows__.

Committee Observations;

The Committee observed as follows:

1. That there was to amend the Public Finance Management Act, Cap. 412A in the sections that provide that CEC for finance to submit to the county assembly the budget estimates, supporting documents, and any other Bills required to implement the budget, except the Finance Bill, by the 30th April in that year.
2. That, public participation is a constitutional imperative; hence, it was not necessary to provide for it in the proposed new section since it was obligatory for public participation to be conducted as the Constitution dictates. Secondly, the sequence provided for in the Bill was proper and that it was logical.
3. That The proposed amendment to subsection 4(f) which sought to replace "tariff arrangements" with "tariff agreements" was necessary since it was providing clarity.

Committee Resolution.

The Report was then adopted having been proposed by Hon. Joseph Makilap Kipkoros, MP and seconded by Hon. David Mboni, MP.

(Comprehensive details of the Committees Observations and Justifications are contained in chapter Four of the Report on the Public Finance Management (Amendment)(No.2) Bill, 2024 (National Assembly Bills No. 26 of 2024)

MIN No. NA/F & NP/2025/012:

**CONSIDERATION AND ADOPTION OF THE
REPORT ON THE PUBLIC FINANCE
MANAGEMENT (AMENDMENT) BILL, 2024
(NATIONAL ASSEMBLY BILLS NO. 2 OF
2024)**

The meeting deliberated at length and agreed on the observations and recommendations contained in Chapter Four and Five of the Report.

Committee Observations;

1. That clause 16 seeks to amend section 192 of the Public Finance Management Act, Cap. 412A to provide for the Public Sector Accounting Standards Board as a body corporate and which shall be a successor of the existing Public Sector Accounting Standards Board;
2. That the import and safeguards that section 86 of the Public Finance Management Act, Cap. 412A, and regulations 214 and 215 of the Public Finance Management (National Government) Regulations, Legal Notice 34 of 2015, which provide for the procedure, guiding principles and criteria for establishment of a state corporation;
3. However, the Committee was of a different view that establishing the Public Sector Accounting Standards Board as a body corporate was not in conflict with section 86 of the Public Finance Management Act, Cap. 412A, and regulations 214 and 215 of the Public Finance Management (National Government) Regulations, Legal Notice 34 of 2015, and in any case, another provision of the same statute could provide otherwise as long as they were not unconstitutional;
4. That the basis for the amendment was to make the Board independent and to strengthen it and is in line with the Government's movement from cash to accrual accounting in Government.
5. That clause 14 be amended to provide for time for submission of financial statements by public entities as two months after the end of the financial year instead of one month proposed in the Bill.

Committee Resolution.

The Report was then adopted having been proposed by Hon. (Amb.) Benjamin Kipkirui Langat, CBS, MP and seconded by Hon. Andrew Adipo Okuome, MP.

(Comprehensive details of the Committees Observations and Justifications are contained in chapter Four of the Report on the Public Finance Management (Amendment) Bill, 2024 (National Assembly Bills No. 2 of 2024))

MIN No. NA/F & NP/2025/013:

**ADJOURNMENT/DATE OF THE NEXT
MEETING**

There being no other business the meeting was adjourned at 12.00 p m The next meeting will be held on notice

SIGNED: **DATE:**

HON. CPA. KURIA KIMANI, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL
PLANNING.



REPUBLIC OF KENYA
THIRTEENTH PARLIAMENT- THIRD SESSION (2024)
THE NATIONAL ASSEMBLY

IN THE MATTER OF ARTICLE 118(1) (b) OF THE CONSTITUTION
AND

IN THE MATTER OF CONSIDERATION BY THE NATIONAL ASSEMBLY OF-

1. **THE KENYA NATIONAL COUNCIL FOR POPULATION AND DEVELOPMENT BILL (NATIONAL ASSEMBLY BILL NO. 72 OF 2023);**
2. **THE SOCIAL ASSISTANCE (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 80 OF 2023)**
3. **THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 2 OF 2024);**
4. **THE TECHNOPOLIS BILL (NATIONAL ASSEMBLY BILL NO. 6 OF 2024); AND**
5. **THE COOPERATIVES BILL (NATIONAL ASSEMBLY BILL NO. 7 OF 2024).**

INVITATION TO SUBMIT MEMORANDA

Article 118(1) (b) of the Constitution requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees and National Assembly. Standing Order 127(3) requires House Committees considering Bills to facilitate public participation;

AND WHEREAS, the Kenya National Council for Population and Development Bill (National Assembly Bill No. 72 of 2023), the Social Assistance (Amendment) Bill (National Assembly Bill No. 80 of 2023); the Public Finance Management (Amendment) Bill (National Assembly Bill No. 2 of 2024); the Technopolis Bill (National Assembly Bill No. 6 of 2024); and the Cooperatives Bill (National Assembly Bill No. 7 of 2024) have been Read a First Time and referred to the relevant Departmental Committees for consideration and reporting back to the House;

IT IS NOTIFIED that:-

1. **The Kenya National Council for Population and Development Bill (National Assembly Bill No. 72 of 2023)** is a Bill sponsored by the **Leader of the Majority Party, Hon. Kimani Ichung'wah, EGH, MP** that seeks to anchor the Kenya National Council for Population and Development in law through an Act of Parliament. The Council is currently established under Legal Notice No. 120 of 2004. Under the Bill, the Council is mandated, among others, to—
 - (a) carry out research and analysis on population issues;
 - (b) develop policies, plans and publications relating to population and development;
 - (c) identify and advise national and county governments on population issues that may not be adequately or appropriately addressed;
 - (d) co-ordinate and supervise population programmes;
 - (e) establish standards for population programmes;
 - (f) monitor and assess the impact of population programmes and make recommendations arising from such assessments;
 - (g) create public awareness and mobilize support for population and development programmes in the country;
 - (h) undertake advocacy activities to support population issues, including family planning; and
 - (i) mobilize resources for implementation of population programmes.
2. **The Social Assistance (Amendment) Bill (National Assembly Bill No. 80 of 2023)** is a Bill sponsored by **Hon. Peter Francis Masara, MP** that seeks to amend the Social Assistance Act, 2013 to require the Social Assistance Authority to collaborate with County Governments in the provision of social assistance to elderly persons with regard to shelter and health care services.
3. **The Public Finance Management (Amendment) Bill (National Assembly Bill No. 2 of 2024)** is a Bill sponsored by the **Hon. Kuria Kimani, MP** that seeks to amend the Public Finance Management Act, 2012. The Bill proposes to reduce the time for submission of financial statements to the Office of the Auditor General by public entities from three months after the end of a financial year to one month. This will ensure that the Office of the Auditor General has adequate time to audit the statements and prepare the required reports.
4. **The Technopolis Bill (National Assembly Bill No. 6 of 2024)** is a Bill sponsored by the **Leader of the Majority Party, Hon. Kimani Ichung'wah, EGH, MP** to provide a comprehensive framework for the establishment of a Technopolis in Kenya. The Bill envisions the Technopolis as an ecosystem that combines integrated state-of-the-art infrastructure, enabling policies, and a legal framework intended to maximize Kenya's competitiveness in high technology and grow its knowledge economy. The Bill creates a Technopolis Development Authority that is mandated, among others, with the development, planning, management, improvement and maintenance of the Technopolis and any other Technopolis subsequently established.
5. **The Cooperatives Bill (National Assembly Bill No. 7 of 2024)** is a Bill sponsored by the **Leader of Majority, Hon. Kimani Ichung'wah, EGH, MP** that seeks to provide a legal framework that promotes a sustainable and competitive cooperative sector for socio-economic development in a devolved system of governance. More specifically, the Bill seeks to provide for matters relating to the promotion, constitution, registration and regulation of Cooperatives and to give effect to Article 186 and the Fourth Schedule to the Constitution of Kenya by repealing and replacing the Co-operative Societies Act, 1997.

NOW THEREFORE, in compliance with Article 118(1) (b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly hereby invites the public and stakeholders to submit memoranda on the Bills to the respective Departmental Committees listed below:-

No.	BILL	COMMITTEE
1.	The Kenya National Council for Population and Development Bill (National Assembly Bill No. 72 of 2023)	Finance and National Planning
2.	The Social Assistance (Amendment) Bill (National Assembly Bill No. 80 of 2023)	Social Protection
3.	The Public Finance Management (Amendment) Bill (National Assembly Bill No. 2 of 2024)	Finance and National Planning
4.	The Technopolis Bill (National Assembly Bill No. 6 of 2024)	Communication, Information and Innovation
5.	The Cooperatives Bill (National Assembly Bill No. 7 of 2024)	Trade, Industry and Co-operatives

Copies of the Bills are available at the National Assembly Table Office, Main Parliament Buildings and on www.parliament.go.ke/the-national-assembly/house-business/bills.

The memoranda may be forwarded to the **Clerk of the National Assembly, P.O. Box 41842-00100, Nairobi**; hand-delivered to the **Office of the Clerk, Main Parliament Buildings, Nairobi** or emailed to cna@parliament.go.ke to be received on or before **Tuesday 30th April, 2024 at 5.00 p.m.**

S. NJOROGE, CBS
CLERK OF THE NATIONAL ASSEMBLY
 16th April 2024

"For the Welfare of Society and the just Government of the People"



**THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK**

P. O. Box 41842-00100
Nairobi, Kenya
Main Parliament Buildings

Telephone: +254202848000 ext. 3300
Email: cna@parliament.go.ke
www.parliament.go.ke/the-national-assembly

When replying, please quote

Ref: NA/DDC/F&NP/2024/100

17th September 2024

Dr. Chris K. Kiptoo, CBS

Principal Secretary
The National Treasury
Ministry of National Treasury and Economic Planning
Treasury Buildings

NAIROBI.

FCPA Nancy Gathungu, CBS

Auditor General
Office of the Auditor General
3rd Floor, Anniversary Towers, University Way

NAIROBI.

Hon Shadrack J. Mose

Solicitor General,
State Law Office
Sheria House, Harambee Avenue

NAIROBI

Ms. Mary Mwiti

Chief Executive Officer
The Council of Governors
Delta Corner, 2nd Floor, Opp PWC Chiromo Road, Off Waiyaki Way

NAIROBI

Dear

Ms Mwiti

RE: STAKEHOLDER ENGAGEMENT ON THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL, 2024 (NATIONAL ASSEMBLY BILL NO. 2 OF 2024) AND THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL, 2024 (NATIONAL ASSEMBLY BILL NO. 26 OF 2024) BY THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

The Departmental Committee on Finance and National Planning is established pursuant to National Assembly Standing Order 216 which mandates it *inter alia*, to ***study and review all the legislation referred to it.***

The **Public Finance Management (Amendment) Bill, 2024 (National Assembly Bill No. 2 of 2024)** sponsored by Hon CPA Kuria Kimani, MP and the **Public Finance Management (Amendment) Bill, 2024 (National Assembly Bill No. 26 of 2024)** sponsored by the Leader of Majority Party (*both copies attached*) underwent the First Reading pursuant to Standing Order 127(3) on **Tuesday 9th April 2024** and **Thursday, 19th June 2024** respectively and were committed to the Departmental Committee on Finance and National Planning for consideration and reporting back to the House.

The principal object of the **Public Finance Management (Amendment) Bill 2024 (National Assembly Bill No. 2 of 2024)** is to amend the Public Finance Management Act, 2012 to reduce the time for public entities to submit financial statements to the Office of the Auditor General from three months at the end of the financial year to one month after the end of the financial year. This will ensure the Office of Auditor General has adequate time to audit the statement and prepare the required reports.

The principal object of the **Public Finance Management (Amendment) Bill, 2024 (National Assembly Bill No. 26 of 2024)** is to amend the Public Finance Management Act, 2012 to align the timelines for the passing and consideration of the Finance Bill by the County Assemblies and the National Assembly. Further, the bill seeks to provide for a similar procedure for submission,

Pursuant to the provisions of Article 118(1) (b) of the Constitution of Kenya and Standing Order 127 (3), the Committee hereby invites you for a meeting to make your submissions and comment on the said Bills.

The meeting will be held on **Wednesday, 25th September 2024 in Committee room No 21, 5th Floor, Bunge Tower at 10.00 am.**

You are requested to prepare comprehensive submissions on any presentations you may have on the Bills and email a soft copy to cna@parliament.go.ke on or before the day of the meeting.

