

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

NATIONAL ASSEMBLY PAPERS LAID	
DATE: 29 FEB 2024	DAY: (Thurs)
OF	by Hon Naomi Wago, MP Deputy majority whip
FILED BY:	A. SINDUKU
CLERK AT THE TABLE:	

THE AUDITOR-GENERAL

ON

**OFFICE OF THE CONTROLLER
OF BUDGET**

**FOR THE YEAR ENDED
30 JUNE, 2023**



OFFICE OF THE CONTROLLER OF BUDGET



**OFFICE OF THE CONTROLLER OF BUDGET ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

**Prepared in accordance with the Cash Basis of Accounting Method under the
International Public Sector Accounting Standards (IPSAS)**

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1. ACRONYMS AND GLOSSARY OF TERMS

ADP	Annual Development Plan
AGPO	Access to Government Procurement Opportunities
AIE	Authority to Incur Expenditure
BETA	Bottom-Up Economic Transformation Agenda
BIRR	Budget Implementation Review Report
BPS	Budget Policy Statement
BROP	Budget Review and Outlook Paper
CASB	County Public Service Board
CBROP	County Budget Review and Outlook Paper
CDMRS	Central Data Management Retrieval System
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CoB	Controller of Budget
COBMIS	Controller of Budget Management Information System
DCI	Directorate of Criminal Investigations
EACC	Ethics and Anti-Corruption Commission
FY	Financial Year
GESDeK	Governance for Enabling Service Delivery and Public Investment in Kenya
IDLO	International Development Law Organisation
IPSAS	International Public Sector Accounting Standards
JF	Judiciary Fund
KLISC	Kenya Library and Information System Consortium
MDAs	Ministries, Departments and Agencies
MTEF	Medium Term Expenditure Framework
NG	National Government
NT&EP	National Treasury and Economic Planning
OCoB	Office of the Controller of Budget
PFM	Public Finance Management
PFMR	Public Finance Management Reforms

PSASB	Public Sector Accounting Standards Board
PSC	Public Service Commission
PWDs	Persons with Disabilities
TADAT	Tax Administration Diagnostic Assessment Tool
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background Information

The Office of the Controller of Budget (OCoB) is an independent office established under Article 228 of the Constitution. The core mandate of the Controller of Budget (CoB) is to oversee the implementation of the budgets of both the National and County governments by authorising withdrawals from public funds. The roles and functions of the CoB are further articulated in the Controller of Budget Act, 2016, PFM Act 2012 and the attendant Regulations. The CoB is further mandated to: prepare, publish and publicize budget implementation reports within thirty days after the end of each quarter, conduct investigations on its own initiative or upon receipt of a complaint by a member of the public, undertake negotiations, conciliation and mediation, and resolve disputes involving budget implementation.

Further, the CoB regularly monitors, evaluates and makes recommendations to both levels of Government, enforces budget ceilings set by Parliament and provides information to the public on budget implementation at both levels of Government. The CoB also has the mandate to advise Parliament when the Cabinet Secretary responsible for finance has stopped the transfer of funds to state organs or other public entities before any such suspension can be lifted. In line with Section 5 of the CoB Act, 2016, the Controller of Budget seeks to, among other things; promote fiscal discipline and equitable allocation of available resources, whilst improving transparency and accountability in the budget implementation process.

The OCoB therefore promotes fiscal discipline and transparency by ensuring prudent and efficient use of public funds at both levels of government. Prudent financial management is a key plank in the realization of the OCoB mandates, the governments Bottom-Up Economic Transformation Agenda (BETA) and the overall development goals of the country.

OUR VISION

A country where public funds are utilized prudently and efficiently.

OUR MISSION

To oversee the implementation of all government budgets through the timely authorization of withdrawals from Public Funds and ensuring prudent and efficient use of public finances by monitoring evaluating and reporting under the law

OUR CORE VALUES

Independence

We execute our constitutional mandate firmly and without fear or favour.

Transparency and Accountability

We are committed to promoting transparency in our work and shall be accountable for our decisions or actions.

Integrity

We shall uphold honest, fairness and professional ethics in all our undertakings.

Professionalism

We shall adhere to best practises, professional standards and ethics to continuously improve service delivery

Team work

The staff work as one team and will collaborate with stakeholders to realize our mandate

Creativity and Innovativeness

We are a learning organization committed to continuously improving our processes to deliver value to our stakeholders

(b) Mandate and Roles of the Controller of Budget

The Controller of Budget is mandated to promote prudent and efficient financial management of public funds and equitable release of available resources and to improve transparency and accountability in the budget implementation process. The office is further mandated to oversee the implementation of the budgets of the National and County Governments by authorizing withdrawals from public funds and reporting to Parliament on budget implementation. Specifically, the roles of the Controller of Budget are as follows:

i) **Oversight**

This role involves overseeing the implementation of the budgets of both National and County Governments by monitoring the use of public funds in-year and reporting to Parliament on how the funds have been utilized. The Controller of Budget oversees and regularly monitors the utilization of public funds released to spending units.

ii) **Controlling**

The controlling function involves authorizing withdrawals from Public Funds, including the Equalization Fund (Article 204 of the Constitution of Kenya, 2010); the Consolidated Fund (Article 206 of the Constitution of Kenya, 2010); and the County Revenue Funds (Article 207 of the Constitution of Kenya, 2010). Before authorizing any withdrawal, the Controller of Budget must first be satisfied that the withdrawal is permitted by law, as per Article 228 (5) of the Constitution of Kenya, 2010. The Controller of Budget ensures timely approval of withdrawals from Public Funds.

iii) **Reporting**

The Controller of Budget prepares quarterly, annual and special reports to the Legislature and the Executive on budget implementation matters of the National and County Governments as provided by law under Article 228 (6) of the Constitution of Kenya, 2010. These reports are published and widely publicized.

iv) **Advising**

The Controller of Budget advises Parliament on financial matters where a Cabinet Secretary has stopped transferring funds to a State organ or public entity. Article 225 (7) of the Constitution of Kenya, 2010 provides that the suspension of funds can only be lifted or sustained after the Controller of Budget reports to Parliament. The Controller of Budget also advises government entities on improving budget implementation.

v) Investigations

Under Article 252 (1) (a) of the Constitution, the Controller of Budget has the power to conduct investigations on budget implementation matters on its initiative or following a complaint made by a member of the public.

vi) Conciliation, Mediation, and Negotiation

The Controller of Budget under Article 252(1) (b) of the Constitution of Kenya, 2010, has powers for conciliation, mediation and negotiation. The conciliation, mediation and negotiation role may involve resolving conflicts concerning budget implementation between County and National Government entities or within the Counties.

vii) Enforcement of Budgetary Ceilings

The Constitution of Kenya, 2010 and the Controller of Budget Act, 2016 confer upon the Controller of Budget the power to enforce budget ceilings on National and County Government expenditures as approved by Parliament. The ceilings include the allocation of at least 30 percent of total budgeted spending to development, ensuring that personnel emoluments expenditures are less than 35% of the total revenue for both National and County Governments, and ensuring that there is an equitable allocation of nationally raised income between the two levels of governments.

viii) Monitoring and Evaluation

Section 5(b) of the CoB Act 2016 provides that in the performance of their functions under Articles 228 (4) to (6). Article 252 of the Constitution, the Controller of Budget shall ensure prudent and efficient use of public funds by monitoring, evaluating, reporting and making recommendations to the National and County Governments on measures to improve budget

implementation in accordance with Article 228 of the Constitution of Kenya, 2010. Monitoring and evaluating budget implementation is a core function in budget execution. It involves checking progress and achievements and addressing challenges identified in the Budget Implementation Review Reports to provide mitigating measures or solutions to improve the realization of budgeted outcomes.

ix) Public Sensitization

Section 39 (8) of the Public Finance Management Act, 2012 requires the Controller of Budget to provide information to the public on budget implementation at both levels of Government. Article 35 of the Constitution of Kenya, 2010, provides that the public has the right to access any information held by the State. The Office of the Controller of Budget ensures that the public can access comprehensive, understandable, credible and timely information on budget implementation. In discharging these functions, the Office of the Controller of Budget is guided by other legislations, which include, but are not limited to, the Public Finance Management Act, 2012; Public Officer Ethics Act, 2003; Leadership and Integrity Act, 2012; Public Service (Values and Principles) Act, 2015; The Ethics and Anti-Corruption Commission Act, 2011; Occupational Health and Safety Act, 2007; and Fair Administrative Action Act, 2015.

(c) Administrative Structure

The office is headed by the Controller of Budget who is assisted by a Deputy Controller of Budget and three directors, eight chief managers, 47 County Budget Coordinators and other staff cadres. This structure is expected to change once a review of the organization structure, which is ongoing, is completed.

The office has the following four directorates and one division:

- i. Directorate of Budget Implementation,
- ii. Directorate of Legal Services,
- iii. Directorate of Research and Planning,
- iv. Directorate of Corporate Services, and
- v. Division of Internal Audit.

i. Directorate of Budget Implementation

The Budget Implementation Directorate is responsible for the following functions: Implementation of the National and County Government Budgets, ensuring timely processing of exchequer requests for the National and County Government's recurrent and development expenditures, monitoring and enforcing budgetary ceilings on National and County Government expenditure, timely preparation of budget implementation review reports and other special reports, among different roles. The Directorate is divided into National Government, County Governments, and Parliamentary Liaison Departments. The Deputy Controller of Budget oversees the day-to-day operations of the Budget Implementation Directorate and reports to the Controller of Budget.

ii. Directorate of Corporate Services

The Corporate Services Directorate is headed by the Director of Corporate Services, who reports to the Controller of Budget. The Directorate has five Departments: Finance and Accounting, Information Communication and Technology, Human Resources and Administration, and Public Relations and Corporate Communications.

The Supply Chain Management Department reports to the Controller of Budget functionally but administratively to the Director, Corporate Services.

iii. Directorate of Research and Planning

The Directorate is headed by Director, Research and Planning Services and reports to the Controller of Budget. The Directorate ensures strategic leadership in formulating and implementing research and planning policies, systems and procedures. Besides, the Directorate is also charged with monitoring and evaluating the various projects undertaken by the National and County governments to aid the CoB's reporting function.

iv. Directorate of Legal Services

The Directorate is headed by the Director Legal Services, who reports to the Controller of Budget. The Directorate is responsible for formulating and implementing strategic legal frameworks for budget implementation and providing expert legal advice to the management. The Directorate is also responsible for the delivery of legal services.

v. Internal Audit Division

The Internal Audit Division is headed by the Chief Internal Auditor, who reports to the Controller of Budget administratively but functionally reports to the Audit and Risk Committee. The Chief Internal Auditor is responsible for implementing and reviewing internal control systems, the internal audit policies, systems and procedures in line with the Internal Audit Charter and Plans. The division also provides investigation services, assurance on the Public Debt, and Pensions and Gratuities payments.

(d) Key Management

Table 2.1: Composition of the OCoB Key Management

S/NO.	DESIGNATION	NAME
1	Controller of Budget	CPA Dr. Margaret Nyakang'o, CBS
2	Deputy Controller of Budget	CPA Stephen Masha, EBS
3	Director, Corporate Services	CPA Macklin Ogolla
4	Director, Legal Affairs	Ms Rhoda Rutto
5	Director, Research & Planning	Mr Joshua Musyimi
6	Chief Internal Auditor	CPA Joseph Tulula
7	Chief Fiscal Analyst-National Government	CPA Patrick Kamore
8	Chief Fiscal Analyst-County Government	CPA Mark Kipkoech
9	Chief Fiscal Analyst-Parliamentary Liaison	CPA Patrick Kebiro

S/NO.	DESIGNATION	NAME
10	Chief Manager, Public Relations & Communication	Mr Stephen Wangaji
11	Chief Manager, Human Resource & Administration	Ms Irene Arimi
12	Chief Manager, Information Communication & Technology	Ms Judith Muli
13	Chief Manager Finance & Accounts	CPA Pamela Okatch
14	Chief Manager Supply Chain Management	Mr Boniface Ikumu

(e) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

Table 2.2: Management with Fiduciary Responsibilities

No.	Designation	Name
1	Controller of Budget	CPA Dr. Margaret Nyakang'o, CBS
2	Deputy Controller of Budget	CPA Stephen Masha, EBS
3	Director Corporate Services	CPA Macklin Ogolla
4	Director Legal Affairs	Ms Rhoda Rutto
5	Director Research & Planning	Mr Joshua Musyimi
6	Chief Manager, Human Resource & Administration	Ms Irene Arimi
7	Chief Manager Finance & Accounts	CPA Pamela Okatch
8	Chief Manager Supply Chain Management	Mr Boniface Ikumu

A brief of key Management structure



CPA Dr. Margaret Nyakang'o, CBS was appointed the Controller of Budget in the Republic of Kenya on 4th December, 2019 among others, to oversee and report on implementation of the budgets of the National and County Governments to the National Assembly, Senate, County Assemblies and the Executive on a quarterly basis. She holds a Doctorate in Business Administration from the University of Liverpool, UK. Her doctoral research thesis was on Strategic Workforce Planning within the context of the Kenyan Public Service. She also holds a Master of Business Administration

degree in Strategic Management and a Bachelor of Commerce in Accounting, both from the University of Nairobi. Dr. Nyakang'o is a Certified Public Accountant, and a Practising Member of the Institute of Certified Public Accountants of Kenya. She is also a member of the Association of Women Accountants of Kenya and an active member of the Women on Boards Network with hands-on skills in corporate governance.

Dr. Nyakang'o has broad experience in Finance and Accounting, Strategic Management, Auditing, Tax, and Human Resource Management; all gained from working in numerous organisations both in the public and private sectors in Kenya. Her experience spans over thirty years, during which she has distinguished herself as a person of impeccable integrity with a wide range of skills and expertise; all rolled-up into a powerhouse of demonstrable positive change.

Dr. Nyakang'o has undertaken training both within and outside her line of profession in various disciplines including among others, Enterprise Risk Management, Insurance, Quality Management Systems, Public Finance Management, and Corporate Governance. She is passionate in mentoring and coaching young aspiring women professionals. She is a Certified Online Trainer, a Certified Mediator, and Professional Coach.

Dr. Nyakang'o is an experienced Board Trustee having served in several Retirement Benefits Schemes, the most recent being the Kenya National Bureau of Statistics Staff Retirement

Benefits Scheme. She has also been a Board Member in the Institute of Pension Management. Further, she has served at the Vet Labs Sports Club Board and was a member of the Kenya National Commission for Human Rights Audit and Risk Committee. Other than having been an independent consultant, Dr. Nyakang'o also shared and disseminated her wealth of experience as a lecturer at KCA University, where she integrated academic theory into the practical world of business. She has authored several publications with some in progress. In her spare time, she plays golf and loves reading factual materials.



CPA Masha holds a Master of Science in Finance from Leicester University and a Bachelor of Education degree from Kenyatta University. He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He recently served as the Convener of ICPAK's Public Finance Sub-Committee and was a member of the Devolution and Branches Work stream and the Public Policy and Governance Committee.

Mr Masha has over 24 years of progressive experience in the finance and accounting sector, having worked previously as the Regional Chief Fiscal Analyst at USAID, Audit Manager at Action Aid, Kenya, an Internal Auditor at Family Health Organisation of Kenya and an Auditor at PricewaterhouseCoopers, among other reputable institutions. He has worked in the public sector at senior management level and is highly experienced in policy formulation, financial analysis and management, budget formulation and implementation, auditing, procurement processes and fiscal decentralisation. He was the Director, County Fiscal Affairs at the Commission on Revenue Allocation (CRA) before joining OCoB and has also served as Board Member of the Industrial Development Bank (Capital) Limited and Balozi SACCO Limited.



CPA Ogolla holds a Master of Business Administration in Finance from Moi University and a Bachelor of Science in Mathematics from the University of Nairobi. He also holds a Post-graduate Diploma in Finance from Maastricht. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Investment and Financial Analysts (ICIFA). He is also a past Board Member of the Public Sector Accounting Standard Board (PSASB). He has extensive knowledge in Fiscal Decentralisation, Debt Sustainability

Analysis, Budget Coding and Classification from the World Bank and International Public Sector standards from the Public Administration Institute, London and ICT training at Oracle University.

CPA Ogolla has over 28 years' work experience gained from his previous positions as Deputy Director of Budget, and Assistant Accountant General at the National Treasury. He is an experienced Finance Manager with a track record of success in developing policies, operational financial management information systems, processes and procedures, managing ministry budgeting, financial management and accounting functions. He has worked in various projects such as the World Bank-Funded El-Nino and Emergency Drought Recovery Projects and was the Implementation Team Leader of the IFMIS at the National Treasury at its inception. He also served as Chief Finance Officer in the Ministry of Industrialization and was a Board Member of the Kenya Industrial Estates Limited.



Ms Rhoda Rutto is an Advocate of the High Court of Kenya. She holds a Master of Laws degree in Constitutional Law and Human Rights from the University of Dar-e-salaam (Tanzania), a Postgraduate Diploma in Law from the Kenya School of Law and a Bachelors of Law from Moi University. She is a member of the Law Society of Kenya and the East Africa Law Society.

Ms Rutto has earned professional certificates in the areas of Constitutional Law, Human Rights, Conflict Resolution, Leadership and Company Secretarial duties.

Ms Rutto previously worked at the Office of the Attorney General and Department of Justice as a State Counsel and the Judiciary where she was a Law Clerk at the Supreme Court of Kenya. Before joining the OCoB, Ms Rutto was the Deputy Director, Legal Services at the Teachers Service Commission.



CPA Tulula holds both a Master of Arts (Economics) and a Bachelor of Commerce (Accounting) degrees from the University of Nairobi. He is a member of the Institute of Certified Public Accountants of Kenya and the Institute of Internal Auditors of Kenya.

Mr Tulula has over 25 years of experience in Auditing, Finance, and Management. He is a seasoned auditor and finance expert, specifically in Risk Management, reviewing the internal control systems and implementing computerized financial systems. He is a trained Lead Auditor for ISO quality management systems.

He previously worked for the Kenya Institute of Curriculum Development as the Chief Internal Auditor where he developed policies and procedures of internal audit and changed the auditing

system from pre-audits to risk-based audits. He also worked at Kenya Bureau of Standards as Manager, Finance and Accounts spearheading change in the accounting system from manual to a computerized system. Mr Tulula also worked at Defence Forces Canteen Organization as an Internal Auditor and Office of the Auditor-General as an Auditor.



CPA Kamore holds a Master of Business Administration (Finance) and a Bachelor of Education degree both from the University of Nairobi. He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

Mr Kamore has over 17 years' experience in finance, institutional operations and change management. He has extensive training in Finance and Banking, Institutional Operations and Strategic Leadership Management. He has attended several professional courses including Information communication and technology, a Senior Management Course at the Kenya School of Government, financial data analysis and report writing. Before joining the OCoB, he served as the Branch Manager at Family Bank Ltd.



CPA Kipkoech holds a Master of Arts in Economics from the University of Nairobi and a Bachelor of Arts degree in Economics from Kenyatta University. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Public Secretaries of Kenya (ICPSK).

He is experienced in the finance industry having previously worked in the finance and accounting sections at Amana Capital Ltd, Lukenya Getaway Ltd, and at Trustmark Insurance Brokers Ltd.

He has had extensive training in investment banking, management and administration of retirement pension schemes, accounting for public and private entities, public finance, public

procurement, data analysis and report writing, management and administration. Before joining OCoB, he was the Finance and Compliance Manager at Amana Capital Ltd.



CPA Kebiro holds a Master of Science in Finance (Finance and Investment) from the University of Nairobi, a Bachelor of Commerce (Accounting) from Egerton University, he is a Certified Public Accountant and a Professional Mediator. He is a member in good standing of the Institute of Certified Public Accountants of Kenya (ICPAK).

Mr. Kebiro has a vast experience in the Finance and Accounting industry having previously worked in Finance and Accounting Department at the Office of the Controller of Budget and Simbisa Brands Kenya. He has extensive training in Accounting for Public and Private Entities, Public Financial Management, Public Procurement, Data Analysis, Report Writing, Taxation and Compliance Management, Corporate Governance, Public Budgeting, Government Finance Statistics among others. He has over 10 years of experience in the Finance and Accounting environment from both Public and Private Sectors. Before joining the Office of the Controller of Budget in 2013, He worked as Accountant at Simbisa Brands Kenya. Prior to taking up the new role as the Chief Fiscal Analyst Parliamentary Liaison, he was the Manager Finance and Accounts at the Office of the Controller of Budget.



Ms Arimi holds a Master of Business Administration (MBA) in HR from Kenya Methodist University (KeMU). She also holds a Bachelors' degree in HR Management and Higher National Diploma in HR both from the University of South Africa (UNISA) as well as a Certificate in Executive Human Resource Management from the Institute of Human Resource Management. She is a member of the Institute of Human Resources Management (IHRM).

Ms Arimi has over 16 years' experience in Human Resource management. Previously she worked at the Kenya Methodist University as the Administrative Officer–HR, at the William J. Clinton Foundation HIV/AIDS Initiative (CHAI), in Papua New Guinea as HR Coordinator and Marketing, Travel and Credit Consultancy (MTC), in Botswana as Products and Services Manager.



Ms Muli holds a Master of Science in Information Systems from the University of Nairobi, a Master in Business Administration from Moi University and a Bachelor of Science in Mathematics with a bias in computing from the University of Nairobi.

Judith has extensive professional training and over fifteen years of work experience in information systems management and training, ICT project management and research. She previously worked as a lecturer at Jomo Kenyatta University of Agriculture and Technology [JKUAT]. She is a member of Information Systems Audit and Control Association (ISACA), Computer Society of Kenya [CSK], Internet Society (ISOC), Kenya Chapter, a lister with Kenya ICT Action Network [KICTANet].

She has attended various leadership, management and ICT seminars and workshops including the Senior Management Course (SMC) at the Kenya School of Government, TOM PETERS

(Reimagine Leadership/Re-imagine Excellence) by KPMG, Microsoft Partner University program and United Nations second World Data Forum, amongst others.



Mr Wangaji holds a Master of Business Administration degree from Egerton University, a Postgraduate Diploma in Mass Communication and a Bachelor of Arts, Economics and Geography both from the University of Nairobi. He is a Fellow of the Public Relations Society of Kenya.

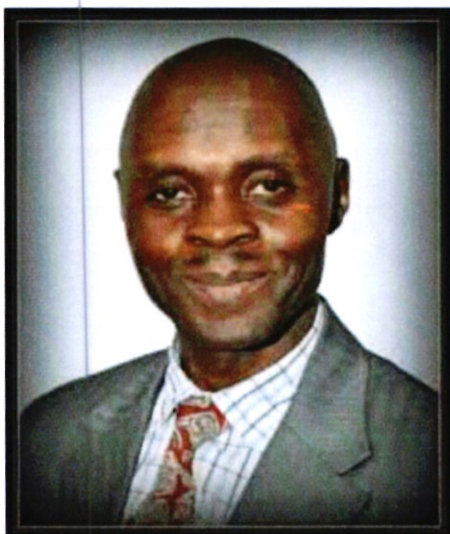
He is a skilled Public Relations practitioner with over fifteen years' experience in Journalism and Public Relations in the Public, Private and Civil Society sectors in Kenya, and serves in The Centre for Corporate Governance Alumni Network as a Board Member. He previously worked as Public Relations and Marketing Manager at the National Hospital Insurance Fund and at Egerton University, Public Relations Manager at the Pyrethrum Board of Kenya and Corporate and Regulatory Affairs Assistant at the BAT Kenya Limited.



CPA Pamela holds a Master of Business Administration [Finance Option] and a Bachelor of Commerce degree [Finance Option] from the University of Nairobi and Catholic University of Eastern Africa respectively. She is a member of the Institute of Public Accountants of Kenya (ICPAK), Certified Secretary (CS) and Association of Women Accountants of Kenya (AWAK). She is a Board Member of AWAK and the Chair Finance & Strategy, Vice-Chair of Public Finance Management (PFM) Committee at AWAK.

Pamela has over 20 years of experience in the accounting and finance field. She is well versed in accounting systems and practice and has attended various courses of professional training, conferences and workshops both locally and overseas on Financial Management, Finance & Accounting, Taxation, Public Financial Management (PFM), Corporate Governance, Budgeting,

Government Finance Statistics (GFS), Public Expenditure and Financial Accountability Assessment (PEFA) and Mediation. Previously, she worked for the Kenya Institute of Special Education (KISE) as Head of Finance and Administration and Jaribu Credit Traders Limited as a Senior Accountant. She is passionate in mentoring and coaching young aspiring women professionals.