The Committee's Liaison Officers for the meeting are **Mr. Benjamin Magut**, who may be contacted on **Tel. No. 0712974966** or **email address: benjamin.magut@parliament.go.ke** ; **Ms. Winfred Kambua** on **Tel. No 0720571777** or **email address winfred.kilonzo@parliament.go.ke** or **Mr. Benson Kamande** of telephone number **0789459387** or **email address: benson.kamande@parliament.go.ke**

Yours



JEREMIAH W. NDOMBI, MBS
For: CLERK OF THE NATIONAL ASSEMBLY

Copy: Hon. CPA John Mbadi Ng'ongo, EGH
Cabinet Secretary
Ministry of National Treasury and Economic Planning
Treasury Buildings
NAIROBI



**THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK**

P. O. Box 41842-00100
Nairobi, Kenya
Main Parliament Buildings

Telephone: +254202848000 ext. 3300
Email: cna@parliament.go.ke
www.parliament.go.ke/the-national-assembly

When replying, please quote
Ref: NA/DDC/F&NP/2024/101

17th September 2024

Ms. Faith Mony Odhiambo
President, Law Society of Kenya
Lavington, Opposite Valley Arcade,
Gitanga Road
NAIROBI

CPA Dr. Grace Kamau Ph.D
Chief Executive Officer
Institute of Chartered Public Accountants of Kenya (ICPACK)
CPA Center, Ruaraka, Thika road.
NAIROBI

Ms Josephine Nyamai
Coordinator,
Coast Regional Budget Hub
MOMBASA

Dear *Ms. Odhiambo*

RE: STAKEHOLDER ENGAGEMENT ON THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL, 2024 (NATIONAL ASSEMBLY BILL NO. 2 OF 2024) AND THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL, 2024 (NATIONAL ASSEMBLY BILL NO. 26 OF 2024) BY THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

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The principal object of the **Public Finance Management (Amendment) Bill 2024 (National Assembly Bill No. 2 of 2024)** is to amend the Public Finance Management Act, 2012 to reduce the time for public entities to submit financial statements to the Office of the Auditor General

from three months at the end of the financial year to one month after the end of the financial year. This will ensure the Office of Auditor General has adequate time to audit the statement and prepare the required reports.

The principal object of the **Public Finance Management (Amendment) Bill, 2024 (National Assembly Bill No. 26 of 2024)** is to amend the Public Finance Management Act, 2012 to align the timelines for the passing and consideration of the Finance Bill by the County Assemblies and the National Assembly. Further, the bill seeks to provide for a similar procedure for submission,

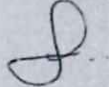
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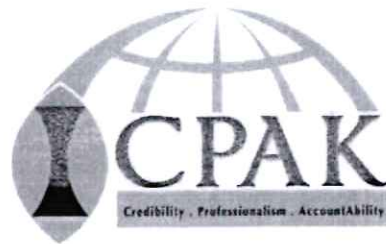
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Yours



JEREMIAH W. NDOMBI, MBS
For: CLERK OF THE NATIONAL ASSEMBLY



The Institute of Certified Public Accountants of Kenya

SUBMISSION

ON

THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL, 2024

September 2024

1. Introduction

The Institute of Certified Public Accountants of Kenya (ICPAK) is the statutory body of Accountants established in 1978 and draws its mandate from the Accountants Act No.15 of 2008. It is also a member of the Pan African Federation of Accountants (PAFA) and the International Federation of Accountants (IFAC), the global Accountancy umbrella body.

In accordance with the Public Finance Management Act 2012, accounting officers must submit financial reports to the Office of the Auditor General by September 30 each year, which is three months following the conclusion of the financial year. For state corporations, this submission occurs after a quality review is provided to the National Treasury by August 31.

The Public Finance Management (PFM) (Amendment) Bill 2024 proposes to reduce the submission period for financial reports from three months to one month after the end of the financial year. According to the Hansard report of August 2021, the Institute notes that the same bill was introduced in 2020 and faced opposition from many stakeholders. Concerns were raised regarding the feasibility of meeting the new deadlines due to several factors as follows:

- a) Delays in the release of funds to public entities by the National Treasury.
- b) Lack of connectivity to the Integrated Financial Management Information System (IFMIS) for some public entities, which hampers timely data entry.
- c) Multiple public entities have offices and branches spread all across the country, which complicates data collection and report preparation.

The Institute also acknowledges and appreciates that the Departmental Committee on Finance and National Planning had considered its proposal with no objection to amend the timeframe to **two months**.

2. Issues of Concern

In light of the above, the Institute submits the following additional concerns in consideration of the two-month timeframe:

- i. Despite the concerns raised by stakeholders regarding the feasibility of the proposed changes in the Public Finance Management (PFM) (Amendment) Bill 2024, the bill still seeks to implement the same amendments without addressing how these challenges will be resolved to facilitate compliance.
- ii. The Institute, through a public audit review of county audited financial statements for the financial years years (FY 2020/21, 2021/22 and 2022/23 identified issues related to delayed submissions and approvals among county governments. This trend further supports that the one-month time may be **impractical**. This underscores the need for a thorough evaluation of the proposed timelines and a strategic approach to address the existing barriers in public finance management.
- iii. Draft financial statements are normally reviewed for quality assurance by a team of officers from the National Treasury before submission to the office of the Auditor General and other required offices. Hence, with the proposed timelines of one month, the review may not be practical, which will likely lead to a lower quality of financial statements.

3. Comparative Analysis

The following is an analytical review of other jurisdictions and the period taken by the audited entities to submit financial statements for review by the Auditor General:

Jurisdiction	Period taken by audited entities to prepare and submit financial statements for review by the Auditor General	Source
South Africa	<ul style="list-style-type: none"> • Within 3 months after the end of that financial year 	Section 8, Section 19, Public Finance Management Act, 2010 ¹

¹ <http://www.treasury.gov.za/legislation/pfma/act.pdf>

Jurisdiction	Period taken by audited entities to prepare and submit financial statements for review by the Auditor General	Source
Nigeria	<ul style="list-style-type: none"> • Within the first quarter (3 months) of the subsequent financial year. 	Section 14, Section 70 of the Public Finance Management Law. ²
Australia	<ul style="list-style-type: none"> • As soon as practicable after the end of each financial year. • If within 5 months after the end of the financial year the Finance minister shall not have submitted the documents to the Auditor General, he/she shall table in each House of the Parliament a statement of the reasons why the statements were not given to the Auditor-General within that period. 	Part 8, Section 55 of Financial Management and Accountability Act, 1997. ³

4. ICPAK Recommendations

Based on the above, the Institute has reviewed the Bill and proposes the following:

Amend Clauses 2,3,4(a),6,7,8,9,10,11,13,14 and 15, of the Bill by deleting the words '**one month**' and substituting therefore the words '**Two Months**'

The details of the Institute proposals and subsequent policy recommendations are highlighted in the table below:

CLAUSES OF THE BILL	ISSUE OF CONCERN	POLICY RECOMMENDATIONS	JUSTIFICATION
Clauses 2, 3, 4(a),	The Institute is of the opinion that the period of one month may be limiting.	The Institute recommends the following amendments:	One month is not sufficient to submit quality statements to the Auditor General.

² <https://laws.lawnigeria.com/2020/04/17/public-finance-management-law-of-lagos-state/>

³ <https://www.legislation.gov.au/Details/C2013C00282>

CLAUSES OF THE BILL	ISSUE OF CONCERN	POLICY RECOMMENDATIONS	JUSTIFICATION
6, 7, 8, 9, 10, 11, 13, 14, 15	The substitution of the words "three months" with "one month"	<p>Amend Clauses 2,3,4(a),6,7,8,9,10,11,13,14,15, of the Bill by deleting the words '<u>one month</u>' and substituting therefore the words '<u>Two Months</u>'</p> <p>The Institute proposes the following additional policy recommendations</p> <p>i. Time factor:</p> <ul style="list-style-type: none"> a) The Auditor General should increase interim audits to reduce what needs to be audited by the end of the financial year. This will ensure faster audits and reduced reporting time by the OAG. b) Devolve fully the Office of the Auditor General and have independent County Auditor Generals with complete operational independence from any other office and with a defined budget to ensure the same. This will ensure the Office of the Auditor General can handle National Government financial statements in a timely manner, which have a bearing on revenue determination and allocation. c) Implement this proposal in a phased manner to assure success and provide the required resources. In this period, we propose that the 	<p>The Auditor General requires enough time to carry out the audit process.</p> <p>Timelines provided in other jurisdictions range between 3-5 months.</p> <p><i>2 months</i></p>

CLAUSES OF THE BILL	ISSUE OF CONCERN	POLICY RECOMMENDATIONS	JUSTIFICATION
		<p>changes be delinked from the sanctions in Section 199 of the PFM Act, 2012.</p> <p>ii. Financial reporting Systems:</p> <p>a) Ensure implementation of a fully integrated organization-wide reliable financial reporting system in all Ministries, State Departments, Agencies, state corporations, Independent Offices and commissions to facilitate real time reporting and also ensure effective consolidation of the Government entities' financial reports and monthly accounts closings. All public entities will need to be fully automated to comply with the proposed timelines.</p> <p>b) Ensure fully the implementation of the accrual accounting system which has already been initiated by the National Treasury for all public entities.</p> <p><i>Policy Recommendation</i></p>	

5. Additional Recommendations

Section of the Act 2024	Issue Of Concern	ICPAK Recommendations	Justification
<p>Clause 19 Section 195A.(2)</p>	<p>The requirements for the position of chief executive officer are limiting.</p> <p>(2) A person shall be qualified for appointment as a chief executive officer, if the person –</p> <ul style="list-style-type: none"> (a) has a degree in accounting or finance; (b) is a certified member in good standing with the institute; (c) has at least five years of experience in management; and (d) meets the requirements of chapter six of the constitution. 	<p>The Institute recommends that the amendment be made as follows;</p> <p>(2) A person shall be qualified for appointment as a chief executive officer, if the person –</p> <ul style="list-style-type: none"> (a) has a degree in accounting or finance from a university recognized in Kenya; (b) is a certified member in good standing with the professional body regulating Accountants; (c) has at least ten years knowledge and experience in the relevant field; (d) has served in a position of senior management for a period of at least five years; and (e) meets the requirements of chapter six of the constitution. 	<p>This is line with the Mwongozo guidelines and is best practice observed with other state agencies.</p>



Section of the Act 2024	Issue Of Concern	ICPAK Recommendations	Justification
Qualification and Appointment Heads of Financial Reporting Units/functions in the Public Sector	New Provision on the qualification and appointment of Heads of Financial Reporting Units	<p>The Institute proposes amendment of to the Public Finance Management Act 2012 by inserting a new sub-section (4) to read</p> <p>The Head of a Financial Reporting Unit shall be a person appointed in such capacity and is a member of a statutory body responsible for the professional regulation of accountants in Kenya.</p>	It is important to insert this amendment to support Public Finance Management and provide the necessary technical expertise in the development of financial statements.
Timely consideration and approval of Audit Reports	<p>New Proposal on Timely consideration and approval of Audit Reports</p> <p>The Constitution under Article 229 (7) mandates the Auditor General to submit Audit reports to Parliament or the relevant county assembly to ascertain whether public resources have been applied lawfully and in an effective manner.</p> <p>Under Article 229 (8), Within three months after receiving an audit report, Parliament or the</p>	<p>Article 203(3) grants National Assembly the mandate to receive and approve most recent audited accounts of revenue for purposes of revenue share. However, this process has delayed in most cases.</p> <p>Therefore, the Institute proposes Amendments to the Public Finance Management Act 2012, to provide strict timelines for the process of considering the audited financial statements as</p>	<p>To support prompt closure of the audit process and equitable distribution of resources at the two levels of government.</p> <p>For instance, the Institute notes that the last audited accounts of 2020/21 were the reference point for the Division of Revenue Bill 2024, which might not be a true reflection of the total national government collection.</p>

Section of the Act 2024	Issue Of Concern	ICPAK Recommendations	Justification
	county assembly shall debate and consider the report and take appropriate action.	submitted by the Auditor General.	

6. Conclusion

The Institute has expressed its concern regarding the passage of the proposed amendment in its current form, which, if enacted without addressing the issues and proposals outlined herein, could undermine the significant progress made by the National Treasury in streamlining Financial Reporting. While public sector accountants will seek to meet compliance requirements, there is a substantial risk that they may be compelled to submit work of inferior quality under pressure to meet tight deadlines.

In light of these considerations, the Institute strongly recommends a revision of the proposed timeline, recommending an extension to **two months**, specifically to August 31st. This adjustment would better facilitate compliance while ensuring the integrity and quality of the financial statements submitted.