Mr Ikumu holds a Master of Science in Procurement and Logistics and Bachelors in Procurement and Supply Chain Management both from the Jomo Kenyatta University of Agriculture and Technology. He also possesses a Bachelor of Laws degree from Mount Kenya University and a Post-graduate Diploma in Law from the Kenya School of Law. He is a member of the Kenya Institute of Supplies Management (KISM) where he currently serves as a Member of the Institute's Legislative Committee.

Mr Ikumu has extensive professional training and over 25 years of professional experience in supply chain management and training, logistics management and legal research. He served in the special committee de-linking the Directorate of Public Prosecutions from the State Law Office in 2011 to the current Office of the Directorate of Public Prosecutions and the Honorable Attorney-General's Task Force creating the Business Registration Services (BRS) as a body corporate.

He previously worked at the Department of Defence, Kenya Police Department, and the State Law Office amongst others. Before joining the OCoB, he was an Assistant Director, Supply Chain Management Services at the Ministry of Interior and Coordination of National Government.

3. STATEMENT OF GOVERNANCE

The Office of the Controller of Budget's governance structure comprises various committees to monitor and implement the multiple operations of the office. The thirteen committees include:

- i. Executive Committee,
- ii. Management Committee,
- iii. Audit and Risk Committee,
- iv. Budget Implementation Committee,
- v. Human Resources Management Advisory Committee (HRMAC),
- vi. Information Communications Technology (ICT) Committee,
- vii. Integrity /Corruption Prevention Committee,
- viii. Procurement Ad-hoc Committees,
- ix. Mortgage and Car Loan Committee,
- x. Records Management Committee.
- xi. Pension Scheme Committee, and
- xii. Procedures for Administration of Declaration of Income Assets and Liabilities Committee,

The CoB appoints committee members, drawn from various departments. Each committee has specific responsibilities and terms of reference.

(a) Executive Committee

The purpose of the Executive Committee (EXCOM) is to oversee the Office of the Controller of Budget's (OCoB) overall performance and delivery. It focuses on strategic leadership, management and direction, ensuring the most effective prioritization of resources. Further, the Committee spearheads the development and implementation of policies and the OCoB Strategic Plan. The Executive Committee is composed of the Controller of Budget; Deputy Controller of Budget, Directors and any such members as may be co-opted into the Committee on a need basis. The Executive Management Committee is responsible for:

The functions of the Committee entail the following:

- i. Oversee the Office of the Controller of Budget’s overall performance by focusing on strategic leadership, management and direction;
- ii. Ensure effective and efficient service delivery and prioritization of resources;
- iii. Spearhead the development and implementation of policies and the OCoB Strategic Plan;
- iv. Develop and monitor the performance of the OCoB Strategic Plan;
- v. Approve and monitor the implementation of OCoB policies and procedures;
- vi. Approve OCoB’s organisation structure;
- vii. Oversee risk management in the organisation;
- viii. Provide direction on succession planning; and
- ix. Promote stakeholders’ engagements as provided in the OCoB Strategic Plan.

The composition of the Management Committee is as shown in Table 3.1.

Table 3.1: Composition of Executive Committee

S/No.	Designation	Name
1	Controller of Budget	CPA Dr. Margaret Nyakang’o, CBS
2	Deputy Controller of Budget	CPA Stephen Masha, EBS
3	Director, Corporate Services	CPA Macklin Ogolla
4	Director, Legal Services	Ms Rhoda Rutto
5	Director, Research & Planning	Mr Joshua Musyimi

(b) Management Committee

The Committee is composed of the Controller of Budget, Deputy Controller of Budget, Directors and Heads of Departments. The Committee makes recommendations and approves policies on major decisions that have an impact on the office operations. The other roles and functions of the Management Committee include:

- Planning – establishing and reviewing strategic and operational plans for the office of the Controller of Budget (OCoB).
- Policy and decision making – establishing policies/procedures that guide the operations of OCoB and record decisions and actions on matters concerning OCoB.
- Management – ensuring that all staff properly perform their tasks according to their job descriptions and further ensuring that the OCoB mandate is properly executed.

- Legal – ensuring that at all times, OCoB complies with the laws of Kenya in the discharge of its mandate.
- Financial – ensuring that all finances are properly managed; that financial records are audited annually and that the principles of public finance management articulated under Article 201 of the Constitution are adhered to.
- Evaluation – monitoring all activities of OCoB and ensuring that the feedback contributes to the continuous improvement in governance and service delivery.

In the execution of their functions, the Executive Committee and the Management Committee have the power to appoint sub-committees to assist in discharging the mandate of the Office. In discharging their duties, Members of the Committees are guided by the organisation's policies and procedures, the Strategic Plan and other legislations.

Composition of Management Committee Membership as shown in Table 2.1 above

(c) Audit and Risk Committee

The Audit and Risk Committee is appointed by the Controller of Budget (CoB) pursuant to Gazette Notice No. 2690 of April 15, 2016. The Committee is responsible for monitoring and reviewing of the integrity of the financial statements, through supporting the CoB by monitoring and reviewing the risk, control and governance processes that have been established in the Office of the Controller of Budget (OCoB). This is achieved by introducing an independent perspective and a process of constructive challenge, not to undermine the actions of the management, but to help the management be assured that the most cost-effective control and governance processes are in place. The governance processes enhance the performance of the OCoB and the Audit and Risk Committee takes an independent view of these processes. The membership of the Audit and Risk Committee is composed of independent members that do not perform any executive functions of the OCoB. Consistent with this function, the Audit and Risk Committee should encourage continual improvement of, and should foster adherence to, the organization's policies, procedures and best practices at all levels. The specific functions of the committee are;

- a. To support the CoB with regard to their responsibilities for issues of risk, control and governance and associated assurance;

- b. To follow up on the implementation of the recommendations of internal and external auditors;
- c. To ensure that the OCoB adopts, maintains and applies appropriate accounting and financial reporting processes and procedures;
- d. To facilitate the independence of the internal audit process and address issues arising from the audit process and;
- e. To ensure that OCoB maintains effective risk management and internal control systems.

The members of the Audit and Risk committee were appointed on December, 2020. All members of the Audit and Risk Committee are independent and they don't participate in the day to day OCoB transactions. OCoB has provided adequate resources to support the operations of the Audit and Risk Committee including facilitation of the meetings, payment of the members' allowances and training of the members.

During the financial year the committee membership was as follows;

Table 3.2: Composition of the Audit and Risk Committee

S.No.	Name	Role
1.	CPA Joseph Sudi Ndinyo	Chairperson
2.	CPA Margaret Muinde	Member
3.	CPA Joel Simiyu Walucho	Member
4.	CPA Agnes Mbaire Maina	Member
5.	CPA David Mwangi Gichimu	Member
6.	CPA Joseph Tulula	Secretary

The Committee held meetings and the attendance of the meetings is shown in Table 3.3;

Table 3.3: Attendance Schedule of the Audit and Risk Committee

S.No.	Name	27.09.2022	14.12.2022	23.05.2023	16.06.2023
1.	CPA Joseph Sudi Ndinyo	√	√	√	-
2.	CPA Margaret Muinde	√	√	√	√
3.	CPA Joel Simiyu Walucho	√	√	-	√
4.	CPA Agnes Mbaire Maina	√	-	-	√
5.	CPA David Mwangi Gichimu	√	-	√	√
6.	CPA Joseph Tulula	√	-	√	√

(d) Budget Implementation Committee

This is set up to ensure the resources are utilised as per the OCoB budgetary allocation and work plan. The main responsibility of the budget implementation committee is to assist the CoB to discharge her responsibility in the following areas:

- Review the actual departmental expenditures to determine the absorption rate for the budgeted activities and identify the reasons behind the non-utilization of funds.
- Advise the Accounting Officer on any problems related to budget implementation.
- Review and recommend re-allocations.
- Review the utilization of donor funds.
- Review the commitments including pending bills and recommend solutions.

Some of the achievements include; preparation of the OCoB Programme-Based Budget, preparation of the sub-sector report and Performance Review Reports; Preparation of the Annual Budget Estimate and Participation in the Sector working group; advised and recommended budget re-allocations and monitored and reported on departmental budgets and expenditures, preparation of Supplementary Budget Estimates and re-allocations.

The functions of the Committee entail the following: -

- a. Oversee the OCoB budget implementation and regularly advise the Accounting Officer on the performance of the budget;
- b. Review and consider the cash flow plan;
- c. Review the authorization of cash limits and consider any change as may be required;
- d. Review the utilization of development partner funds in the OCoB vote;
- e. Advise the Accounting Officer on any challenges relating to budget implementation;
- f. Review and recommend the allocation of expenditures; and
- g. Review and approve the submission of the quarterly performance reports, the expenditure returns, IPPD, and pending bills and recommend action to be taken.

Table 3.4: Composition of Budget Implementation Committee

S/NO.	NAME	ROLE
1	CPA Macklin Ogolla	Chairperson
2	Mr. Joshua Musyimi	Vice Chairperson
3	Ms. Judith Muli	Member

S/NO.	NAME	ROLE
4	Ms. Irene Arimi	Member
5	CPA Dr. Denis Okungu	Member
6	Mr. Waweru Tuti	Member
7	CPA Dr. Charles Njoroge	Member
8	Mr. Geoffrey Abuga	Member
9	Mr. Boniface Ikumu	Member
10	CPA Thomas Cheboi	Member
11	CPA Antonette Kanani	Member
12	CPA Pamela Okatch	Secretary

The Committee held meetings and the attendance of the meetings is as shown in Table 3.5;

Table 3.5: Attendance Schedule for the Budget Implementation Committee

	Name	Meeting Dates				
		31.8. 2022	09.09. 2022	15.09. 2022	03.10.2022	10.10.2022
1	CPA Macklin Ogolla	√	-	√	√	√
2	Mr. Joshua Musyimi	√	√	√	√	√
3	Ms. Judith Muli	√	√	√	√	√
4	Ms. Irene Arimi	√	√	√	-	√
5	CPA Pamela Okatch	√	√	√	√	√
6	Mr. Boniface Ikumu	√	-	√	-	√
7	Mr. George Tuti	√	√	√	√	√
8	CPA Dr. Denis Okungu	√	-	√	√	√
9	CPA Dr. Charles Njoroge	√	√	√	√	√
10	Mr. Geoffrey Mokua	√	√	√	√	√
11	CPA Antonette Kanani	√	√	√	√	√
12	CPA Thomas Cheboi	√	√	√	√	√

(e) Human Resource Management Advisory Committee (HRMAC)

The Controller of Budget shall constitute a Human Resource Management Advisory Committee (HRMAC). The committee shall be responsible for advising the Controller of Budget on all human resource management issues as may be delegated by the COB.

The functions of the Committee entail the following: -

- a. Identify, analyze and recommend available training opportunities to the Controller of Budget on the suitable candidates (based on identified training needs) for various training programs organized locally and internationally;
- b. Investigate and make recommendations to the Controller of Budget on disciplinary matters;
- c. Discuss and make recommendations on existing HR policies to the Controller of Budget;
- d. Discuss and make recommendations to the Controller of Budget on general staff welfare and motivation issues, among others;
- e. Promotion of Values and Principles of Public Service; and
- f. In addition, the committee shall advise the COB on the following:
 - i. Maintenance of the OCoB's staff establishment;
 - ii. Recruitment and Selection;
 - iii. Performance management;
 - iv. Promotions;
 - v. Confirmation in appointment;
 - vi. Training and Development;
 - vii. Promotion of values and Principles of Public Service;
 - viii. Secondments and unpaid leave;
 - ix. Issues of retirement;
 - x. Re-designation; and
 - xi. Discipline.

Table 3.6: Composition of Human Resource Management Advisory Committee

S/No.	Name	Role
1	CPA Macklin Ogolla	Chairperson
2	Mr. Joshua Musyimi	Member
3	Ms. Rhoda Rutto	Member
4	CPA Mark Kipkoech	Member
5	CPA Patrick Kamore	Member

S/No.	Name	Role
6	Ms. Judith Muli	Member
7	Mr. Stephen Wangaji	Member
8	CPA Pamela Okatch	Member
9	Boniface Ikumu	Member
10	CPA Patrick Kebiro	Member
11	Mr. Waweru Tuti	Member
12	Mr. Geoffrey Abuga	Member
13	Ms. Irene Arimi	Secretary

The Committee held meetings and the attendance of the meetings is displayed in Table 3.7;

Table 3.7: Attendance Schedule for the Human Resource Management Advisory Committee

S. No	Name	9.9.2022	21.10.2022	28.10.2022	11.11.2022	09.12.2022	23.02.2023	03.03.2023	11.4.2023	2.6.2023
1.	Mr. Macklin Ogolla	✓	✓	✓	✓	✓	✓	✓	✓	
2.	Irene Arimi	✓				✓	✓	✓	✓	
3.	Ms. Rhoda Rutto	✓		✓		✓		✓	✓	✓
4.	Mr. Patrick Kamore	✓	✓	✓	✓	✓	✓	✓		
5.	Mr. Stephen Wangaji	✓	✓		✓	✓	✓	✓	✓	

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S. No	Name	9.9.2022	21.10.2022	28.10.2022	11.11.2022	09.12.2022	23.02.2023	03.03.2023	11.4.2023	2.6.2023
6.	Ms. Judith Muli	✓	✓	✓	✓	✓		✓	✓	✓
7	Ms. Pamela Okatch	✓	✓	✓	✓		✓	✓		
8	Mr. Geoffrey Abuga	✓	✓	✓	✓		✓	✓		✓
9	Boniface Ikumu		✓	✓	✓	✓	✓		✓	✓
10	Mr. Patrick Kebiro		✓	✓	✓	✓		✓	✓	✓
11	Mr. Mark Kipkoek h			✓					✓	✓
12	Waweru Tuti			✓	✓					✓
13	Joshua Musyimi			✓	✓		✓	✓	✓	✓

(f) ICT Steering Committee

The ICT Steering Committee provides advice to the Controller of Budget with regard to strategic decisions in Information and Communication Technology (ICT) with particular attention to

ensuring efficiency, effectiveness, agility in the adoption and use of ICTs, risk management, compliance and change management. The committee ensures that OCoB's ICT strategic objectives and their implementation remain aligned with the mandate and strategic objectives of the Office.

ICT steering Committee plays a key role within OCoB, in organizational strategic planning and management environment. The committee has continued to steer and to strengthen ICT deliverables in OCoB's strategic and operational areas.

Some of the achievements include:

- Collaborated with National Treasury, CBK, on the design and analysis phase of the proposed exchequer automation system developed by the Nation Treasury
- Continuous assessment of availability and effectiveness of the current ICT systems.

The functions of the ICT Committee entail the following:

- a. Align ICT strategies with the broader OCoB strategic objectives;
- b. Ensure ICT compliance with the law, Public Financial Management (PFM) practice standards and constitutional expectations;
- c. Monitor and manage stakeholder expectations with respect to ICTs;
- d. Ensure that ICT systems are in place to support staff learning and development; and
- e. Monitor and manage material risks to which the Controller of Budget is exposed.

Table 3.8: Composition of ICT Steering Committee

S/No	Name	Role
1.	CPA Macklin Ogolla	Chairperson
2	CPA Mark Kipkoech	Member
3	CPA Patrick Kamore	Member
4	Ms. Irene Arimi	Member
5	Mr. Stephen Wangaji	Member
6	CPA Pamela Okatch	Member
7	Ms Judith Muli	Secretary

(g) Integrity/ Corruption and Prevention Committee

The purpose of the Committee is to institutionalize the anti-corruption initiatives in the operations of the Office of the Controller of Budget. The mandates of the committee include; Coordination, formulation and implementation of Codes of Conduct and Ethics, Anti-Corruption Policy, Integrity Testing Programme, Whistle Blowers Protection Systems, Corruption reporting channels, Customer service charters for all Departments, Financial, Procurement, and Human Resource Manuals, Corruption Risk Assessment and mitigation plan and Performance contracting targets. The functions of the committee were:

- a. Coordination, formulation, and implementation of integrity initiatives;
- b. Setting priorities in the prevention of corruption in functional areas
- c. Planning and coordinating corruption prevention strategies
- d. Integrating integrity in the institutional programs and activities
- e. Receiving and reviewing corruption reports and recommending action
- f. Planning staff training on integrity issues
- g. Spearheading anti-corruption public campaigns within the OCOB
- h. Monitoring the impact of corruption prevention initiatives
- i. Preparing and submitting regular progress reports to Ethics and Anti-Corruption Commission and other appropriate agencies
- j. Strengthening internal control systems

The membership of the committee is shown in Table 3 3.9

Table 3.9: Composition of the Integrity/ Corruption and Prevention Committee

S/No	Name	Role
1	CPA Dr Margaret Nyakang'o, CBS	Chairperson
2	CPA Stephen Masha, EBS	Member
3	CPA Macklin Ogolla	Member
4	Ms. Rhoda Ruto	Member
5	Mr. Joshua Musyimi	Member
6	Ms. Irene Arimi	Member
7	Ms. Judith Muli	Member
8	Mr. Stephen Wangaji	Member
9	CPA Mark Kipkoech	Member
10	CPA Patrick Kamore	Member
11	Mr. Boniface Ikumu	Member

S/No	Name	Role
12	CPA Pamela Okatch	Member
13	CPA Joseph Tulula	Secretary

During the financial year, the CoB appointed additional five (5) Integrity Assurance Officers to enhance the fight against corruption within the office. The IAOs were trained by the National Integrity Academy (NIAca).

OCoB has in place the corruption reporting channels that include the corruption reporting email (Corruption- Reporting @cob.go.ke), the toll-free corruption reporting line (0800 720 141) among other reporting channels. The office has approved policies, manuals and procedures in place and in use within all the directorates and departments. Among the policies is the Anti-corruption policy.

(h) Procurement Ad-hoc Committees

The Public Procurement and Assets Disposals Act (PPADA), 2015 establishes several ad-hoc Committees i.e. Tender Evaluation, Disposals, Opening and Inspection and Acceptance and Negotiations. The Procurement Department recommends the appointment of the committee members as required in the Act. Some of the achievements of the committees are outlined as below:

- **Tender Opening Committee:** The main purpose of the committee is to open Tenders and Request for Proposals as outlined in sections 78(1) and 120 of the PPADA, 2015. Among the tenders and Request for Proposals opened during the period under review includes; Medical Cover, Continuous Registration of Suppliers, Framework Contract Printing of Budget Implementation Review Reports, Recruitment of Staff and Team Building.

Outcomes: Opening reports generated.

- **Tender Evaluation Committee:** Section 80 and 121 of PPADA, 2015 establishes Tender and Request for Proposals Evaluation Committees. Among the tenders and

Request for Proposals evaluated during the period under review includes; medical cover, registration of suppliers, framework contract printing of budget implementation review reports, and recruitment of staff. **Outcomes:** Evaluation reports containing recommendations generated to assist the Head of Procurement to prepare a Professional Opinion for decision making by the Accounting Officer.

- **Inspection and Acceptances Committee** Inspection and Acceptance Committees are established under section 48 of the PPADA 2015 to receive goods, works and services. In the year under review several goods, works and services were received and inspected by the committee.

Outcomes: Various goods and services were received and inspection and acceptance reports were generated to be used in updating stores records.

- **Disposal Committee:** Section 163 of the PPADA 2015 establishes the Disposal committee for purposes of identifying assets for disposal and making recommendations to the Accounting Officer on methods of disposal through the Annual Disposal Plan. The committee held several meetings and forwarded its recommendations to Accounting Officer for implementation.

Outcomes: The Committee identifies assets for disposal, set reserve prices for disposable assets and recommends appropriate methods of disposal.

(i) OCoB Staff Mortgage Scheme Management Committee

The purpose of the Committee is to operationalize the scheme in line with Section 6 and 7 of the OCoB staff Mortgage scheme Guidelines. The mandate of the committee include;

- a. Receive and process applications for loans under the existing terms and conditions of borrowing.
- b. Liaise with the service provide (financial institution) to set up the revolving fund for disbursement of the loans.
- c. Forward successful applications with recommendations to the Controller of Budget for approval before forwarding them to the financial institutions.

- d. Consider and recommend approval of the scheme financial statements.

The functions of the Committee entail the following:

- a. Receive and process applications for loans in accordance with the existing terms and conditions of borrowing;
- b. Approve criteria for the beneficiaries of the scheme;
- c. Cause to keep proper books and records of accounts of the income, expenditure, assets and liabilities of the scheme;
- d. Forward the successful applications with recommendations to the Controller of Budget for approval before forwarding them to relevant financial institutions; and
- e. Prepare and verify financial statements for auditing.

Table 3.10: Composition of Staff Mortgage Scheme Management Committee

S/No	Name	Role
1.	CPA Macklin Ogolla	Chairperson
2	Ms. Irene Arimi	Vice-Chairperson
3	CPA Mark Kipkoech	Member
4	Ms. Judith Muli	Member
5	Hassan Sheikh	Member
6	Winfred Kamau	Member
7	CPA Thomas Cheboi	Member
8	CPA Pamela Okatch	Administrator
9	Mr. Waweru Tuti	Secretary

During the period, the committee:

- Reviewed the Guidelines on Conduct of Business for the Committee;
- Reviewed the guidelines for OCoB staff mortgage scheme.
- Developed the guidelines for OCoB Staff Car Loan Scheme.

The attendance of the Committee was as shown below;

Table 3.11: Attendance Schedule of the Staff Mortgage Scheme Management Committee

S.No.	Name	Meeting Dates				
		01.08. 2022	30.08. 2022	08.11. 2022	0211. 2022	15.02.2023
1.	CPA Macklin Ogolla	-	√	√	√	√
2.	CPA Pamela Okatch	√	-	√	-	√
3.	CPA Mark Kipkoech	√	√	-	√	√
4.	Ms Irene Arimi	√	-	√	√	√
5.	Ms Judith Muli	-	√	√	-	√
6.	Mr Waweru Tuti	√	√	√	√	√
7.	Mr Hassan Sheikh	√	-	-	√	√
8.	Ms Winfred Njeri	√	√	√	√	-
9.	Cheboi Thomas	-	-	√	-	√

(j) Records Management Committee

The functions of the Committee entail the following:

- a. Develop and implement the records management policies, procedures, systems, retention and disposal schedules;
- b. Implement a fully integrated records management system with transparent processes and guidelines in accordance with the relevant legislations and acceptable standards;
- c. Ensure that all OCoB records are maintained according to acceptable standards in a secure and sustainable environment;
- d. Develop and implement Records Disaster Management Procedures Manual for all OCoB records; and
- e. Develop and implement a Records Disaster Management Plan.

Table 3.12: Composition of the Record Management Committee

S/No	Name	Role
1.	Ms. Irene Arimi	Chairperson
2.	CPA Patrick Kebiro	Member
3.	Leah Gondi	Member
4.	Phelim Kidakwa	Member
5.	Hesbon Wanyama	Member
6.	Emily Njiru	Member

(k) Pension Scheme Committee

The Pension Scheme Committee shall ensure that audited accounts of the scheme are submitted according to the format issued by the Retirement Benefits Authority. The functions of the Committee entail the following: -

- a. Administer the Scheme in accordance with provisions of the Retirement Benefit Act, 1997 Trust Deed and Scheme Rules;
- b. Update the Founder (Sponsor) on quarterly basis in any financial year on all matters regarding the Scheme;

- c. Ensure that contributions based on the correct pensionable emoluments have been remitted to the Approved Issuer as provided for in the Retirement Benefit Act, 1997 and the Scheme Rules; and
- d. Keep records of accounts in respect of income, expenditure, liabilities and assets of the Scheme Fund.

Table 3.13: Composition of the Pension Scheme Committee

S/No	Name	Role
1.	CPA Macklin Ogolla	Chairperson
2.	Ms. Rhoda Rutto	Member
3.	CPA Joseph Marembo	Member
4.	Farhiya Ibrahim	Member
5.	Faith Kimani	Member
6.	Ms. Irene Arimi	Secretary

Table 3.14: Attendance Schedule of the Pension Scheme Committee

S.No.	Name	29.09.2022	22.12.2022	03.03.2023	23.03.2023	10.05.2023	26.05.23
1.	CPA Macklin Ogolla	--	√	√	√	-	√
2.	Rhoda Rutto	√	√	√	√	√	√
3.	Irene Arimi	√	√	√	√	√	√
4.	CPA Joseph Marembo	√	√	√	-	-	-
5.	Farhiya Ibrahim	√	√	-	-	-	√
6.	Faith Kimani	√	√	√	√	√	-

(l) Procedures for Administration of Declaration of Income, Assets and Liabilities Committee

The functions of the Committee entail the following:

- a. Issue the Declarations of Income, Assets and Liabilities forms to OCoB Staff;
- b. Communicate to staff on the dates for completion and submission of Declarations of Income, Assets and Liabilities forms;
- c. Maintain a Register for the Declarations of Income, Assets and Liabilities forms;

- d. Verify and clarify Declarations of Income, Assets and Liabilities forms in accordance with Part III paragraph 10 on Procedures in Relation to Clarification of the Public Service Procedure in Administration of Part IV of the Act, 2016;
- e. Issue requests for clarification and reviewing the response if any;
- f. Set up mechanisms for storage, retention and retrieval of Declarations of Income, Assets and Liabilities forms;
- g. Prepare returns to Ethics and Anti-Corruption Commission by 31st July following the submission of two-year declarations; and
- h. Review and amend the Procedures as may be necessary from time to time.