OAG-

Clause 2 - 1 month sufficient

- ~ Entities have allowed to
- ~ AS give timeline for review
- ~ More time will lead to confidential changes & repeat submitted files

ICPA - 2 months

- ~ On attraction & ease the system has not be fully tested

Clause 4 - ^{OAG} ~ Sec 68

- Insert non-compliance
- ~ AS

Clause 11 - OAG

Clause 14



REPUBLIC OF KENYA

OFFICE OF THE ATTORNEY-GENERAL
&
DEPARTMENT OF JUSTICE

Our Ref: AG/LDD/578/1/111

24th September, 2024

Mr. Samuel Njoroge
Clerk of the National Assembly
Parliament Building
P.O Box 41842-00100
NAIROBI.

**RE: STAKEHOLDER ENGAGEMENT ON PUBLIC FINANCE MANAGEMENT
(AMENDMENT) BILL, 2024 (NATIONAL ASSEMBLY BILL, NO. 26 OF 2024)**


We make reference to the abovementioned subject matter and your letter under Ref. No. NA/DDC/F&NP/2024/100 dated the 17th September, 2024, the receipt of which is acknowledged.

In the letter, you sought our opinion with respect to the proposed Public Finance Management (Amendment) Bill, 2024, seeking to change the law to align the timelines for passing and consideration of the Finance Bill by the county assemblies and the National Assembly, and in particular to amend—

1. section 129(2)(a) of the Act to provide for clarity and harmonization of timelines for passing of the Finance Bill between county assembly and the National Assembly;
2. the Act by introducing a new section 131A to provide for similar procedures for submission, consideration and passing of the Finance Bill between the county assembly and the National Assembly; and
3. by repealing section 133 to align the practice in the county assembly to that of the National Assembly in consideration of the finance Bill.

Having considered the content of the proposed amendments, and in light of the foregoing, it is our considered view that the amendments proposed with regard to Act do not offend the Constitution or any other Act of Parliament and therefore in order, subject to policy guidance by the National Treasury.

We trust that this opinion will be of assistance and that you will be pleased to be guided accordingly. We remain at your disposal to provide such other guidance as may be required.


HON. SHADRACK J. MOSE
SOLICITOR GENERAL





REPUBLIC OF KENYA

OFFICE OF THE ATTORNEY-GENERAL
&
DEPARTMENT OF JUSTICE

Our Ref: AG/LDD/578/1/110

24th September, 2024

Mr. Samuel Njoroge
Clerk of the National Assembly
Parliament Building
P.O Box 41842-00100
NAIROBI.

RE: STAKEHOLDER ENGAGEMENT ON THE PUBLIC FINANCE MANAGEMENT
(AMENDMENT) BILL, 2024 (NATIONAL ASSEMBLY BILL, NO.2 OF 2024)

Reference is made to the above captioned subject matter and your letter under Ref. No. NA/DDC/F&NP/2024/100 dated the 17th September, 2024, of which receipt is acknowledged, with thanks.

As requested, we have reviewed the content of the proposed amendments and note that the Bill proposes to amend the Public Finance Management Act, 2012—

1. to decrease the period of time for submission of financial statements by public entities from three months after the end of financial year to one month after the end of financial year; and
2. Secondly, to establish the Public Sector Accounting Standards Board as a body corporate.

With regard to the first proposal and specifically to the timeframe of submission, auditing and reporting of public accounts, our attention is drawn to Article 229(4) of the Constitution. The Article requires the Auditor-General to, within six months after the end of financial year, issue an audit, in respect of that financial year, on accounts of all state organs and public entities. Upon review of the content of the stated Article, we confirm that the envisaged amendment does not offend the Constitution in relation to the operating timelines of Auditor-General and in this respect, and subject to policy direction by the National Treasury, our Office has no objection to the amendment.

On the proposal to establish Public Sector Accounting Standards Board as a body corporate, our attention is further drawn to section 86 of the Public Finance Management Act, on establishment of state corporations, which provides as follows—

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P.O. Box 40112-00100, NAIROBI, KENYA. TEL: +254 20 2227461/2251355/07119445555/0732529995
E-MAIL: info.statelawoffice@kenya.go.ke WEBSITE: www.attorney-general.go.ke

DEPARTMENT OF JUSTICE
CO-OPERATIVE BANK HOUSE, HAILLE SELLASIE AVENUE P.O. Box 56057-00200, Nairobi-Kenya TEL: Nairobi 2224029/ 2240337
E-MAIL: legal@justice.go.ke WEBSITE: www.justice.go.ke

(1) A state corporation may be established...only with the prior approval of the Cabinet, which approval may be given only after taking into account any recommendations made by the National Treasury regarding the financial implications of establishing or dissolving the corporation.

(2) Regulations shall prescribe the criteria to be used in establishing... state corporations and the regulations shall be tabled in Parliament for approval.

To this effect, regulation 215 of the Public Finance Management (National Government) Regulations, 2015, provides, in part, and among other requirements, that—


(2) A state corporation may be established only with the prior approval of the Cabinet, with reference to a legislation enacted to govern the establishment, management and dissolution of such government commercial enterprises.

Further to the above, sub-regulation (3) requires that in order to establish a state corporation or a subsidiary of a state corporation, the following shall be met—

- (a) the responsible Cabinet Secretary shall submit a written business case to the Cabinet Secretary, with detailed justification for establishing the state corporation or the subsidiary;
- (b) the business case in paragraph subparagraph (a) shall be informed by a feasibility assessment of the proposed state corporation or the subsidiary for the purpose of ascertaining—
 - (i) the economic and financial viability of establishing the state corporation;
 - (ii) whether the proposed activity cannot be conducted through an existing corporation or the parent department;
 - (iii) whether or not there is need to establish a new corporation;
 - (iv) the functions and objective that its establishment is supposed to attain;
 - (v) how the activities of the proposed corporation will fit in the department's legislative mandate and medium term strategy, and aid the realization of the objectives of the programmes associated with that department;
 - (vi) how it shall impact the fiscal position of the government; and
 - (vii) the amount of government share.

In light of the foregoing, it is our considered view that the criteria for establishment of state corporation, as set in law, must be adhered to when amending the Act to create the Public Sector Accounting Standards Board as a body corporate.

We trust that this opinion will be of assistance and that you will be pleased to be guided accordingly. We remain at your disposal to provide such other guidance as may be required.


HON. SHADRACK J. MOSE
SOLICITOR GENERAL

1954 WA

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Submission On the PFM (Amendment) Bill 2024 And PFM(Amendment) (No.2) Bill,2024 Presented Before the National Assembly- Departmental Committee on Finance and National Planning During Stakeholder Engagement Held On 25th September 2024, At Bunge Towers.

1.0. Introduction

The Public Finance Management (Amendment) Bill, 2024 Seeks to amend the PFM Act, No.18 of 2012, by reducing the time for submission of financial statements by public entities from three months to one month after the end of the financial year, to ensure that the office of the auditor General has adequate time to carry out required audits and prepare the necessary reports. On the other hand, the PFM (Amendment) (No.2) Bill, 2024, seeks to amend the Public Finance Management Act, Cap.412 A, to align the timelines for passing and consideration of the Finance Bill by the County Assemblies and National Assembly.

The Coast Regional Budget Hub is a platform for Public Finance Management (PFM) practitioners, that brings together regional voices for collective efforts and synergy to enhance public budgets and services across the Coast Region of Kenya. The Coast Regional Budget Hub operates in the six Coastal counties: Mombasa, Kwale, Kilifi, Lamu, Taita-Taveta, and Tana River Counties. The Hub is Comprised of budget coordinators, facilitators, and champions from various organisations/institutions, informal groups, academia and individuals, drawn from across the Coast. The Coast Regional Hub builds the collective capacity of communities to engage effectively and mobilizes participation in the budget-making processes at the county, regional and national levels.

In response to the National Assembly's invitation for stakeholder engagement, as outlined in the letter dated 17th September 2024, referenced **NA/DDC/F&NP/2024/101**, the CRBH is pleased to submit its observations, concerns, and recommendations regarding the proposed bills. The first section outlines a summary of our key submissions, followed by a detailed analysis of each bill's proposed amendments, associated concerns, and our primary recommendations, concluding with a general overview.

2.0. Key Summary submission

- i. The PFM (Amendment) Bill,2024 Seeks to reduce the timeframe of submission of financial statements and reports by public entities from three months to one month and submission of national and county annual financial statements and summaries from four months to two months, as provided in the various sections of the Bill. Whereas this is good for ensuring efficiency and timely reporting, there ought to be consideration in terms of resources to enable various public entities to deliver within the proposed timeframe.



- ii. The PFM Amendment Bill, 2024 amends Section 68(2) (k), 4(b) and further proposes adding subsection 4A, which holds accounting officers liable for not implementing the provisions under Section 68(4). The penalties for non-compliance include imprisonment for up to five years, a fine of up to ten million shillings, or both. This is commendable to ensure compliance. However, the timeline is still constraining. While accountability is crucial, consider introducing tiered penalties based on the severity of the offence or providing clearer guidance on compliance expectations to ensure fairness and reduce fear of excessive punishment for minor infractions.
- iii. Re-establishment of the board- Re-establishing the Public Sector Accounting Standards Board (PSASB) as a body corporate will grant it legal independence and greater authority to manage its financial and administrative affairs, enabling it to enter contracts, own property, sue or be sued, and pursue initiatives that enhance public sector financial accountability and transparency. However, the National Assembly may want to consider the additional costs that come with the establishment of the entity, which could increase the ballooning wage bill and operational Costs, as the country is implementing the Fiscal consolidation programme.
- iv. The PFM (Amendment) bill (No.2), 2024, seeks to amend the submission and consideration and passing of the Finance Bill by county assemblies by the 30th of June, to align it with the national assembly. The alignment of the timelines with the national government processes and elimination of the outdated provisions, will provide timely decision-making, enhance accountability, and foster consistency in financial management practices across all levels of government. However, there is a need to ensure public awareness of the changes should the bill sail through and encourage public participation in the county finance bill.
- v. We propose that **Section 131A(4)(g)** be added to the amendments to require openness and accountability, including public participation in revenue matters, in alignment with **Article 201(a)** of the **Constitution of Kenya, 2010**, which mandates that all aspects of public finance adhere to the principles of openness, accountability, and public participation.

3.1: PFM (Amendment) Bill, 2024

3.1.1. Proposed Amendments

1. The PFM (Amendment Bill), 2024, seeks to amend several sections and sub-sections to reduce the time for submissions of financial statements by various public entities, as follows:
 - a. Section 2 of the proposed bill seeks to amend, Section 23(1) of the Principal Act (PFM Act, No. 18 of 2012), *regarding the financial statements in respect of contingencies funds* deleting "three months" and substituting it with "one month."
 - b. Section 3 of the proposed Bill seeks to amend the Principal Act (PFM Act, 2012), Section 24(10) (b) reducing the timeline for an administrator of a national public fund to submit financial statements to the Auditor General from three months to one month. ¹

¹ Refer to Section 3 of the proposed PFM Amendment Bill, 2024



- c. Section 4 of the Bill proposes to amend section 68 of the Principal Act, on the responsibilities of accounting officers for the national government entities, parliament and the judiciary.
- *Section 68(2) (k) is amended by reducing the timelines for submission of annual financial statements for the financial year by the accounting officer of national government entities, parliament and judiciary from three months to one.*
 - *Further, section 68(4) (b) by adding "Auditor General" immediately after the national treasury, making the Auditor General one of the recipients of the reports prepared by an accounting officer on the actions taken by the entity in the implementation of recommendations made in by the relevant committee of the national assembly, after the adoption of the report, according to section 4 (a).*
 - *Introduction of a sub-section, "4A", which holds accounting officers liable for not implementing the provisions under Section 68(4). The penalties for non-compliance include imprisonment for up to five years, a fine of up to ten million shillings, or both, according to Section 199 of the PFM Act, 2012.*
- d. **Section 5** of the proposed bill amends the Principal Act, Section 80(4), by reducing the timeframe for the National Treasury to submit the financial statements and summaries referenced in Section 80(1) to the Auditor General, with copies to the Controller of Budget and the Commission on Revenue Allocation (CRA), from four (4) months to two (2) months.
- e. The proposed bill amends the principal Act by reducing the submission periods specified in Section 81(1) (annual reporting), Section 82(3) (submission of accounts by the Receiver of Revenue), Section 82(4) (submission of waivers and variations of taxes granted by the Receiver of Revenue), and Section 84(3) (submission of financial statements by an administrator of a national public fund) from three months to one month, respectively.²
- f. The Bill proposes to amend Section 115(1) concerning the submission of financial statements for an Emergency Fund by the County Treasury, Section 116(7)(b) regarding the accounts of a county public fund, and Section 149(2)(k) relating to the submission of annual financial statements by the accounting officer to the County Assembly, by reducing the respective timeframes for submission from three (3) months to one (1) month.
- g. The Bill proposes to amend Section 163(4), reducing the timeframe for the County Treasury to submit annual financial statements and summaries, as referred to in Section 163(1), from four (4) months to two (2) months after the end of the financial year. Additionally, it amends Section 164(4) regarding annual reporting by accounting officers, Section 165(3) concerning annual reporting by receivers of revenue, and Section 167(3) regarding annual reporting by

² Refer to sections 6 and 7 of the PFM (amendment) Bill, 2024.

administrators of county public funds, reducing the submission timeframes in each case from three (3) months to one (1) month.

- h. **Establishment of PSASB as a body corporate-** Section 16 of the Bill, deletes section 192 of the Principal Act on Establishment of Public Sector Accounting Standards Board and introduces a new section, establishing the board as a body corporate, with perpetual succession and a common seal. As a body corporate, the Board shall be capable of suing and being sued, taking, purchasing or otherwise acquiring and borrowing, holding, charging, or disposing of movable or immovable property. The board shall succeed the existing PSASB.

3.1.2. Issues/ concerns on the proposed amendments.

- i. **Time constraints-** The amendment reduces the time available for the National Treasury, county treasury and accounting officers of public entities to prepare and submit financial statements on various public Funds from three months to one month. Further, the deadline for compiling an annual report is reduced from 4 months to two months. This reduction of timeframe potentially creates undue pressure, which could potentially lead to rushed or incomplete financial reporting, particularly if delays occur in the compilation of data.
- ii. ***The amendment is good for improving efficiency and transparency by speeding up financial reporting,*** benefiting stakeholders and oversight institutions and the public with quicker access to data. However, it may conflict with bureaucratic operations that may struggle with the rapid turnaround. Further, there is a need to ensure, that there are internal capacities in the national treasury, county treasuries or administrators of public funds to deliver such in the given timelines.
- iii. ***Alignment with reporting of other financial statements-*** The one-month period must align with other statutory financial reporting deadlines, such as annual reviews, departmental reporting, and year-end reconciliations, to avoid overlap or bottlenecks that could impact the quality and timeliness of all financial reports.
- iv. The PFM Amendment Bill, 2024 amends Section 68(2) (k), 4(b) and further proposes adding subsection 4A, which holds accounting officers liable for not implementing the provisions under Section 68(4). The penalties for non-compliance include imprisonment for up to five years, a fine of up to ten million shillings, or both. This is commendable to ensure compliance. However, the timeline is still constraining.
- v. **Re-establishment of the board-** Re-establishing the Public Sector Accounting Standards Board (PSASB) as a body corporate will grant it legal independence and greater authority to manage its financial and administrative affairs, enabling it to enter contracts, own property, sue or be sued, and pursue initiatives that enhance public sector financial accountability and transparency.



3.1.3. Our Key Asks / Recommendations

- i. To enhance operational efficiency and transparency, the National and county Treasuries should invest in automated financial management systems that facilitate real-time data collection, processing, and reporting. This will reduce manual workloads and make it easier to meet tighter deadlines. Additionally, training staff to efficiently use these tools will help ensure that financial statements are accurate, even within a shortened timeframe. However, it should be noted that this is likely to come with additional Costs.
- ii. Review and, if necessary, adjust the timelines for other financial reporting requirements, such as annual *reviews and ministries and departmental reporting*, to avoid overlap or bottlenecks. Further, there is a need to establish a *coordinated calendar* for all financial reporting processes to ensure that the one-month deadline aligns smoothly with the other reporting tasks.
- iii. While accountability is crucial, consider introducing tiered penalties based on the severity of the offence or providing clearer guidance on compliance expectations to ensure fairness and reduce fear of excessive punishment for minor infractions.
- iv. On re-establishment of the PSASB as a body corporate- To mitigate the risks associated with acquiring, holding, or disposing of assets, it is crucial to establish **strong internal governance frameworks** for the Board. This includes implementing internal controls, clear policies on asset management, and strict financial reporting standards.

3.2. PFM (Amendment) Bill, (No.2) of 2024

The bill seeks to amend the Public Finance Management Act, Cap.412 A, to align the timelines for passing and consideration of the Finance Bill by the County Assemblies and National Assembly.

3.2.1. Proposed amendments

- i. Section 2 of the PFM (Amendment) (No.2) Bill of 2024 seeks to amend section 129(2)(a) of the PFM Act, Cap 412 A, by deleting the word "Except Finance bill". By so doing, the CECM finance shall submit to the county assembly the budget estimates, supporting documents and any other bills required to implement the budget.
- ii. The Bill introduces a new Section 131A, on the submission, consideration and passing of the Finance Bill. The new Section 131(1) requires CECM finance to submit to the county assembly the Finance Bill, setting out revenue-raising measures for the county government on /before 30th April. Further, section 131A (3), requires the county assembly to pass the Bill on with /without amendments for it to be assented by 30th June each year.
- iii. The bill repeals section 133 of the PFM Act, 2012, Cap. 412A to align the practice of the County Assembly in the Consideration of the Finance Bill, with that of the National Assembly.

3.2.2. Comments/ Concerns

- i. The new **Section 131A** will align the county timelines with those of the national government, requiring Finance Bills to be submitted by **April 30th** and passed by **June 30th**. This synchronization will help reduce inconsistencies between county and national financial frameworks, ensuring that county governments are better prepared for the start of the fiscal year.
- ii. **Enhanced Accountability and Timeliness-** By mandating the county assemblies to pass the Finance Bill by June 30th, the amendments promote timely enactment of revenue-raising measures, reducing delays that could affect the implementation of the budget.
- iii. The repeal of **Section 133** eliminates outdated provisions, that required the finance Bill to be passed 90 days after the passing of the County Appropriation Act and brings the process for county-level Finance Bill consideration in line with that of the **National Assembly**, fostering consistency in financial management practices across all levels of government.
- iv. We proposed that **Section 131A(4)(g)** be added to the amendments to require openness and accountability, including public participation in revenue matters, in alignment with **Article 201(a)** of the **Constitution of Kenya, 2010**, which mandates that all aspects of public finance adhere to the principles of openness, accountability, and public participation.

3.2.3. Recommendations/ Key Asks

- i. There is a need to establish a **monitoring framework** to ensure that both county executives and assemblies adhere to the newly established timelines.
- ii. To ensure smooth implementation of the revised timelines, **county assemblies** should invest in building their technical and administrative capacities to handle the increased workload during the budget Estimates and Finance Bill review periods.
- iii. There is a need to create public awareness of the changes, should the bill sail through and encourage robust **public participation** in the Finance Bill process at the county level to ensure that revenue-raising measures are both transparent and reflective of local needs.

4.0. Conclusion

The **PFM (Amendment) Bill, 2024** introduces significant changes aimed at expediting financial reporting timelines for various public entities and aligning county and national processes. While these amendments will promote greater efficiency and accountability, they also raise concerns about the potential pressure on public entities to meet shorter deadlines, which may compromise the quality of reporting.

The proposed amendments to the **Public Finance Management Act, Cap. 412A** is a positive step towards harmonizing the budgetary processes between the national and county governments, particularly about the submission and consideration of Finance Bills. The alignment of the timelines with the national government processes and elimination of the outdated provisions, will provide timely decision-making, enhance accountability, and foster consistency in financial management practices across all levels of government.



However, successful implementation will require capacity building within county assemblies, robust monitoring frameworks, and increased public awareness to ensure transparency and smooth adherence to the revised timelines. Encouraging public participation will further ensure that revenue-raising measures address the specific needs of local communities while maintaining national standards.

We trust that our inputs will provide valuable insights into the proposed amendments.

Sincerely,

Ms. Josephine Nyamai

A handwritten signature in blue ink, appearing to read 'J. Nyamai'.

Lead Budget Coordinator-Coast Regional Budget Hub

Contacts: info@crbhub.org/ jnyamai@crbhub.org

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Enhancing Accountability

**AUDITOR-GENERAL'S SUBMISSIONS TO THE NATIONAL ASSEMBLY
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING
DURING THE STAKEHOLDER ENGAGEMENT FORUM TO CONSIDER THE
PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL, 2024 (NATIONAL
ASSEMBLY BILL NO. 2 OF 2024)**

25 SEPTEMBER, 2024

The Chairman, The National Assembly Departmental Committee on Finance and National Planning – Hon. Kuria Kimani, MP

Honourable Members of the Committee

Fellow Stakeholders

1. I thank the National Assembly Departmental Committee on Finance and National Planning for once again according me this opportunity to present my views on the matters that touch on my mandate. I am pleased that the Committee has re-introduced the proposed amendments to reduce the timelines for submitting the financial statements to me for audit and establish the Public Sector Accounting Standards Board as a body corporate.
2. As you are aware, during the 12th Parliament, the Committee had introduced the same amendments through the Public Finance Management (Amendment) Bill, 2020 (National Assembly Bill No. 39 of 2020) and the Public Finance Management (Amendment) Bill, 2022 (National Assembly Bill No. 16 of 2022) which, unfortunately lapsed before they were passed.
3. Both the Public Finance Management (Amendment Bill), 2024 (National Assembly Bill No. 2 of 2024) and the Public Finance Management (Amendment Bill), 2024 (National Assembly Bill No. 26 of 2024) directly affect my oversight role as the Auditor-General and by extension prudent, economic, effective and efficient collection, management, use and oversight of public resources by Parliament and County Assemblies.

Mandate of the Office

Honourable Chair

Honourable Members

4. My Office is mandated by Article 226(3) and Article 229(4) of the Constitution of Kenya, to audit the accounts of the National and County Governments, National Assembly and County Assemblies, all Funds and authorities of National and County Governments, accounts of all Courts, Public debt and all institutions, programmes or projects funded by public funds. Article 229(6) further mandates the Auditor-General to confirm whether or not public money has been applied lawfully and in an effective way.
5. Article 252 of the Constitution empowers my Office to:

- Conduct investigations on own initiative or complaint by a member of the public
 - Carry out conciliation, mediation and negotiation
6. The Constitution and the Public Audit Act, 2015 also provide additional roles, mandates and functions which include among others:
- a. to submit, at any time, a report on a particular issue to the President, the National Assembly or the Senate.
 - b. to provide assurance on the effectiveness of internal controls, risk management and overall governance in national and county governments
 - c. to provide assurance on collection of revenue and acquisition and use of assets and liabilities by government
7. We fulfil our roles and mandates by conducting various types of audits which include:
- i. Financial Audits
 - ii. Compliance Audits
 - iii. Performance/ Value-for-Money audits
 - iv. Forensic Audits
 - v. Systems Assurance/ Information Systems Audits
 - vi. Procurement Audits
 - vii. Public Debt Audits
 - viii. Citizen Accountability Audits
 - ix. Public Private Partnerships Audit
8. In addition to oversight, the audits also focus on broader good governance aims that go beyond traditional auditing. These include:
- hindsight - horizontal and systemic view of how government is performing
 - insight - how policies affect outcomes in the present
 - foresight – how policies can translate into better lives in the future

The Public Finance Management (Amendment Bill), 2024 (National Assembly Bill No. 2 of 2024)

Honorable Chair

Honorable Members

9. Allow me to give my submissions on the proposed amendments to the Public Finance Management Act, 2012 starting with the National Assembly Bill No.2 of 2024.

A. Proposed Amendments With Regard to Timelines for Submission of Financial Statements to the Auditor-General

(i) The Timeline Problem

10. Article 229(4) of the Constitution requires the Auditor- General to carry out the mandate of audit of public sector accounts **within six (6) months** after the end of the financial year. Article 260 defines the financial year as the period of twelve months ending on 30 June. The drafters of the Constitution had, therefore, envisaged that the Auditor-General has six (6) months to carry out the audit after 30 June and submit audit reports by 31 December of every year.
11. The Public Finance Management Act, 2012, however, requires Accounting Officers, Receivers of Revenue, Administrators of Judiciary, Parliamentary and other National and County Public Funds and the National and County Treasuries to submit their financial statements to the Auditor-General within three (3) months and the consolidated financial statements within four (4) months after the end of the financial year respectively. This, therefore, reduces the time dedicated for audit of the accounts **from six (6) months to three (3) months** and has been a great limitation on the Auditor-Generals ability to satisfactorily meet the Constitutional timeline. It has also been negatively affecting the scope and quality of audit reports.
12. This problem is further compounded by:
- a. public sector entities delaying submitting the financial statements in a timely manner or submitting unauditible financial statements that require numerous revisions.
 - b. The National Treasury further introduced a quality review process over financial reporting, in which reviewers in the Financial Reporting Unit under the Director General, Accounting Services and Quality Assurance have

been carrying out prior reviews on the financial statements before they are submitted to the Auditor-General.