(m)Table 3.15: Composition of the Procedures for Administration of Declaration of Income, Assets and Liabilities Committee

S/No	Name	Role
1.	CPA Macklin Ogolla	Chairperson
2	Ms. Rhoda Rutto	Member
3	CPA Mark Kipkoech	Member
4	CPA Patrick Kebiro	Member
5	Phelim Kidakwa	Member
6	CPA Nancy Kendi	Member
7	Ms. Irene Arimi	Member

Table 3.16: Attendance Schedule of the Procedures for Administration of Declaration of Income, Assets and Liabilities Committee

S.No.	Name	29.06.2022	09.09.2022
1.	CPA Macklin Ogolla	√	
2.	Ms. Rhoda Rutto		√
3.	CPA Mark Kipkoech		
4.	CPA Patrick Kebiro	√	√
5.	Phelim Kidakwa	√	√
6.	CPA Nancy Kendi	√	√
7.	Ms. Irene Arimi		√

(n) Risk Management, Compliance, Conflict of Interest

Risk management is an integral part of the day-to-day operations of the Office of the Controller of Budget. The office is exposed to a variety of risks as it strives to achieve its role and mandate as provided in the Constitution, PFM Act, the Controller of Budget Act and the Strategic Plan.

The management is committed to implementing the risk management framework for efficient and effective operations to ensure that the OCoB meets its mandate and for continuous improvement. This entails identification, assessment, management, and monitoring of the risks with the OCoB risk management framework.

The Internal Audit department provides an independent and objective evaluation of the office performance and report the progress of the implementation of the recommendations to the Audit and Risk committee. The Audit and Risk committee in turn provides the independent advisory and Assurance to the Controller of Budget.

The risk management framework is reviewed by the internal audit department for continuing suitability and effectiveness during the systems audit of various OCoB functions. OCoB has also integrated the performance management tool with risk management process for effective monitoring of strategic and operational risks. The management is aware that some risks can never be eliminated fully and it has in place strategies that provide a structured, systematic and focused approach to managing risk. The OCoB risk management process is as follows;

(o) Engagement with Parliament

The OCOB continues to engage with Parliament on the oversight of budget implementation and accountability of both the National and County governments to complement their oversight role. During the period under review, the OCoB established a Parliamentary Liaison Office to continuously engage with Parliament and County Assemblies.

The CoB submitted the quarterly BIRRs to Parliament and also shared monthly County government exchequer release reports with Senate to enhance their oversight role. Specifically, the office engaged with the following National Assembly Committees;

- a. Standing Committee on Public Debt & Privatization
- b. Standing Committee on Budget & Appropriation
- c. Departmental Committee on Finance and National Planning
- d. Public Petitions e
- e. Departmental Committee on Labour
- f. Six Watchdog Committees (Public Accounts Committee; Public Investment Committee on Social Services, Administration and Agriculture; Public Investment Committee on Commercial Affairs and Energy; Decentralized Fund Committee; Specialized Accounts Fund Committee; Public Investment Committee on Governance and Education.)

In addition, the office engaged with the following Senate Committees; Devolution and Intergovernmental Relations, Finance and Budget, County Public Investment and Special Funds, Senate Standing Committee on Health, Office of the Deputy Speaker, Senate, and County Public Investments.

The office provided information to the Senate during the following functions:

- a. The impeachment proceedings for the Governor of Kirinyaga County.
- b. The impasse between the County Executive and County Assembly of
- c. A report on the National Government's release and utilization of COVID-19 pandemic funds.

- d. A report to the Senate Finance and Budget Committee on the County Government's Wage Bill for Public Officers.
- e. A report on the status of pending bills to the Senate Finance and Budget Committee

(p) Engagement with Development Partners

The OCoB collaborated with Development Partners such as UNICEF, World Bank through the Public Finance Management Reforms (PFMR), United Nations Development Program (UNDP), United Nations Capital Development Fund (UNCDF), Governance for Enabling Service Delivery and Public Investment in Kenya (GESDek), International Development Law Organisation (IDLO), Ford Foundation amongst others, to support capacity building on public finance management and promote accountability at both levels of Government. In the last two financial years, the OCoB partnered with the following organizations;

- The GESDek program under the Public Finance Management Reforms (PFMR) Secretariat partnered with the Controller of Budget to fund consultations and training of County Executive and County Assembly staff on cash management including exchequer approval process by the Controller of Budget that was held in the month of November 2022 in Mombasa.
- UNCDF trained staff of the office of the Controller of Budget on the Tax Administrative Diagnostic Assessment Tool (TADAT) Methodology and supported assessments for 11 County governments during the reporting period.
- UNICEF/UNDP to develop the Controller of Budget Management Information System (COBMIS), a Central Data Management Retrieval System (CDMRS), to assist in data capture, analysis and reporting. This project aims to automate data collection by developing suitable data capture and reporting system with a portal for input and generation of reports and visualizations. The modules in COBMIS include- Budget Module, Own-Source Revenue Module, Exchequer Issues Module, Expenditure Module, Monitoring and Evaluation Module, and Document Management Module.
- The PFMR Secretariat funded the development and dissemination of the Controller of Budget Regulations, which involved public participation sessions that brought

together the Stakeholders to review and give their comments on the draft Regulations. Further, the PFMR funded the training of 29 County Assembly Speakers on the budget cycle and process. The PFMR also facilitated the acquisition of 5 computers and funding to purchase server and storage infrastructure for OCoB ICT.

(q) Entity Headquarters

Office of the Controller of Budget
P.O. Box 35616-00100
Bima House 12th Floor
Harambee Avenue
Nairobi, Kenya

OCoB Contacts

P.O. Box 35616-00100
Telephone: (254) 020-2211068
E-mail: cob@cob.go.ke
Website: www.cob.go.ke

(r) OCoB Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000-00200
Nairobi, Kenya

(s) Independent Auditors

Auditor General.
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084-00100
Nairobi, Kenya

(t) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112-00200
Nairobi, Kenya

(u) Mortgage Scheme Deposit Account

Housing Finance Corporation Limited (HFC)

HFC Mortgage Division

Head Office: Rehani House, Kenyatta Avenue/Koinange Street

P.O Box 30088-00100

Nairobi, Kenya

4. FOREWORD BY THE CONTROLLER OF BUDGET

It is with great pleasure that I present the Annual Report and Financial Statements for the financial year (FY) 2022/23. This report has been prepared under Section 81 of the Public Finance Management Act, 2012 in accordance with the Public Sector Accounting Standards (IPSAS) Cash Basis, which requires the Accounting Officer for a National government entity to prepare financial statements in respect of the entity.

This report provides information on key achievements by the office, the organisation structure, governance structure, and detailed information on the budget performance against actual amounts for the current and prior year based on the economic classification of programmes and sub-programmes. It also details information on total exchequer issues, annual expenditures on recurrent activities, environmental sustainability initiatives.

Finally, the report provides information on emerging issues and highlights the challenges that hampered effective, implementation and realisation of the set activities and objectives. This report also provides recommendations on identified challenges.

As we continue working with our stakeholders and the citizenry, we hope realize significant milestones in delivering my mandate.



FCPA Dr Margaret Nyakang'o, CBS

ICPAK Member: 2145

CONTROLLER OF BUDGET

5. KEY PERFORMANCE HIGHLIGHTS

(a) Overall Budget Performance Against Actual for FY 2022/23

During the period under review, the OCoB approved budget was **Kshs.702,370,000**. This was revised down to **Kshs. 620,361,117**. The reduction in the budget was as a result of the austerity measures put in place by the government and savings made on staff personnel emoluments due to delay in the recruitment process and staff resignations.

The exchequer issues amounted to **Kshs.599,200,344** representing **97 percent** of the approved budget. The OCoB incurred recurrent expenditure totalling **Kshs. 596,237,816** representing an absorption rate of **96 percent** of the approved budget. Utilization of the budget was carried out through the main Programme of '*Control and Management of Public Finances*' in four sub-programmes and various activities (economic classifications).

(b) Budget performance by Sub-Programme

Authorization of withdrawal from public funds

The objective of this Sub-Programme is to ensure timely approval of withdrawals from the Consolidated Fund, County Revenue Fund, Equalization fund, and Judiciary Fund. This sub-programme was allocated **Kshs. 163,409,627** representing **26 percent** of the approved budget. The sub-programme expenditure was **Kshs. 159,811,070** translating to an absorption rate of **98 percent**.

Budget Review and Analysis

The Budget Review and Analysis Sub-Programme aims to ensure timely reporting of budget implementation to Parliament in line with Article 228(6) of the Constitution and Section 9 of the Controller of Budget Act. To achieve this, the CoB prepares quarterly Budget Implementation Review Reports (BIRRs) for each level of government, National and County governments. This sub-programme was allocated **Kshs. 49,023,917** representing **8 percent** of the overall budget. A total of **Kshs. 48,923,871** was spent translating to an absorption rate of **99 percent**.

Administrative Support Services

The Administration Support Services Sub-Programme seeks to achieve efficient service delivery by enhancing the capacity of the OCoB to deliver on its mandate. This sub-programme was allocated **Kshs. 369,431,192** representing **60 percent** of the total budget. During the period, a total of **Kshs. 350,377,095** was spent translating to an absorption rate of **95 percent**.

Research and Planning

The Research and Planning Sub-Programme seeks to provide evidence-based policy recommendations on budget implementation by advising on the planning and budget-making process. During the period under review, this sub-programme was allocated **Kshs. 38,496,381** representing **6 percent** of the overall budget. A total of **Kshs. 37,125,779** was spent translating to an absorption rate of **96 percent**.

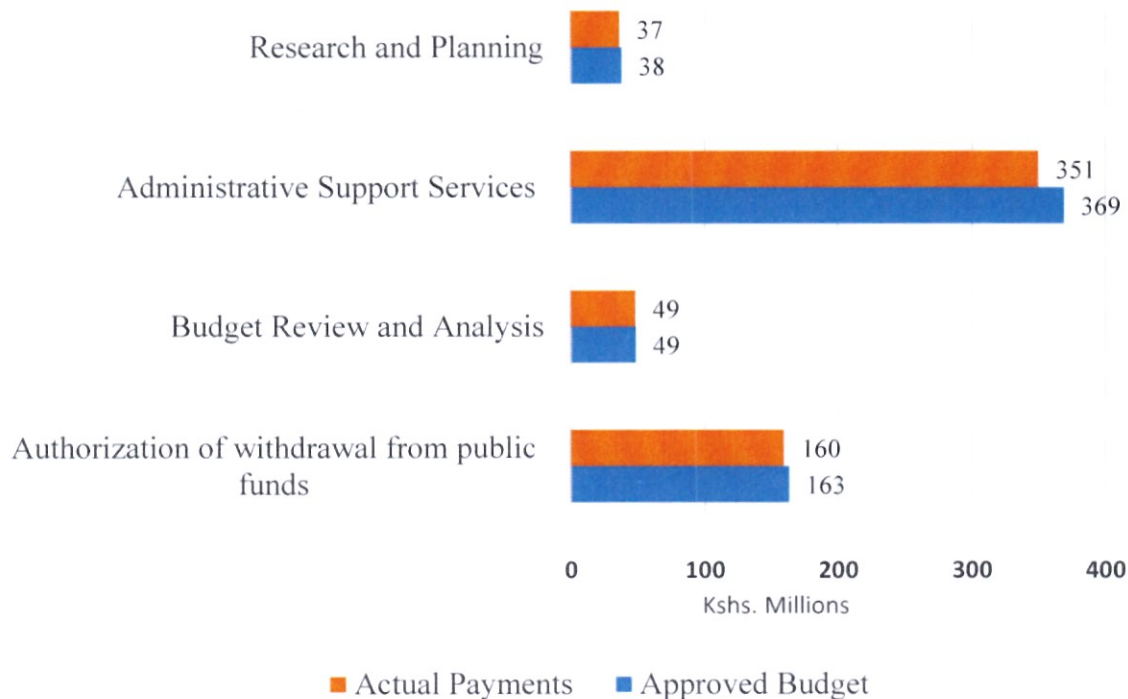
(c) Budget Execution by Sub-programme

Budget Execution by Sub-Programme in the FY 2022/23 is as shown in Table 5.1

Table 5.1: Budget Execution by Sub-Programme

Sub-Programme	Approved Budget	Actual Payments	Variance	Absorption Rate
	Kshs.	Kshs.	Kshs.	(%)
Authorization of withdrawal from public funds	163,409,627	159,811,070	3,598,557	98
Budget Review and Analysis	49,023,917	48,923,871	100,046	100
Administrative Support Services	369,431,192	350,377,095	19,054,097	95
Research and Planning	38,496,381	37,125,779	1,370,602	96
TOTAL	620,361,117	596,237,816	24,123,302	96