13. The prior quality review of the financial statements by The National Treasury before submission is an indicator that the entities are capable of submitting financial statements for audit to the Auditor-General earlier than September.
14. However, despite these prior quality reviews, the Auditor-General still raises numerous queries on the financial statements including qualified opinions.

(ii) Proposed Amendments

Honorable Chair

Honorable Members

15. I am pleased to note that the Bill recognizes the important oversight role played by the Office of the Auditor-General and that it proposes to remedy the challenges in the execution of audit and ensure that the Office has adequate time to carry out required audits and prepare the required reports for submission to Parliament and the County Assemblies.
16. Clauses 2-4, 6-11 and 13-15 of the Bill proposes to reduce the time required to submit annual financial statements by the National and County Treasuries, accounting officers and administrators of national and county funds as required in the Sections 23(1), 24(10)(b), 68(2)(k), 81(4), 82(3), 82(4), 84(3), 115(1), 116(7)(b), 149(2)(k), 164(4), 165(3) and 167(3) of the PFMA, 2012, **from within three months to within one month.**
17. Further, Clauses 5 and 12 of the Bill also proposes to reduce the time required to submit consolidated annual financial statements by the National and County Treasuries as required by Sections 80 (4) and 163 (4) from **within four months to within two months.**

Honorable Chair

Honorable Members

18. I submit that my Office supports the proposed amendments with regard to reducing the timeline for submitting the financial statements to the Auditor-General.
19. Let me start by saying that legislative timelines for submitting financial statements should be viewed as a minimum standard rather than as an ideal objective. What

the Bill proposes should not be viewed as something new but rather reforms to improve financial management in the public sector.

20. Indeed, the proposed amendments are in line with the Framework of Professional Pronouncements for International Organisation of Supreme Audit Institutions. Our International Auditing Standards Principle 1 (INTOSAI-P 1) recommends that either the law or the Supreme Audit Institution (for individual cases) shall set time limits for furnishing information or submitting documents and other records including the financial statements to the Supreme Audit Institution.
21. Further, the International Auditing and Assurance Standards Board, in its Framework for Audit Quality, has noted that the financial reporting timetable is one of the critical environmental factors that affect the relevance, timeliness and reliability of financial reports and therefore the quality of audit.

(iii) Comparative Analysis with other Legislative Requirements and Jurisdictions

Honorable Chair

Honorable Members

22. We have reviewed other leading jurisdictions, within the Commonwealth, with similar financial reporting and audit arrangements with the public sector as detailed in **Appendix 1**. The trend is similar to what the Bill is proposing.
23. Locally, the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 Fifth Schedule B.20 (1) requires listed companies to prepare an annual report containing **audited annual financial statements within four months** of the close of its financial year. Similarly, the Central Bank of Kenya Act, Cap 491 Section 54 and the Banking Act, 2015 Section 23 also requires the CBK and the licensed banks to submit **audited financial statements** to the Central Bank not **later than three months** after the end of their financial year. The Insurance Act, Cap 487 requires insurance companies to submit **audited financial statements** to the Insurance Regulatory Authority **within three months** after the end of the period to which they relate.
24. Some of these listed companies, banks and insurance companies are State Owned Enterprises (SOEs) which we audit. They include:
- East African Portland Cement Company

- Kenya Power and Lighting Company
- KenGen
- Central Bank of Kenya
- Local Authorities Provident Fund
- Development Bank of Kenya
- Kenya Post Office Savings Bank
- Consolidated Bank
- Industrial Development Bank Capital Ltd
- Kenya Re-Insurance

25. They submit their financial statements as required by their enabling legislations and we are able to audit and report within the stipulated timelines.

26. In addition, there are other public sector entities including State Departments and County Governments that have been able to submit their financial statements to us between one and two months after the end of the financial year despite the PFMA, 2012 requirement of within three months as detailed below.

Month	No. of Financial Statements Received		
	2021/2022	2022/2023	2023/2024
July	5	8	6
August	37	21	82

27. This has been made possible because these entities recognize the benefits of early submission of financial statements and choose to make timely financial reporting a priority. This, therefore, indicates that Public Sector entities have the ability to report in a timely manner and indeed earlier than the currently stipulated timelines. A list of the entities that have submitted financial within one and two months is annexed in **Appendix 2**.

(iv) Benefits of Timely Financial Reporting

Honorable Chair

Honorable Members

28. Financial statements are intended to strengthen accountability and to provide the information needed for effective management and decision-making, including

- performance evaluation. Therefore, timely financial reporting will accrue benefits to various actors in the financial reporting ecosystem and supply chain.
29. Timely financial reporting by **public sector entities** that we audit will improve the , relevance and usefulness of the information reported. Although timeliness alone does not make information useful, the passage of time however, usually diminishes the usefulness that the information would have had on effective decision making. Timeliness will also enable management to take any remedial action early enough, where required and will in turn enhance the relevance and implementation of audit and Parliamentary recommendations.
 30. Timely financial reporting by the National and County Treasuries and the Government at large indicates the **responsiveness of the government to the public's concerns** and informs superior managerial capability and greater openness and transparency about how the peoples' business is conducted. It **build trust and confidence in government**, thereby increasing the confidence of investors and development partners in our government as we are able to demonstrate early enough how we make use of resources provided by them.
 31. It will also **improve fiscal and managerial discipline** by Accounting Officers as contemplated in Article 201 of the Constitution which requires openness, accountability, prudence and responsible financial management, and clear fiscal reporting as principles that guide financial management in the public sector. We note that The National Treasury delays in disbursing funds to Ministries, Departments, Agencies and County Governments especially in the last quarter of the financial year. These funds are received in the month of June and July for activities required to be implemented in the last quarter. This is essentially a 13th month that is introduced in the accountability cycle and it contributes to delays in preparing and submitting financial statements to the Auditor-General for audit, as these transactions are included in the financial statements for the year then ended.
 32. If the proposed amendments are adopted, public sector entities will have to implement a clear cut-off period for reporting financial transactions. They will also need to keep proper records and audit trail for financial transactions they have carried out upto 30th June as required by Article 260 of the Constitution. This will lead to improved fiscal and managerial discipline by the Accounting Officers.

33. For both **Parliament and the County Assemblies**, timely financial reporting will enable **synchronization of the budgeting and accountability cycles** especially in division of revenue between the National and County Governments. Article 203(3) of the Constitution requires that the equitable share of revenue raised nationally allocated to County Governments should be calculated on the basis of the most recent audited accounts of revenue received, as approved by the National Assembly. However, we note that currently, Parliament is in arrears by one year in debating and considering the report of the Auditor-General on the accounts of revenue (currently debating 2022/2023). This been occasioned, by among **other** reasons, the delay in submission of audited accounts. This has also meant that the current Division of Revenue has used audited accounts which are two years in arrears (2020/2021 instead of 2022/2023). This greatly disadvantages both the National and County Governments in revenue sharing as the most recent information or data is not used as the basis of revenue sharing.
34. If the proposed amendments are adopted, the budgeting cycle will be greatly enhanced as Parliament will have current reports from the Auditor-General to discuss and will, therefore, **adopt** revenue accounts early enough for their consideration during the budgeting process and division of revenue. The audit report will also form a basis for budget decision making.
35. Timely reporting will also enable Parliament and County Assemblies play their pre- and post-budget oversight role effectively. With early submission of financial statements, OAG will provide timely audit findings on the financial statements to Parliament. The findings include critical issues we come across regarding the lawfulness and effectiveness of budget execution and governance, internal controls and risk management. This information can assist Parliament when allocating resources. For instance, projects which are stalled, underfunded projects or projects not in use will inform budget allocation.
36. Further, Parliament and County Assemblies will be able to scrutinize value for money in the use of the funds they have allocated and appropriated to confirm if they have been used or managed in compliance with the laws and regulations, they have legislated, for the benefit of the people they represent.
37. In addition, Parliament, County Assemblies and the relevant oversight committees rely on the Auditor-General's audit reports to undertake their oversight role. If financial statements and audit reports are presented early, Parliament and County

Assemblies will be able to issue recommendations on time to the Accounting Officers. This therefore means that Parliament will have mitigated early enough against practices that are likely to lead to fraud, waste and misuse of public resources.

38. Finally, timely reporting **will enable my Office** to carry out more in-depth audits on lawfulness and effectiveness in the use and management of public resources as mandated by Article 229(6) before the financial year ends. The audits will enable us carryout comprehensive physical verification of projects. The reduced timeline for submission of financial statements for audit will also lead to improved efficiency in auditing as the Auditor-General will gain two (2) additional months to audit and issue audit reports within the Constitutional timelines. The additional two months will provide my Office with ample time to conduct comprehensive financial audits after the end of the financial year, thereby, increasing the speed, efficiency, scope and quality of the audit reports I issue to Parliament and the County Assemblies for oversight.

(v) Justification for Supporting the Proposed Reduction of Time for Submitting Financial Statements

Honorable Chair

Honorable Members

39. The OAG supports the proposed amendments on reducing the timelines for submission of financial statements for audit because we believe the following financial management reforms facilitate and support this:

a. Automation of financial reporting process

40. Public sector entities have automated their processes for financial management and reporting as reinforced by Regulation 102 of the Public Finance Management Regulations, 2015 for both National and County Governments. For instance, the Ministries, Independent Offices and Commissions and County Governments make use of IFMIS for business processing and financial reporting. This is an integrated, robust and reliable system if used well. The system has been re-engineered over the years and is in the process of migrating the accounting framework to accrual basis. The Government has also made heavy investments in training accountants, finance and procurement officers in the use of IFMIS, both at the National and County Governments levels.

41. Similarly, state corporations and other semi-autonomous government agencies have also automated their operations including financial reporting which means that financial statements can be generated easily and quickly. The entities have also been using the accrual basis of accounting for more than ten (10) years.

b. In-Year Financial Reporting

42. Sections 83, 85, 166 and 168 of the Public Finance Management Act, 2012 and the attendant Regulations of 2015 require national and county governments and their agencies to prepare monthly and quarterly financial and non-financial reports every 10th and 15th after the end of each month and quarter respectively, to the National and County Treasuries with copies to the Auditor-General. The auditees, therefore, only require to consider and update/ aggregate transactions for the last quarter to generate the annual financial reports.

43. In-year financial reporting is a tool that enables provision of timely information and effective monitoring and control of public finances. It is expected to ensure the ongoing completeness and accuracy of financial information, and should include appropriate reconciliations to identify adjustments, as well as financial analysis of interim management reports to identify anomalies or incomplete data to be corrected.

44. In-year financial reporting coupled with in-year audit has been used in other jurisdictions such as Ghana and Canada to improve financial reporting and enhance accountability. These management reports can be used to correct financial information thereby ensuring that it is easier and transfer to prepare the end year financial statements. The monthly and quarterly financial statements provide timely information for management to undertake real-time (or near real-time) corrective action.

c. Standardization of Reporting

45. The Public Sector Accounting Standards Board (PSASB) has continuously strived to standardize financial reporting based on the recommended financial reporting framework. PSASB has therefore, provided standard templates for financial reporting.

46. These standardized financial statements provide information that is critical to the accountability process and informs Government decision-making from a whole-of-

government perspective. It also assists the Government to provide a comprehensive account of the use of resources and the assets and liabilities.

d. Transition to Accrual Basis of Accounting

47. The Public Sector Accounting Standards Board has embarked on a process of migrating from cash basis to accrual basis of accounting with a transition period of three (3) years with effect from 1 July, 2024. Already, and as noted earlier, state corporations, semi-autonomous agencies and national and county public funds already prepare financial statements on an accrual basis. This therefore, means that the entity's financial statements for the year ended 30th June, 2025 shall be prepared on IPSAS accrual basis of accounting and reporting.
48. Accrual basis of accounting will improve transparency in government financial performance including full disclosure of pending bills or liabilities, enhance management and renewal of assets and increase accountability in resource allocation, reallocation and utilization. This will also lead to improved quality of financial information to support governance, risk management, internal controls, management of assets, and decision-making especially the viability of entities in providing services to the citizens.

e. Human Resource Capacity

49. The government employs the largest number of accountants in Kenya. Both levels of government have invested heavily in training accountants, finance officers and procurement officers in not only in accounting systems but also on emerging areas in financial reporting. The government provides support to the accountants, finance and procurement officers in continuous professional development. The accountants are capable of generating timely financial statements with the support of management.

f. Existence of Governance Structures and Practices

50. Strong corporate governance structures and practices have a positive impact on the timeliness and reliability of financial reports. Section 7 and Section 155 of the Public Finance Management Act, 2012 require the establishment of internal audit function and audit committees. In 2014, the National Treasury issued guidelines on establishment of audit committees whose mandate includes overseeing the financial reporting process.

51. National and County Governments and their entities have established both the internal audit functions and audit committees. Indeed, the internal audit function is now required to look at the financial statements before they are submitted to the National Treasury for quality review.

Honorable Chair

Honorable Members

New Proposal

(vi) Additional Amendments Proposed by OAG to Reduce the Timelines for Submission of Financial Statements

52. We note that Section 165(4) of the Public Finance Management Act, 2012 which relates to submission of a report with respect to all waivers and variations of taxes, fees or charges granted by the receiver of revenue for the county government during a financial year does not include the Auditor-General as a mandatory recipient of the report. This means, therefore, that there would be no audit report on the compliance of waivers and variations to the enabling legislation. In addition, Regulation 64(4) of the Public Finance Management (County Governments) Regulations, 2015 requires the Receiver of Revenue to submit a copy of the quarterly report to the Auditor-General.

53. We, therefore, propose that Section 165(4) be amended as follows:

- (i) *Delete the words "two months" and substitute therefor the words "one month"*
- (ii) *Insert the words "Auditor-General" immediately after the words "County Assembly".*

A. Sanctions for Noncompliance with Implementation of Parliamentary Recommendations

54. Clauses 4(b) and 4(c) of the Bill propose to amend Section 68(4) by introducing sanctions for noncompliance by Accounting Officers with regard to implementation of recommendations made by a Committee of the National Assembly in respect of a report submitted by the Controller of Budget under Article 228(6).

55. An Accounting Officer for a National Government entity, Parliamentary Service Commission and the Judiciary are accountable to the National Assembly. The Accounting Officer of a County Government entity is accountable to the respective County Assembly. One of the accountability requirements as provided under

Section 68(2)(l) and (m), and 149(2)(l) of the Public Finance Management Act, 2012 is to resolve any issues that arise from audit which may remain outstanding, and provide information on any fraud, losses or any unlawful or unauthorised use of resources and an explanation for the actions taken to prevent similar problems in future.

56. As such, implementation of audit and Parliament's recommendations is critical if such recommendations are to be impactful and lead to required change.
57. However, lack of implementation of Parliament's recommendations is not one of the offences identified in Sections 196, 197 and 198 of the Public Finance Management Act, 2012. In addition, Section 204(1)(g) of the Public Finance Management Act, 2012 only assigns institutional sanctions to a National Government entity that fails to address issues raised by the Auditor-General to the satisfaction of the Auditor-General. There is no personal responsibility on the part of the Accounting Officers who are the responsible officers.

Honorable Chair

Honorable Members

58. We, therefore, welcome this proposed amendment as it requires Accounting Officers to take Parliament's recommendations seriously and ensure they are implemented.
59. We, however, note the following shortcomings in the Bill which need to be addressed.
- (i) Clause 4(b) of the Bill seeks to empower the Auditor-General as a recipient of the report on actions taken to implement the recommendations made in a relevant Committee of the National Assembly. However, Section 68(4) of the Public Finance Management Act, 2012, is only concerned with the recommendations in respect of a report submitted by the Controller of Budget. It is silent on the responsibility of Accounting Officers in implementing the Auditor-General's audit recommendations and Parliament's recommendations in respect of a report submitted by the Auditor-General.
 - (ii) Section 31(1)(a), and Section 53 of the Public Audit Act, 2015 identify the role of Accounting Officers in implementing audit findings and recommendations and Parliamentary recommendations on the report of the

Auditor-General. Section 31(3(b)) of the Public Audit Act, 2015 also requires the Auditor-General to indicate in the audit report on whether an auditee is responsive to past audit findings and recommendations.

- (iii) Clause 4(c) of the Bill proposes to amend Section 68 of the Public Financial Management Act, 2012 by introducing sub-section 4A immediately after sub-section 4 to penalize any Accounting Officer who does not implement the recommendations made under Sub-section 4.

OAG Recommendations on the Proposed Sanction

60. I, therefore, recommend as follows with regard to sanctions on non-compliance:

- (i) Introduce a clause in the Bill to amend Sub-section 4 of Section 68 of the Principal Act by inserting the words "**or the Auditor-General under Article 229(7) of the Constitution**" immediately after the word "**Constitution**".
- (ii) The remaining proposed amendment by Clause 4(b) of the Bill be retained as is.
- (iii) Introduce a clause in the Bill to amend Sub-section 3 of Section 149 of the Principal Act by inserting the words "**or the Auditor-General under Article 229(7) of the Constitution**" immediately after the word "**Constitution**".
- (iv) Introduce a clause to amend Section 149 of the Principal Act in sub-section 3 (b) by inserting the words "**Auditor-General**" immediately after the word "**County Treasury**".
- (v) Introduce a clause to amend Section 149 of the Principal Act by inserting a new Sub-section 3A immediately after Sub-section 3 –
"(3A) An Accounting Officer who does not implement the recommendations made under Sub-section (3) shall be liable to the penalty provided for under Section 199."

Honorable Chair

Honorable Members

61. The proposed amendments will;

- (i) Enhance tracking, monitoring and reporting on implementation of audit recommendations which will re-enforce implementation of the Auditor-General's recommendations and the recommendations of Parliament's Oversight Committees.

- (ii) ensure that audit and Parliament's recommendations have impact and reduce repetitive reporting of issues .
- (iii) align the Public Finance Management Act, 2012 to Section 53 of the Public Audit Act, 2015.

B. Proposed Amendments to Establish the Public Sector Accounting Standards Board

Honorable Chair

Honorable Members

62. The Bill proposes to amend Sections 192-195 of the Public Finance Management Act, 2012 to establish the Public Sector Accounting Standards Board as a body corporate, provide for enhanced roles and responsibilities, staffing, funding, accounting and auditing of the Board.
63. The Board is the national standards setting body in Kenya for the public sector. Its role is critical in ensuring that financial reports from various public sector entities are consistent, comparable, relevant and timely. The Board does this by prescribing high quality, enforceable professional financial reporting standards which may be adopted from global standards setters which enhances the confidence of all users of financial statements in the transparency and integrity of the statements. This in turn is critical for the effective functioning of capital markets, efficient capital allocation, global financial stability and sound economic growth.
64. Indeed, the Board's work over the last ten (10) years has led to improved financial reporting in the public sector as evidenced by reduced instances of modified audit opinions in National and County Government entities. There has also been enhanced transparency and accountability by public sector entities.
65. The tenets of a well-functioning standard setting body is operational independence, working closely with stakeholders, acting in the public interest and being neutral and objective. The Office of the Auditor- General is one of such stakeholders and is represented in the Board.
66. The Office therefore, supports the proposed amendments in the Bill as this will enhance the independence and operational efficiency and effectiveness of the Board. This will also assist the Board in positioning the country as one of the leading jurisdictions in transparency and accountability in use of public resources.

In particular, the amendments will enable the Board to push the reforms in public sector financial reporting especially accrual accounting.

67. However, we note that the proposed Section 195G(2) on submission of financial statements to the Auditor-General is inconsistent with what the Public Finance Management (Amendment Bill), 2024 (National Assembly Bill No. 2 of 2024) proposes. We, therefore, recommend that the proposed Section 195G(2) be amended to read “ **within a period of one month after the end of the financial year**” instead of “ within a period of three months”. Indeed, the Board has voluntarily been preparing and submitting financial statements within one month after the end of the financial year. Indeed, I already have issued the audit report for the Board for the financial year 2023/2024.

The Public Finance Management (Amendment Bill), 2024 (National Assembly Bill No. 26 of 2024)

Honorable Chair

Honorable Members

68. The second Bill proposes to amend the Public Finance Management Act, 2012 to align the timelines for the passing and consideration of the Finance Bill by the County Assemblies and the National Assembly. The Bill proposes to amend Section 129(2)(a), introduce procedures for submission, consideration and passing of the Finance Bill in the County Assembly and repeal the requirement of Section 133 of the Act that the Finance Bill be considered and approved within ninety days after passing the County Assembly approves the Appropriation Bill.

69. I have presented before Parliament my concerns about Budget Credibility. Budget credibility refers to the government’s ability to meet its revenue and expenditure targets during the fiscal year. The precision of these forecasts significantly influences the overall credibility of the budget. In particular, I have raised concerns over expenditure forecast being used as a basis for revenue forecasts. I have noted that the rate of expenditure growth outpaces the rate of revenue growth. The persistent expenditure pressures and stagnated revenue raising efforts have resulted to an increase in borrowings from both the domestic and foreign markets to fund the budget deficits.

70. The Office supports the proposed amendments as it enhances the credibility of the budget and in particular ensures consideration of performance in revenue

collection before setting the budget. The amendments will also ensure that County Governments consider own source revenue before setting their expenditures.

Conclusion

Honorable Chair

Honorable Members

71. Timely financial reporting requires careful, yearlong planning and monitoring. It includes auditing and oversight which cannot be relegated to only a few months during the subsequent periods. It also requires high quality professional accounting standards to enhance trust and confidence in government financial reporting.
72. My Office is ready for implementation of the proposed amendments. We have enhanced our presence in the Counties through creation of Regional Offices to ensure greater efficiency and to expand the scope and depth of audit for greater accountability, quality and timely reporting.
73. We need the additional time as proposed by the amendments to the Public Finance Management Act, 2012. It is also important to impose the sanctions for failure to account for the use of public resources entrusted to the Accounting Officers for the benefit of the citizens.
74. I have annexed a summary of our position with regards to the proposed amendments under (**Annexure 1 and Annexure 2**).

I thank you for this opportunity.

FCPA Nancy Gathungu, CBS

AUDITOR-GENERAL

25 September, 2024

Comparative analysis of Jurisdictions within the Commonwealth

Jurisdiction	Time it takes to Submit Financial Statements to the Supreme Audit Institutions	Source
Uganda	<p>Annual reporting by accounting officers (except for public corporations) Within two months after the end of each financial year</p> <p>Consolidated Annual Financial Statements Within three months after the end of each financial year</p>	Sec. 51(1), 52(1) of the Public Finance Management Act, 2015
Tanzania	<p>Annual reporting by the accounting officers Within a period of three months after the end of each financial year</p> <p>Annual consolidated accounts for the Consolidated Fund Within a period of seven months or such longer period as the National Assembly may by resolution appoint after the end of each financial year</p>	Sec. 30(1), 30(2) of the Public Finance Act Chapter 348 (Revised 2020)
South Africa	<p>Annual Reporting by Accounting Officers/ Accounting Authority for a Public Entity Within two months after the end of the financial year</p> <p>Annual Consolidated Financial Statements by National / Provincial Treasury Within three months after the end of that financial year</p>	Sec. 8(1)(b), 19(1)(b), 40(1)(c), 55(1)(c) of the Public Finance Management Act No. 1 of 1999
Zambia	<p>Annual Reporting by Controlling Officers Within one month after the end of the financial year</p> <p>Annual Reporting by Statutory Authorities Within one month after the end of the financial year</p> <p>Annual Consolidated Financial Statements by Treasury Within three months after the end of that financial year</p>	Sec 58(2)(b), 70(2) and 70(5) of the Public Finance Management Act, 2018
Zimbabwe	<p>Annual reporting by accounting officers of a Ministry/ Accounting Authority Within sixty days of the end of the financial year</p> <p>Consolidated annual financial statements Within three months after the end of each financial year</p>	Sec. 35(3), 35(6), 49(1)(c) of the Public Finance Management Act, Cap 22:19 of 2016
Ghana	<p>Annual reporting by Principal Spending Officer Within two months after the end of each financial year</p> <p>Consolidated Annual accounts</p>	Sec. 80, 81 of the Public Finance Management Act, 2016

	Within three months after the end of each financial year	
Canada	No prescribed time limit but the President of the Treasury Board must submit to the House of commons audited Public Accounts on or before 31 December following the end of that fiscal year. The fiscal year ends on 31 March.	Section 64 of Financial Administration Act (R.S.C, 1985, c.F-11)
New Zealand	Departments Annual Financial Statements Within two months after the end of each financial year Consolidated Annual Financial Statements Not later than the end of the second month following the end of the financial year to which those statements relate. Fiscal year runs from 1 July to 30 June	Section 30 and 45D of the Public Finance Management Act, 1989
Australia	No prescribed time limit for Agency Accounts. For the consolidated financial statements, it is as soon as practicable after the financial statements are prepared upto a maximum of 5 months after the end of the financial year for annual statements	Section 49(1), 55, 57 of the Financial Management and Accountability Act 1997