Figure 5.1: Comparison of Approved Budget and Actual Payments by Sub-Programme between FY 2021/2022 and FY 2022/23



(d) Budget Execution by Economic Classification

Budget Execution by Economic Classification for the FY 2022/23 is as shown in Table 5.2

Table 5.2: Budget Execution by Economic Classification

Economic Classification	Approved Budget	Actual Payments	Variance	Absorption Rate
	Kshs	Kshs	Kshs	%
Compensation to Employees	358,370,000	350,454,863	7,915,137	98
Use of goods and services	188,339,737	178,221,167	10,118,570	95
Social Security Benefits	11,023,120	10,892,801	130,319	99
Acquisition of Aassets (Non-Financial)	12,937,143	7,077,869	5,859,274	55
Acquisition of assets (Ffinancial)	49,691,117	49,591,116	100,001	100
TOTAL	620,361,117	596,237,816	24,123,301	96

i. Compensation to Employees

Compensation to employees included; basic salaries for permanent employees (this includes employees on contractual terms), basic wages for temporary employees, personal allowances paid as part of the salary, refund of medical expenses (Ex-Gratia), employer contribution to compulsory national social security schemes and pension schemes. The budget allocated was **Kshs. 358,370,000** representing **58 percent** of the overall budget. This recorded expenditure of **Kshs. 350,454,863** representing an absorption rate of **98 percent**.

ii. Use of Goods and Services

This category includes domestic and foreign travel, printing and advertising, rentals and rates for non-residential, training, hospitality, legal fees, and maintenance expenses for motor vehicles and other assets among other expenses. The budget allocated was **Kshs. 188,339,737** representing **30 percent** of the overall budget. This recorded expenditure of **Kshs. 178,221,176** representing an absorption rate of **95 percent**.

iii. Social Security Benefits

This category includes; Gratuity for civil servants and government pension and retirement benefits. The budget allocated was **Kshs. 11,023,120** representing **1.8 percent** of the overall budget. This recorded expenditure of **Kshs. 10,892,801** representing an absorption rate of **99 percent**.

iv. Acquisition of Assets-Non Financial

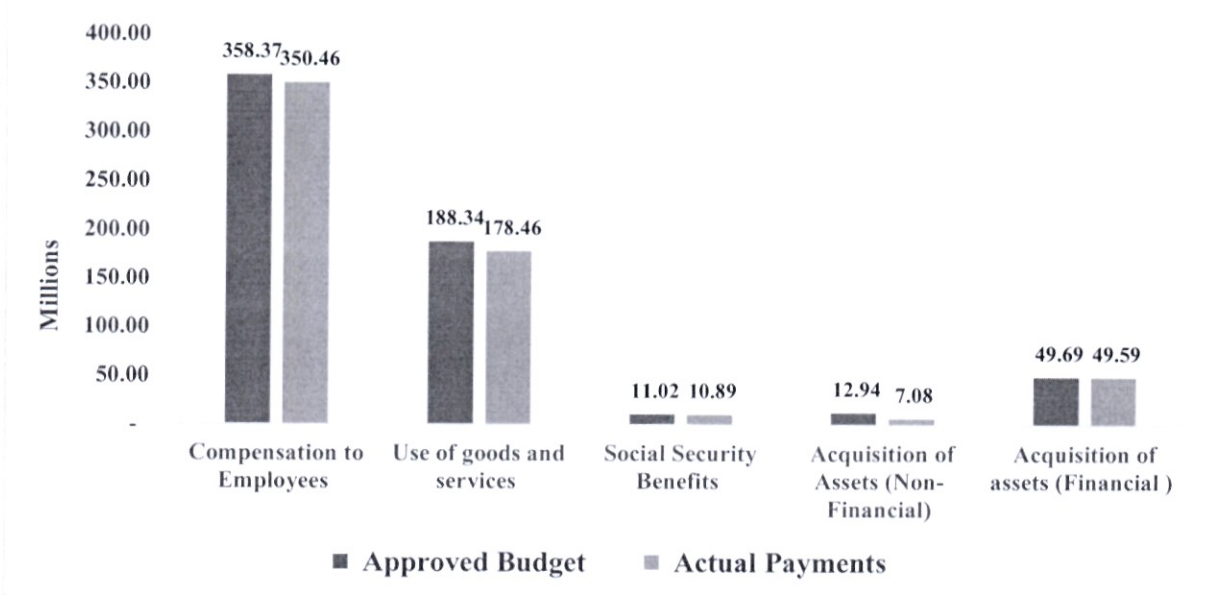
This category includes; purchase of motor vehicles, purchase of OCoB furniture and equipment, purchase of specialized plant, equipment and machinery. The allocated budget for FY 2022/23 was **Kshs. 12,937,143** representing **2 percent** of the overall budget. This recorded expenditure of **Kshs. 7,077,869** representing an absorption rate **55 percent**.

v. Acquisition of Assets- Financial

This economic classification includes housing loans to public servants. The budget allocation was **Kshs. 49,691,117** representing **8 percent** of the overall budget. The total expenditure was **Kshs. 49,591,116** representing an absorption rate of **100 percent**.

Figure 2 Shows budget absorption by economic classification.

Figure 5.2: Budget Execution by Economic Classification for the FY 2022/23



(e) Analysis of Receipts and Payments for the Period ended June 30, 2023

During the period under review, the office received exchequer releases amounting to **Kshs. 599,200,344**. The total payments were **Kshs. 596,237,816**. This represented **3.4 percent** below the budget while actual payments were **3.9 percent** below the budget. This is attributed to under receipt of exchequer and under-utilization of budget allocation for the programme. Table 5.3 shows a summary of cumulative receipts and payments for the FY 2022/23.

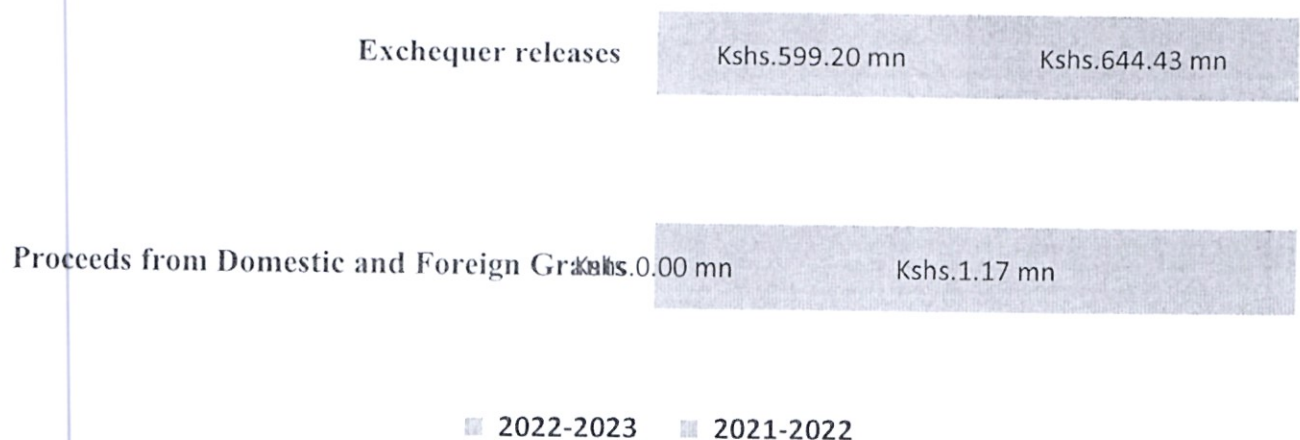
Table 5.3: Summary of Receipts and Payments for the FY 2022/23

Financial Performance	Approved Estimates	Actual	Variance	Variance
	Kshs	Kshs	Kshs	%
Total Receipts (Exchequer Issue)	620,361,117	599,200,344	21,160,773	3.4
Total Payments	620,361,117	596,237,816	24,123,301	3.9
SURPLUS /(DEFICIT)		2,962,528	(2,962,528)	

i. Total Receipts

The OCoB receipts mainly comprise of exchequer releases from the National Treasury & Economic Planning. The total receipts for FY 2022/23 were **Kshs. 599,200,344** representing a **7.7 percent** decrease compared to **Kshs. 645,601,937** recorded in the FY 2021/22. Table 4 shows a comparison of actual receipts in FY 2022/23 and FY 2021/22. The budget was reduced due to austerity measures.

Figure 5.3: Comparison of Receipts Between FY 2022/23 and FY 2021/22



Comparison of Receipts for the FY 2022/23 and FY 2021/22 is as shown in Table 5.4

Table 5.4: Comparison of Exchequer issues for FY 2022-2023 and FY 2021-2022

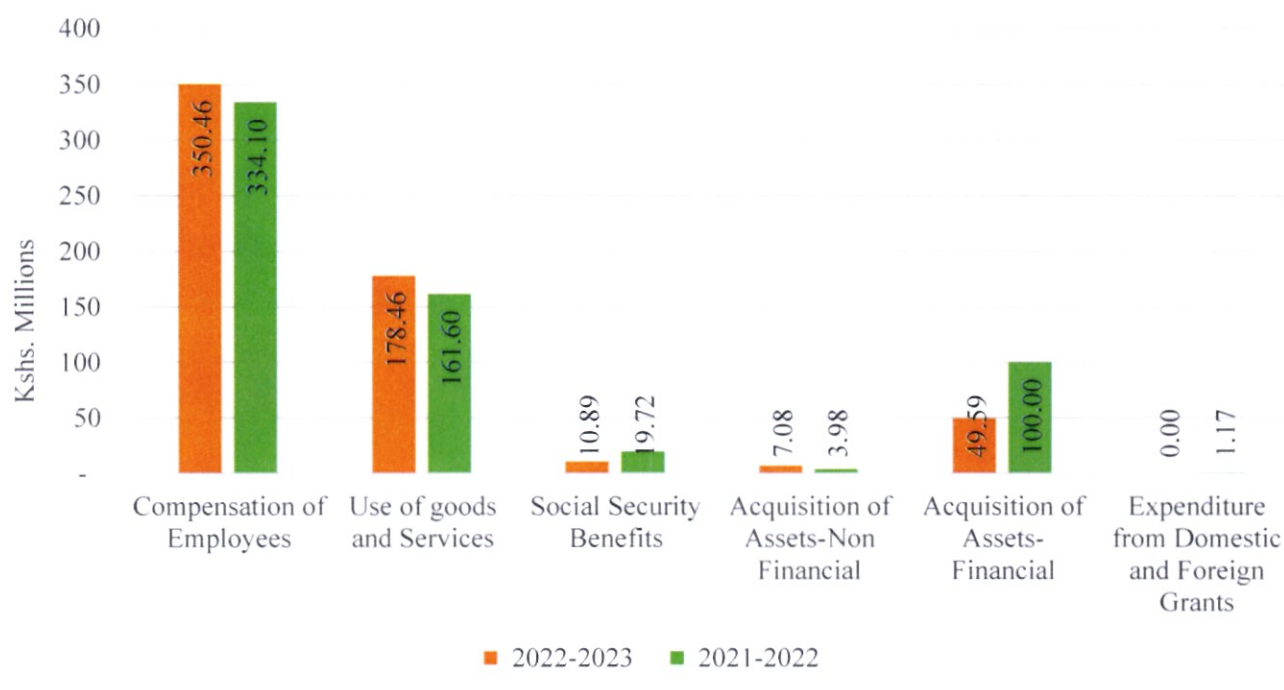
Receipts	2022-23	2021-22	Change	Change
	Kshs	Kshs	Kshs	%
Exchequer Issues	599,200,344	645,601,937	46,401,593	7.7
TOTAL	599,200,344	645,601,937	46,401,593	7.7

ii. Total Payments

The payments mainly comprise of compensation to employees, use of goods and services, social security benefits, acquisition of fixed capital assets and staff mortgages. The total payments for

FY 2022/23 stood at **Kshs. 596,241,342** representing **3.9 percent** decrease compared to **Kshs. 620,567,158** recorded in the FY 2021/22.