Appendix 2

Public Sector Entities That Submit Financial Statements Within One and Two Months After The End of The Financial Year

(i) FY 2021/2022

July, 2022

	Entity Name	Entity Type	Date Received
1.	A Case Study on integrated Delivery of Selected Non-Communicable Diseases in Kenya	Donor Funded Project	19 July, 2022
2.	Busia County Assembly Revolving Fund	County Fund	18 July, 2022
3.	County Assembly of Busia	County Assembly	18 July, 2022
4.	Kakamega County Alcoholic Drinks Control Fund	County Fund	29 July, 2022
5.	Kenya Industry and Enterprenuership Project	Donor Funded Project	29 July, 2022

August, 2022

	Entity Name	Entity Type	Date Received
1.	Tharaka-Nithi County Executive -Revenue Fund	Receiver of Revenue	1-Aug-22
2.	Tharaka-Nithi County Executive -Receiver of Revenue	Receiver of Revenue	1-Aug-22
3.	Tharaka-Nithi County Executive	County Executive	1-Aug-22
4.	Tharaka Nithi Youth Empowerment Fund	County Fund	1-Aug-22
5.	Tharaka Nithi County Emergency Fund	County Fund	1-Aug-22
6.	Tharaka Nithi County Bursary Fund	County Fund	1-Aug-22
7.	Kathwana Municipality		1-Aug-22
8.	Public Sector Accounting Standards Board	State Corporation	2-Aug-22
9.	University of Nairobi Pensions Scheme	Pension Scheme	3-Aug-22
10.	Mombasa County Executive	County Executive	3-Aug-22
11.	Kenya Roads Board Fund	National Fund	3-Aug-22
12.	Kenya Roads Board	State Corporation	3-Aug-22
13.	Capital Markets Authority	State Corporation	3-Aug-22
14.	Machakos County Bursary Fund	County Fund	18-Aug-22
15.	Global Fund Hiv/Aids Project Grant Number Ken-H-TNT-2065-National Aids Control Council	Donor Funded Project	18-Aug-22
16.	Elgeyo Marakwet County Assembly Catering Services Revolving Fund	County Fund	18-Aug-22
17.	Elgeyo Marakwet County Assembly	County Assembly	18-Aug-22
18.	Competition Authority	State Corporation	19-Aug-22
19.	Transforming Health Systems for Universal Care Project THS-UC Project	Donor Funded Project	23-Aug-22
20.	Maternal Child Health and Family Planning Fund - Kakamega	County Fund	23-Aug-22
21.	Africa Center of Excellence in Sustainable Use of Insects as Food and Feeds Project (IDA Credit No.5798-KE)	Donor Funded Project	24-Aug-22
22.	National Information Platform for Food Security and Nutrition Project	Donor Funded Project	24-Aug-22

	Entity Name	Entity Type	Date Received
23.	Ethics and Anti-Corruption Commission	Constitutional Commission	24-Aug-22
24.	East Africa Skills Transformation and Regional Integration project-KCNP	Donor Funded Project	26-Aug-22
25.	Trans Nzoia County Youth and Women Development Fund	County Fund	30-Aug-22
26.	Scrap Metal Council	State Corporation	30-Aug-22
27.	Nairobi Sanitation Output Based Aid Project (OBA)	Donor Funded Project	30-Aug-22
28.	Municipality of Kitale	Municipal Board	30-Aug-22
29.	Embu County Government Emergency Fund	County Fund	30-Aug-22
30.	Commission on Revenue Allocation	Constitutional Commission	30-Aug-22
31.	Commission of Revenue Allocation Staff Mortgage Scheme Fund	National Fund	30-Aug-22
32.	Central Bank of Kenya	State Corporation	30-Aug-22
33.	Kenya Towns Sustainable Water Supply and Sanitation Program - TAWWDA	Donor Funded Project	31-Aug-22
34.	Kenya Revenue Authority-Revenue	Receiver of Revenue	31-Aug-22
35.	Kenya Revenue Authority-Agency	State Corporation	31-Aug-22
36.	Horn of Africa Gateway Development Project- KRA	Donor Funded Project	31-Aug-22
37.	Eastern Africa Regional Transport, Trade and Development Facilitation Project	Donor Funded Project	31-Aug-22

(ii) FY 2022/2023

July, 2023

	Entity Name	Entity Type	Date Received
1.	Kenya-EU Partnership for Implementation of National Strategy to Counter Violent Extremism in Kenya	Donor Funded Project	3-Jul-23
2.	Central Bank of Kenya	State Corporation	4-Jul-23
3.	Capital Markets Authority	State Corporation	11-Jul-23
4.	Coordination of Population Policy Implementation Project	Donor Funded Project	24-Jul-23
5.	Kenya Revenue Authority-Revenue Accountability Statement	Receiver of Revenue	26-Jul-23
6.	Kenya Revenue Authority-Agency	State Corporation	26-Jul-23
7.	Marsabit County Education Fund	County Fund	27-Jul-23
8.	Public Sector Accounting Standards Board	State Corporation	31-Jul-23

August, 2023

	Entity Name	Entity Type	Date Received
1.	Programme for Legal Empowerment and Aid Delivery	Donor Funded Project	3-Aug-23
2.	Kajiado County Disability Mainstreaming Fund	County Fund	4-Aug-23
3.	Tharaka-Nithi County Executive	County Fund	7-Aug-23
4.	Tharaka Nithi County Executive Staff Mortgage and Car Loan Scheme Fund	County Fund	7-Aug-23
5.	Tharaka Nithi Youth Empowerment Fund	County Fund	7-Aug-23

	Entity Name	Entity Type	Date Received
6.	Tharaka Nithi County Bursary Fund	County Fund	7-Aug-23
7.	Tharaka-Nithi County Executive -Receiver of Revenue	County Receiver of Revenue	8-Aug-23
8.	Democratic Party of Kenya	Political Party	10-Aug-23
9.	Witness Protection Agency Staff Motor Car Loan Scheme Fund	Car Loan and Mortgage Fund	15-Aug-23
10.	Witness Protection Agency Staff Housing Mortgage Scheme Fund	Car Loan and Mortgage Fund	15-Aug-23
11.	Witness Protection Agency	MDA	15-Aug-23
12.	Lake Victoria North Water Services Board (LVNWSB) Project IDA 5103- KE	Donor Funded Project	15-Aug-23
13.	AWWDA-Support to Water and Sanitation Services in Peri-Urban Area Loan No. BMZ 2013.6543.6	Donor Funded Project	18-Aug-23
14.	Kenya Institute of Public Policy Research Analysis	State Corporation	22-Aug-23
15.	A Case Study on integrated Delivery of Selected Non-Communicable Diseases in Kenya	Donor Funded Project	23-Aug-23
16.	Embu County Executive	County Executive	23-Aug-23
17.	University of Nairobi Pensions Scheme	Pension Scheme	25-Aug-23
18.	Kenya Towns Sustainable Water Supply and Sanitation Program - TAWWDA	Donor Funded Project	28-Aug-23
19.	Nairobi Inclusive Sanitation Improvement Project	Donor Funded Project	30-Aug-23
20.	Local Authorities Provident Fund	State Corporation	31-Aug-23
21.	East Africa Skills Transformation and Regional Integration project-KCNP	Donor Funded Project	31-Aug-23

(iii) FY 2023/2024

July, 2024

	Entity Name	Entity Type	Date Received
1.	Public Sector Accounting Standards Board	State Corporation	19-Jul-24
2.	Kenya Power and Lighting Company Ltd (KPLC)	State Corporation	20-Jul-24
3.	State Department for Irrigation	MDA	23-Jul-24
4.	County Executive of Elgeyo Marakwet	County Executive	26-Jul-24
5.	Commodities Fund	National Fund	29-Jul-24
6.	Tana River County Executive	County Executive	30-Jul-24

August, 2024

	Entity Name	Entity Type	Date Received
1.	Secondary Education Quality Improvement Project	Donor Funded Project	1-Aug-24
2.	State Department for Public Service	MDA	5-Aug-24
3.	Horn of Africa Gateway Development Project-ICTA	Donor Funded Project	5-Aug-24
4.	Busia County Executive	County Executive	8-Aug-24
5.	Receiver of Revenue County Government of Kakamega	Receiver of Revenue	8-Aug-24
6.	Kenya Symbiocity Programme -SIDA No. 51110060	Donor Funded Project	9-Aug-24
7.	Kenya Broadcasting Corporation	State Corporation	9-Aug-24
8.	Agriculture Food and Fisheries Authority (AFFA)	State Corporation	12-Aug-24

9.	Commission for University Education	MDA	12-Aug-24
10	Enable Youth Kenya Program	Donor Funded Project	13-Aug-24
11	National Cereals and Produce Board	Donor Funded Project	16-Aug-24
12	Transforming Health Systems for Universal Care Project THS-UC Project	Donor Funded Project	19-Aug-24
13	Busia County (Public Officers) Revolving Fund	County Fund	19-Aug-24
14	Busia County Agricultural Development Fund	County Fund	19-Aug-24
15	Busia County Assembly Revolving Fund	County Fund	19-Aug-24
16	Busia County Cooperative Enterprise Development Fund	County Fund	19-Aug-24
17	Covid-19 Health Emergency Response	Donor Funded Project	19-Aug-24
18	Danida Primary Healthcare (PHC) support Program	Donor Funded Project	19-Aug-24
19	Public Financial Management Reforms Programme	Donor Funded Project	19-Aug-24
20	East Africa Centre for Excellence	Donor Funded Project	19-Aug-24
21	Eastern Africa Regional Transport Trade and Development Facilitation Project Cr. No.5638-Infrastructure IDA.	Donor Funded Project	19-Aug-24
22	MOH - Global Fund Tuberculosis Funding Model KEN-T-TNT-2067	Donor Funded Project	19-Aug-24
23	Global Fund HIV AIDS New Funding Model (NFM) KEN-H-TNT 2065	Donor Funded Project	19-Aug-24
24	Global Fund Malaria New Funding Model (NMF) KEN-M-TNT-2064	Donor Funded Project	19-Aug-24
25	KEN-T-TNT RSSH SUB-RECIPIENT	Donor Funded Project	19-Aug-24
26	Bura Municipality- Garissa County	County Executive	20-Aug-24
27	Vihiga County Assembly	County Assembly	21-Aug-24
28	Public Service Superannuation Fund	Pension Scheme	21-Aug-24
29	National Social Security Fund (NSSF)	Corporation - Trading	21-Aug-24
30	Mandera County Assembly	County Assembly	21-Aug-24
31	Horn of Africa Gateway Development Project - Infrastructure	Donor Funded Project	21-Aug-24
32	Improvement Of Drinking Water and Sanitation Systems In Mombasa: Mwache Project	Donor Funded Project	21-Aug-24
33	Kenya Citizens and Foreign Nationals Management Service	State Corporation	21-Aug-24
34	State Department of East African Community Integration	MDA	22-Aug-24
35	Secondary Education Quality Improvement Project - TSC	Donor Funded Project	22-Aug-24
36	Nairobi Inclusive Sanitation Improvement Project	Donor Funded Project	22-Aug-24
37	Multinational -Arusha-Holili/Taveta-Voi Road Corridor Project,KENHA	Donor Funded Project	22-Aug-24
38	Kenya Development Corporation (KDC)	State Corporation	22-Aug-24
39	Machakos County Executive	County Executive	23-Aug-24
40	Independent Policing Oversight Authority	MDA	23-Aug-24
41	Central Bank of Kenya	State Corporation	24-Aug-24
42	Commission for University Education Car Loan and Mortgage Scheme	MDA	25-Aug-24
43	Women Empowerment For Gender and Equality Project	Donor Funded Project	26-Aug-24
44	Trans Nzoia County Assembly	County Assembly	26-Aug-24

45	Bungoma County Assembly	County Assembly	26-Aug-24
46	Solar Power Plant in Garissa Project	Donor Funded Project	26-Aug-24
47	Rural Electrification in Five Regions Project (BADEA) - REREC	Donor Funded Project	26-Aug-24
48	Retirement Benefits Authority	State Corporation	26-Aug-24
49	Programme for Legal Empowerment and Aid Delivery	Donor Funded Project	26-Aug-24
50	National Land Commission Housing Scheme Fund	National Fund	26-Aug-24
51	National Land Commission Car Loan Scheme Fund	National Fund	26-Aug-24
52	Last Mile Connectivity project (LMCP - KPLC)	Donor Funded Project	26-Aug-24
53	Isiolo County Assembly	County Assembly	26-Aug-24
54	Samburu County Executive	County Executive	27-Aug-24
55	Elgeyo Marakwet County Assembly	County Assembly	27-Aug-24
56	GLOBAL FUND HIV/AIDS PROJECT GRANT NUMBER KEN-H-TNT-2065-NATIONAL AIDS CONTROL COUNCIL	Donor Funded Project	27-Aug-24
57	Homa Bay County Executive	County Executive	27-Aug-24
58	Insurance Regulatory Authority	State Corporation	27-Aug-24
59	Kajiado County Executive	County Executive	27-Aug-24
60	Kenya Off-Grid Solar Access Project (KOSAP-REREC 6135ke)	Donor Funded Project	27-Aug-24
61	Kenya Electricity Modernization Project (KEMP)-REA	Donor Funded Project	27-Aug-24
62	Vijana Vuka na Afya (VIVA) Youth Programme	Donor Funded Project	28-Aug-24
63	State Department for Youth Affairs	MDA	28-Aug-24
64	State Department for Performance and Delivery Management	MDA	28-Aug-24
65	Coffee Cherry Advance Revolving Fund	National Fund	28-Aug-24
66	Competition Authority	State Corporation	28-Aug-24
67	Marsabit County Executive	County Executive	28-Aug-24
68	Mandera Municipality	Municipality	28-Aug-24
69	Makueni County Executive	County Executive	28-Aug-24
70	Kisii County Executive	County Executive	28-Aug-24
71	Kenya Youth Employment Opportunity Project (KYEOP)-IDA-State Dept for Youth	Donor Funded Project	28-Aug-24
72	Kakamega County Executive	County Executive	28-Aug-24
73	West Pokot County Assembly	County Assembly	29-Aug-24
74	State Department for Agriculture	MDA	29-Aug-24
75	Dadaab Municipality	Municipality	29-Aug-24
76	Ewaso Ng'iro North River Basin Development Authority	Water Development Agency	29-Aug-24
77	Homa Bay County Assembly	County Assembly	29-Aug-24
78	Kisii County Assembly	County Assembly	29-Aug-24
79	Kajiado County Assembly	County Assembly	29-Aug-24
80	Sports Kenya	State Corporation	30-Aug-24
81	Roads Annuity Fund	National Fund	30-Aug-24
82	Nairobi Metropolitan Service Improvement Project (NAMSIP) Cr. No. 5102 KE	Donor Funded Project	30-Aug-24

ANNEXURE 1

The Public Finance Management (Amendment) Bill, 2024 (National Assembly Bill No.2 of 2024)

SUMMARY OF PROPOSED AMENDMENTS – SECTION BY SECTION

A. Proposed Amendments in the Bill

PFM Bill	Proposed Section of PFMA to be Amended	Proposed Amendment	OAG Position
Clause 2	Sec 23(1) -Submission of annual financial statements in respect of the Contingencies Fund	Delete the words “three months” and substitute therefor the words “one month”	Agrees with the proposed amendment
Clause 3	Sec 24(10)(b) – Submission of annual financial statements in respect to a national public fund	Delete the words “three months” and substitute therefor the words “one month”	Agrees with the proposed amendment
Clause 4(a)	Sec 68(2)(k) – responsibility of accounting officers for national government entities, Parliament and the Judiciary in respect to preparation and submission of annual financial statements	Delete the words “three months” and substitute therefor the words “one month”	Agrees with the proposed amendment
Clause 4(b)	Sec 68(4)(b) – responsibility of an accounting officer for national government entities, Parliament and the Judiciary in respect to submitting a report to the National Assembly on actions taken by the entity to implement any recommendations made by a relevant Parliamentary Committee in respect to a report submitted by the Controller of Budget	Insert the words “and Auditor-General” after the word “National Treasury”	Agrees with proposed amendment
Clause 4(c)	Sec 68 (8) – Sanctions on non-implementation of recommendations made in Section (4)	Insert a new Section 4A to read “An accounting officer who does not implement the recommendations made under sub-section (4) shall be liable to the penalty provided for under section 199”	Agrees with the proposed amendment. Non-implementation of Parliamentary recommendations is not part of offences listed in Section 196, 197 and 198.
Clause 5	Section 80(4) – Submission of consolidated annual financial statements by the National Treasury in	Delete the words “four months” and substitute therefor the words “two months”	Agrees with the proposed amendment

PFM Bill	Proposed Section of PFMA to be Amended	Proposed Amendment	OAG Position
	respect of all national government entities		
Clause 6	Sec 81(4) - Submission of annual financial statements by the accounting officer in respect to a national government entity	Delete the words "three months" and substitute therefor the words "one month"	Agrees with the proposed amendment
Clause 7(a)	Sec 82(3) - Submission of annual accounts by the receiver of revenue for the national government	Delete the words "three months" and substitute therefor the words "one month"	Agrees with the proposed amendment
Clause 7(b)	Sec 82(4) - Submission of an annual report with respect to all waivers and variations of taxes, fees or charges granted by the receiver or collector of revenue for the national government	Delete the words "three months" and substitute therefor the words "one month"	Agrees with the proposed amendment
Clause 8	84(3) - Submission of annual financial statements by the administrator of a national public fund	Delete the words "three months" and substitute therefor the words "one month"	Agrees with the proposed amendment
Clause 9	Sec 115(1) - Submission of annual financial statements in respect of the Emergency Fund	Delete the words "three months" and substitute therefor the words "one month"	Agrees with the proposed amendment
Clause 10	Sec 116(7) - Submission of annual financial statements in respect to a county public fund	Delete the words "three months" and substitute therefor the words "one month"	Agrees with the proposed amendment
Clause 11	Sec 149(2)(k) - responsibility of accounting officers designated for county government entities in respect to preparation and submission of annual financial statements to the Auditor-General	Delete the words "three months" and substitute therefor the words "one month"	Agrees with the proposed amendment
Clause 12	Sec 163(4) - Submission of consolidated annual financial statements by the County Treasury in respect of all county government entities	Delete the words "four months" and substitute therefor the words "two months"	Agrees with the proposed amendment
Clause 13	Sec 164(4) - Submission of annual financial statements by the accounting officer in respect to a county government entity	Delete the words "three months" and substitute therefor the words "one month"	Agrees with the proposed amendment
Clause 14	Sec 165(3) - Submission of annual accounts by the receiver of revenue for the county government	Delete the words "three months" and substitute	Agrees with the proposed amendment

PFM Bill	Proposed Section of PFMA to be Amended	Proposed Amendment	OAG Position
		therefor the words "one month"	
Clause 15	Sec 167(3) - Submission of annual financial statements by the administrator of a county public fund	Delete the words "three months" and substitute therefor the words "one month"	Agrees with the proposed amendment
Clause 16	Sec 192 - Establishment of the Board	Delete the entire Section 192 and substitute thereof with a new section	Agrees with the proposed amendment
Clause 17	Sec 193(5) – Composition of the Board	Delete Subsection (5)	Agrees with the proposed amendment
Clause 18	Sec 194(g)(1)	Insert new paragraph after paragraph (g) to provide additional mandate with regard to accrual accounting and risk management	Agrees with the proposed amendment
Clause 19	Sec 195	Insert new paragraph 195A to provide for appointment of Chief Executive, Staff of the Board, Common Seal, Funds of the Board, Financial Year, Annual Estimates, Accounts and Audit.	Agrees with the proposed amendments but amend proposed Section 195G(2) to read " one month " instead of "three months"
Clause 20		Amendment of Second Schedule to the Principal Act by inserting a new paragraph 13	Agrees with the proposed amendment

Summary of Justification for the Proposed Amendments on the Timelines

1. Automation of financial reporting process in the public sector
2. In-Year financial reporting requirement by the Public Finance Management Act, 2012
3. Management is able to take remedial action, if required early enough
4. Improvement in fiscal and managerial discipline as required by Article 201 of the Constitution. This includes eliminating the 13th month created by late disbursement of funds by the National Treasury.
5. Enables National Treasury and Parliament to evaluate government performance and make timely recommendations
6. Benefit of building trust and confidence in government by donors and investors
7. Benefit of synchronizing the budget with the accountability cycle. This enables equitable sharing of revenue between national and county governments as envisaged by Article 203(3) of the Constitution.
8. Standardization of reporting through standardized reporting frameworks and templates by the Public Sector Accounting Standards Board
9. Implementation of accrual basis of accounting by the Public Sector Accounting Standards Board
10. Availability of large pool of well trained, experienced and highly skilled accountants, finance and procurement officers.
11. Ability to perform in-year audits
12. Improved efficiency in auditing

B. Office of the Auditor-General Additional Proposed Recommendations

Proposed Section of PFMA to be Amended	Proposed OAG Amendment	Justification
<p>Sec 68(4) - responsibility of an accounting officer for national government entities, Parliament and the Judiciary in respect to submitting a report to the National Assembly on actions taken by the entity to implement any recommendations made by a relevant Parliamentary Committee in respect to a report submitted by the Controller of Budget</p>	<p>Insert the words "or the Auditor-General under Article 229(7) of the Constitution" immediately after the word "Constitution".</p>	<p>Section 68(4) of the Public Finance Management Act, 2012, is only concerned with the recommendations in respect of a report submitted by the Controller of Budget. It is silent on the responsibility of Accounting Officers in implementing the Parliament's recommendations in respect of a report submitted by the Auditor-General.</p>
<p>149(3) – adoption of a report with respect to Controller of Budget</p>	<p>(i) Insert the words "or the Auditor-General under Article 229(7) of the Constitution" immediately after the word "Constitution".</p>	<p>Section 149(3) of the Public Finance Management Act, 2012, is only concerned with the recommendations in respect of a report submitted by the Controller of Budget. It is silent on the responsibility of Accounting Officers in implementing Parliament's recommendations in respect of a report submitted by the Auditor-General.</p>
	<p>(ii) insert a new Sub-section 3A immediately after Sub-section 3 –</p> <p><i>"(3A) An Accounting Officer who does not implement the recommendations made under Sub-section (3) shall be liable to the penalty provided for under section 199."</i></p>	<p>To introduce sanctions on non-implementation of recommendations made in Section (3). This will make the section consistent with the sanctions introduced in the proposed section 68(4A) of the Bill.</p> <p>Non-implementation of Parliamentary recommendations is not currently part of offences listed in Section 196, 197 and 198.</p>
<p>149(3)(b) - responsibility of an accounting officer for county government entities in respect to submitting a report to the National Assembly on actions taken by the entity to implement any recommendations made by a relevant Parliamentary Committee in</p>	<p>Insert the words "and Auditor-General" immediately after the word "County Treasury".</p>	<p>To empower the Auditor-General as one of the recipients of the report on actions taken to implement the recommendations made in a relevant Committee of the County Assembly in respect to a report submitted by the Controller of Budget or the Auditor-General.</p>

Proposed Section of PFMA to be Amended	Proposed OAG Amendment	Justification
respect to a report submitted by the Controller of Budget		
Sec 165(4) – Submission of an annual report with respect to all waivers and variations of taxes, fees or charges granted by the receiver of revenue for the county government	(i) Substitute “two months” with “one month” (ii) insert the words “Auditor-General” immediately after the words “county assembly”.	<p>This will reduce the timeline for submission of the financial statements from three months to one month.</p> <p>The report should also be submitted to the Auditor-General for audit purposes. This is consistent with Section 82(4) of the Public Finance Management Act, 2012 which also requires similar reports for the national government to be submitted to the Auditor-General. The Act does not indicate what the County Assembly will do with the report. The waivers should already have been authorized by an Act of Parliament or county assembly legislation.</p>

*not
 should be approved
 by the OAG is not left
 to the discretion of
 governors -*

ANNEXURE 2

The Public Finance Management (Amendment) Bill, 2024 (National Assembly Bill No. 26 of 2024)

SUMMARY OF PROPOSED AMENDMENTS – SECTION BY SECTION

PFM Bill	Proposed Section of PFMA to be Amended	Proposed Amendment	OAG Position
Clause 2	Sec 129(2)(a) - 129—County Executive Committee member to submit budget estimates and other documents to County Executive Committee for approval	Delete the words “except the Finance Bill”	Agrees with the proposed amendment
Clause 3	Insertion of a new section into the Act after Section 131	Section 131A to provide for submission, consideration and passing of the County Finance Bill	Agrees with the proposed amendment
Clause 4	Sec 133 - Approval of the Finance Bill	Repeal of Section 133 of the Act	Agrees with the proposed amendment