Figure 5.4: Comparison of Payments between FY 2022/23 and FY 2021/22



Comparison of Payments for FY 2022/23 and FY 2021/22 is as shown in Table 5.5

Table 5.5: Comparison of Payments between FY 2022/23 and FY 2021/22

Payments	2022-23	2021-22	Change	Change
	Kshs	Kshs	Kshs	%
Payments	596,237,816	620,567,158	24,329,342	3.9
TOTAL	596,237,816	620,567,158	24,329,342	3.9

Comparison of total Receipts and Payments for FY 2022/23 and FY2021/22 is shown in Table 5.6.

Table 5.6: Comparison of Total Receipts and Payments for FY 2022/23 and FY 2021/22

Receipts & Payments	2022-2023	2021-2022	Change	Change
	Kshs.	Kshs.	Kshs.	%
Total Receipts	599,200,344	645,601,937	(46,401,593)	(7.2)
Total Payments	596,237,816	620,567,158	(24,329,342)	(3.9)
SURPLUS /DEFICIT	2,959,002	25,034,779	(22,072,251)	(88.1)

The overall total receipts and payments decreased by 7.2 percent and 3.9 percent respectively. The reduction on exchequer was as a result of the budget rationalisation by the government carried out during the financial year under review compared to FY 2021/22. The decrease in payments was as result of delays in the delivery of goods and services by suppliers. The monitoring and evaluation activities were not undertaken during first quarter of the year under review.

A comparison of payments for FY 2022/23 and FY 2021/22 on economic classification is shown in Table 5.7.

Table 5.7: Comparison of Payments by Economic Classification for FY 2022/23 and FY 2021/22

Payments-Economic Classification	2022-2023	2021-2022	Change	change
	Kshs.	Kshs.	Kshs.	%
Compensation of employees	350,454,863	334,098,453	16,356,410	4.9
Use of goods and services	178,221,167	161,604,705	16,616,462	10.3
Social security benefits	10,892,801	19,717,310	(8,824,509)	(44.8)
Acquisition of assets (non-financial)	7,077,869	3,979,490	3,098,379	77.9
Acquisition of assets(financial)	49,591,116	100,000,000	(50,408,884)	(50.4)
Ford Foundation	-	1,167,200	(1,167,200)	(100)
TOTAL	596,237,816	620,567,158	(24,329,342)	(3.9)

The payments mainly comprise employee compensation, use of goods and services, social security benefits and acquisition of fixed capital assets and staff mortgage. The total payments for FY 2022/23 stood at **Kshs. 596,237,816** representing a 3.9 percent decrease compared to

Kshs. 620,567,158 recorded in the FY 2021/22. The OCoB spent **Kshs. 1,167,200** on customer satisfaction survey with support from Ford Foundation in the FY 2021/22.

The increase of 4.9 percent in compensation to employees is attributed to annual salary increment, salaries for the new staff and increase in employer contributions to the staff pension scheme.

The increase of 10.3 percent in the use of goods and services is due to increased activities such as the development of human resource policy instruments and capacity building during the period under review.

A decrease of 44.8 percent on social security benefits was as a result of two contractual staff whose contracts ended within the financial year under review as compared to six contractual staff whose contracts ended in the FY 2021/22.

An increase of 77.9 percent on the acquisition of fixed capital assets is attributed to the purchase of office equipment for newly recruited staff during FY 2022/23 and replacement of IT equipment.

During the period under review, the allocation to housing loans under mortgage scheme decreased by 50.4 percent as a result of budget cuts.

(f) Comparison of Statement of Financial Assets and Financial Liabilities as at June 30,

An analysis of comparison financial position is shown in the table.

Financial Assets	June 30, 2023	June 30, 2022	Change	Change
	Kshs.	Kshs.	Kshs.	%
Bank Balances	7,123,928	25,452,675	(18,328,747)	(0.7)
Cash Balances	169,838	254,630	(84,792)	(0.3)
TOTAL	7,293,766	25,707,305	(18,413,539)	(71.6)

Bank balances of **Kshs. 7,123,928** comprise balances in the recurrent account and deposit account of **Kshs. 2,792,690** and **Kshs. 4,331,238** respectively. The decrease of **0.7 percent** is as a result

of timely receipts of exchequer, timely delivery of goods and services by suppliers and prompt payments. Cash balances decreased by **0.3 percent** due to low cash-related transactions at the year-end.

(g) Comparison of Statement of Cash Flows for the year ended June 30

The table below summarizes cash flows generated and used from various activities during the two consecutive years.

Cash Flow Activities	2022-2023	2021-2022	Change	Change
	Kshs.	Kshs.	Kshs.	%
Net Cash Flows generated from Operating activities	38,255,446	104,847,306	66,595,406	64
Net Cash Flows used from Investing activities	(56,668,985)	(103,979,490)	(47,310,505)	(45)
Net Cash Flows generated from Financing activities	-	-	-	-
Net increase in Cash and Cash Equivalents	(18,413,539)	867,835	19,284,901	2250
Cash and Cash Equivalents at 1 July	25,707,305	24,839,470	(867,816)	(3)
Cash and Cash Equivalents at 30 June	7,293,766	25,707,305	18,653,758	73

- Net cash flows in operating activities decreased from **Kshs.104 million** to **Kshs.38 million** mainly due to decrease in exchequer issues, increase in account payables and transfer of exchequer balance for the FY 2021/22 during the period under review.
- Net cash flows from investing activities increased from **Kshs.103 million** to **Kshs. 56 million** as a result of acquisition of assets during the period under review.
- The OCoB does not have any financing activities.

6. DETAILED KEY ACHIEVEMENTS

(a) Achievement of Planned Outputs/Outcomes for the FY2022/23

During the period under review, the office made achievements in the planned activities in terms of actual outputs and outcomes against the set targets. The achievements are analysed under the Programme, *Control and Management of Public Finances*, sub-programmes, Authorisation of Withdrawals from Public Funds, Budget Review and Analysis, Administration Support Services and Research and Planning.

(b) Authorization of Withdrawals from Public Funds

Under Article 228 (4) of the Constitution, the Controller of Budget is mandated to oversee the implementation of the budgets of the National and County governments by authorising withdrawals from public funds under Articles 204 (Equalisation Fund), 206 (Consolidated Fund) and 207 (County Revenue Funds). The CoB also approves the withdrawal of funds from the Judiciary Fund (Article 173). Article 228(5) provides that the Controller of Budget shall not approve any withdrawal from a public fund unless satisfied that the withdrawal is authorised by law. Critical achievements for each output area are discussed below.

i. Timely processing of exchequer requisition

To ensure the timely approval of exchequer requisitions, the CoB developed Exchequer Requisition Guidelines to provide the required documentation when requisitioning withdrawal of funds. The guideline contains requirements to ensure the standardisation of the exchequer process and assist all stakeholders in understanding the needs for exchequer approval. During the last FY, CoB approved a total of Kshs.3.29 trillion from the Consolidated Fund as summarised in Table 6.1:

Table 6.1: Summary of Cumulative Amounts Authorisation for Approvals for the 3 year Period

Name of the Fund/Classification	FY 2020/21	FY2021/22	FY 2022/23
	Kshs. billion		
Total Approvals	2,820.96	3,147.55	3,294.58
Consolidated Fund -Development	372.49	341.01	308.03
Consolidated Fund - Recurrent	1,067.69	1,205.91	1,221.57
Consolidated Fund Services	975.81	1,191.07	1,313.59
County Governments Revenue Funds	404.97	409.44	430.48

Name of the Fund/Classification	FY 2020/21	FY2021/22	FY 2022/23
Equalisation Fund -Recurrent	-	0.12	0.10
Equalisation Fund - Development	-	-	0.57
Judiciary Fund	-	-	20.24

In FY 2022/23, 532 requisitions for withdrawing funds from the Consolidated Fund were submitted to the CoB, all processed and approval for withdrawal granted. In the FY 2022/23, Kshs.3.29 trillion was approved from the Consolidated Fund comprised of Kshs.308.03 billion for development, Kshs.1.22 trillion for recurrent, Kshs.1.31 trillion for Consolidated Fund Services and Kshs.399.6 billion for County Governments. On average, the approvals were granted within one day. No requisition for withdrawal of funds was declined for the Consolidated Fund Services.

During the FY, nine (9) requisitions for withdrawing funds from the Equalisation Fund were submitted to the CoB for approval. The seven (7) requisitions amounting to Kshs. 670.35 million were processed with the approvals granted within a day.

In FY 2022/23, the CoB approved Kshs. 431.95 billion from the 47 County Government Revenue Funds. During this period, 8,110 requisitions for withdrawing funds from the County Revenue Funds were submitted, out of which 7,887 were processed and approved within a day. Some 223 requisitions were declined for various reasons, such as non-adherence to pending bill schedules, non-compliance with PFMA and the attendant Regulations, non-adherence to the guidelines provided, and submission of incomplete documentation.

To further improve efficiency and timeliness in the processing of the withdrawal of public funds, the CoB in consultation with the National Treasury and the Central Bank, are working to ensure the automation of the exchequer requisition and approval process. During the FY 2022/23, the three institutions completed the process of developing exchequer automation and are preparing to conduct user acceptance tests of transactions from end to end in a live environment.

▪ **Operationalization of the Judiciary Fund**

The Judiciary Fund (JF) was operationalised during the period under review. The JF is established by Article 173(1) to be administered by the Chief Registrar of the Judiciary. The Fund is used to defray the administrative expenses of the Judiciary, the acquisition and proper maintenance of

buildings, grounds and other assets of the Judiciary and other purposes provided for in the Constitution and other written laws.

To operationalise the JF, the Judiciary, the Central Bank of Kenya, the National Treasury and Economic Planning, and the Controller of Budget formed a joint task force to develop a framework for the operationalisation of the Fund. The framework developed recommended a two-level process for the flow of funds. The process involved approval for withdrawal of funds from the Consolidated Fund to the JF and from the JF to the respective JF Operational Accounts. The CoB developed guidelines for the required documentation when requisitioning for the approval for withdrawal of funds.

During the reporting period, 105 requisitions for withdrawing funds from the Judiciary Fund were submitted to the CoB, of which 89 were processed and approved for withdrawals of Kshs. 20.24 billion granted within one day. Some sixteen (16) requisitions were declined for various reasons, such as non-adherence to SRC Circulars and non-adherence to the Judiciary Fund Exchequer Guidelines requirements.

- **Review of Legislations**

The OCOB reviewed various pieces of legislation for approving withdrawals from public Funds. In the FY2022/23 the office reviewed 163 pieces of legislation. These included the Appropriation Acts, Supplementary Acts, and legislation establishing the Funds. As part of stakeholder engagement, the office also submitted several recommendations to the National Assembly and Senate on the various proposed Bills, including the County Additional Allocations Bill, Equalization Bill and Prompt Pay Bill.

- **Complaints Handling**

The OCoB recognises the importance of establishing a robust and impartial complaint handling system in compliance with the office's mandate as provided for under Article 252(2) of the Constitution. The office has an established Complaints Handling Policy of 12th June 2019, which guides the office while handling grievances and concerns on complaints on budget implementation matters from stakeholders.

In the period under review, the OCoB received a total of 374 complaints that included complaints on:

- Various counties and the National government failed to settle outstanding debts/payments arising from works done and services and goods delivered.
- Failure to remit taxes and other statutory deductions by County governments.
- Flawed budget-making processes.
- The legality of implementing budgets where functions of one government are being undertaken by another government.
- Misappropriation and misuse of funds and fictitious payments where funds are reallocated for other needs apart from those for which the approval for the withdrawal was sought.
- Complaints on stalled and unimplemented projects.
- Falsification of documents.
- Failure to adhere to procedures for revision of the budget estimates.

The OCOB has also received compliments from members of the public and stakeholders who appreciate the efforts made in the past in safeguarding public funds and addressing complaints.

▪ **Dispute Resolution**

The CoB is mandated to undertake alternative dispute resolution through mediation, negotiation, and conciliation where the dispute concerns public finance and budget implementation. In the period under review, the office resolved nine disputes between County Executive and County Assemblies, including Turkana, Nyandarua and Meru Counties. The disputes had resulted in an impasse in the approval of the planning and budgeting documents.

▪ **Investigations on Budget Implementation matters**

According to the OCoB mandate to undertake investigations, the Court directed the Controller of Budget to investigate Bungoma High Court Petition No E007 of 2021 Francis Simiyu Tome & Another Vs the Bungoma County Public Service Board (CASB)& 9 Others & Controller of Budget as an Interested party-

In the above case, the petitioner challenged the recruitment exercise by the Bungoma CASB because it contradicted the National Treasury Circular No.7 of 2021, which froze recruitment

within the Public Service, including County governments and that the Controller of Budget had reported that the wage bill for Bungoma County exceeded the statutory ceiling as it stood at 58% against statutory requirement of 35%.

The office investigated the County Government of Bungoma budget and the allegations in the petition and filed a report with the Court.

▪ **Litigation**

During the period under review, the OCOB was represented in various court cases. Some 48 lawsuits were filed in Court against the COB. The office was listed either as a Respondent or an Interested Party. As of 30th June 2023, the office had forty- three (43) active court cases.

The subject matter of the cases included lack of public participation in the budget process, misappropriation and misuse of funds; gazettelement of the Appropriation Bills and Act, funding of National government functions contrary to Schedule 4 of the Constitution; use of the Vote on account, the failure by the County Executive to disburse funds to fund County Assembly. Others were changes in the office of the County Executive Committee Member of Finance and the Chief Officer of Finance, and non-adherence to the 35% ceiling on Personnel Emoluments, the legality of the Equalization Appropriation Bill, remittance of tax component on the Motor Vehicle Reimbursement benefit by the Members of the County Assemblies. The CoB was also invited by summons in 2 petitions to render expert advice on budget implementation processes.

ii. Timely Processing of Withdrawals for Consolidated Fund Services

The CoB ensured timely processing of withdrawals for the Consolidated Fund Services by providing a timely review, processing and approval and /or declining requests for withdrawals from the Consolidated Fund Services Account. To ensure timely payment of public debt, the office managed to review, process, and approve an average of 130 files relating to public debt payments within five days in the period under review. The CoB also reviewed, processed and approved an average of 806 Pensions and Gratuities files within five days in the period under review.

(c) Budget Review and Analysis

The Budget Review and Analysis sub-programme aims to ensure accurate reporting of budget implementation to Parliament in line with Article 228(6) of the Constitution and Section 9 of the Controller of Budget Act. To achieve this, the CoB prepares quarterly Budget Implementation Review Reports (BIRRs) for National and County governments. The National Government BIRR presents the budget performance by NG entities/MDAs while the County government BIRRs give the budget performance by County Government entities. The information contained in the BIRRs is guided by section 9 of the Controller of Budget Act and includes information relating to:

- The approved budget,
- Total funds released by programmes,
- The absorptive capacity of funds by project,
- Authorised withdrawals,
- Actual expenditures, and
- Receipts into the Consolidated Fund and all County Revenue Funds.

The reports ensure that Parliament, County Assemblies, and the public can access information on implementing programmes and activities at the National and County government levels.

The key outputs of this sub-programme include (i) timely reporting on budget implementation review, (ii) review of planning and budget documents (iii) monitoring and evaluation of budget implementation, (iv) public sensitisation for budget implementation, and (v) improved engagement between CoB and the Legislature.

The specific achievements during the period under review are highlighted below:

i. Timely reporting on Budget Implementation Review Reports

In the FY 2022/23, the CoB prepared and published twenty-four (8) quarterly budget implementation review reports for the National and County governments. These reports were submitted to Parliament and widely disseminated. 17,500 copies of the BIRRs were published for the National Government BIRRs and the County governments BIRRs. In addition, the COB prepared 188 quarterly county-specific budget implementation review reports for all 47 County governments.

currently using prefabricated offices to deliver public services. The initial contract sum for the project is Kshs.617.6 million.

The project commenced in March 2017 with an anticipated completion of March 2019, but the contract was terminated in 2018 by the contractor due to delayed payments of certified work. The project was retendered, and a new contractor was identified to complete the pending work for a contract sum of Kshs.449.1 million. The County government has allocated Kshs.40 million in the FY2022/23 budget to complete pending work.

Figure 6.1: Nyandarua County Headquarters in OI Kalou



▪ **Construction of Official Residence for Speaker of Kericho County Assembly**

The County Assembly is currently constructing the official residence for the Speaker County Assembly on approximately 1 acre of public land. The contract sum for the project is Kshs.34.6 million, and Kshs.17.15 million (50% of the contract sum) has been paid to date. The project is estimated to be 75% complete, and the contract period has lapsed.

Figure 6.2: Ongoing construction of Kericho County Speaker's Residence



- **Status of the Official Residence for the Governor of Kericho County**

The County government has not constructed a new house for the Governor but has designated the house of the former Town Clerk as the official residence for the Governor.

- **Status of the Construction of Kilifi County Assembly Chambers**

The County Assembly started constructing the chambers in 2016 for a contract sum of Kshs. 600.2 million. However, the contract was terminated in August 2017, and a new one was awarded in 2018 for Kshs.408.65 million. The project is estimated to be 70 per cent complete.

Figure 6.3: Kilifi County Assembly



ii. Review of Planning and Budget Documents

The PFM Act and section 8 of the CoB Act require the CoB to receive and give recommendations to National and County Treasuries during the preparation of the Budget Policy Statement and the County Fiscal Strategy Papers, respectively.

During the period under review, the CoB reviewed, rendered advice, and made recommendations for the following planning and budget documents for the National Government- Budget Review and Outlook Papers (BRPOP); Draft Budget Policy Statements (BPS); Draft Budget Estimates; Approved Budgets; Supplementary Budgets and Debt Management Strategy Papers as illustrated in Table 2.1 above. The office also reviewed the budget and planning documents for the Equalisation Fund and the Judiciary.

At the County level, the OCoB reviewed, rendered advice and made recommendations on the following planning and budget documents for each of the 47 County governments: The County Integrated Development Plans (CIDPs); County Budget Review and Outlook Papers (CBROP), Annual Development Plans (ADP); County Fiscal Strategy Papers (CFSP); Draft Budget Estimates; Approved Budget Estimates; Supplementary Budgets and Debt Strategy Management Papers as illustrated in Table 2.1.

iii. Monitoring and Evaluation of Budget Implementation

The Controller of Budget (CoB) is required under Section 5(b) of the Controller of Budget Act 2016 to ensure prudent and efficient use of public funds by, among other functions, monitoring, evaluating, reporting, and making recommendations to the National and County Governments on measures to improve budget implementation.

During the review period, the OCOB monitored and evaluated budget implementation in thirty counties. The M&E exercises aimed to ensure public funds are used prudently and efficiently in implementing planned activities. The objectives of the monitoring and evaluation exercise included evaluating the progress made in the performance of programs and activities as per the approved budgets, providing a report to Parliament and the Presidency on the progress made in the performance of programs and activities, monitoring compliance with various budget ceilings

during the budget formulation and implementation phase and with the Programme-Based Budget framework in the budget formulation, implementation, and reporting phases; monitoring compliance with laws relating to the establishment, operations, and reporting of Public Funds established by the County governments.

During the monitoring and evaluation exercises, the office made several observations on the progress made on budget implementation at the counties. Some of the observations made included:

- Discrepancies between the budget implementation reports and the approved Programme-Based Budgets (PBB).
- Spending of funds outside the budget appropriation structure.
- Non-compliance with various government circulars, such as the circular on budget ceilings on the construction of non-core County infrastructure.
- failure to establish Emergency Funds as per Section 110 (1) of the Public Finance Management Act, 2012 and non-adherence to Regulation 49 of the Public Finance Management (County Governments) Regulations, 2015, on the procedure for making advances from the Emergency Fund and reporting on the utilisation.
- Use of commercial bank accounts to operate Public Funds contrary to Regulation 82 (1)(b) of the PFM (County Governments) Regulation, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

The Controller of Budget also assessed the compliance with budget ceilings on the construction of non-core County infrastructure. Some of the projects that were monitored during the monitoring and evaluation included:

- **Construction of Nyandarua County Headquarters**

The office visited the Nyandarua County headquarters which is under construction. The project is a collaboration between the National government (70%) and County government (30%) to provide modern and efficient office space for the Executive arm of the County government,

(d) Administration Support Services

The Administration Support Services sub-programme seeks to achieve efficient service delivery by enhancing the capacity of the OCoB to deliver on its mandate. The activities and achievements under this sub-programme are as presented below:

i. Human Resource Development and Capacity Building

▪ **Training of OCoB staff**

The OCoB acknowledges the importance of staff training and development, an exercise to develop all-round skill sets. The office sponsored staff to relevant training to improve productivity and efficiency. The CoB launched capacity-building programs and facilitated officers to attend professional development courses, seminars and workshops. These training interventions are aligned with the organisation's performance management systems. However, the office did not achieve the target set for the reporting period due to inadequate funding.

▪ **Compliance with the Values & Principles of Public Service**

The office is required to comply with the values and principles in Articles 10 and 232 of the Constitution as guided by the PSC. As a result, the office prepared a detailed report submitted to the PSC during the reporting period. During the reporting period, the office did not record any violation of the values and principles of public service.

▪ **Development and Management of the Staff Establishment**

To ensure optimum staffing levels, the office designed a phased approach to address the ever-increasing workload. OCoB recruited 20 staff to fill vacant positions within the establishment during the period. This comprised five (5) staff at the management level, thirteen (13) at technical level and two (2) at the support level. The staff recruitment was informed by the skills set analysis provided by the Heads of Department after a comprehensive skills gap review.

During the reporting period, the Auditor-General's Reports indicated that the office is understaffed, hence the need to recruit additional staff to attain optimal levels to discharge the OCoB mandate effectively. In addition, the CoB and DCoB were awarded State Commendations of CBS and EBS respectively for their exemplary performance.

ii. Staff Mortgage Facilities

The OCoB has continued to provide mortgages to its staff to promote the Government's plan of access to affordable housing under the Bottom-Up Economic Transformation Agenda (BETA) on accessible and adequate housing at reasonable sanitation standards. Twenty-three (23) staff members have accessed the facility, and other applications are at various stages of approval.

iii. Information Communication & Technology

The office has embraced technology in the delivery of services and is moving towards acquiring modern ICT and infrastructure equipment. During the reporting period, the office replaced parts and materials (array software) for the existing data storage appliance and procured a server, a data storage appliance, and a network switch to improve data centre operations. The office also acquired six (6) laptop computers for staff. The office looks forward to additional support to deliver on its mandate effectively.

iv. Financial Reporting

The OCoB has consistently received unqualified opinions from the Auditor-General on its Annual Reports and Financial Statements. Further, the OCoB was recognised as the winner in the IPSAS cash-basis of reporting under the Commissions and Independent Offices category in the Financial Reporting (FiRE) Award competition in FY2021/22. The office also received commendation letters from the National Treasury and Economic Planning for excellent performance in financial management reporting. Consequently, the office was urged to share their experiences with other MDAs.

v. Supply Chain Management

The OCoB prepared a consolidated Annual Procurement Plan and submitted it to the Public Procurement Regulatory Authority (PPRA) within the stipulated timeline; prepared the required periodic statutory reports to the PPRA and NT&EP; prepared tender documents for

goods/services/works and followed up tender processing for the contract signing. Some of the significant tenders included tender for the provision of Medical, Group Life, Accident/WIBA Insurance Covers; and printing of BIRRs, Annual Reports, Financial Statements and OCoB Strategic Plan 2023–2027. Further, the OCoB facilitated Access to Government Procurement Opportunities (AGPO) for reserved groups at 30 per cent as;

Table 6.2: Percentage allocation of Procurement Opportunities to AGPO Reserved Groups

Financial Year	% Procurement accessed
2020/2021	16%
2021/2022	15.7%
2022/2023	30%

vi. Internal Audit

During the period under review, the OCoB reviewed the adequacy of its internal control systems, risk management frameworks and existing governance processes. It also reviewed Public Debt and Pensions and Gratuities payments to comply with the law before the Controller of Budget approves withdrawing funds. The OCoB established an Audit and Risk Committee, which aligns with section 155 of the PFM Act, 2012 and with the National Treasury Guidelines issued in 2016.

Risk-based audits on OCoB functions were undertaken, and reports were issued to the Audit and Risk Committee and a copy to the CoB. Follow-up action was taken to ensure that all audit recommendations have been implemented.

vii. Public Relations & Communication

The OCoB has ensured that the public can access understandable, credible, and timely information on budget implementation. Some achievements include undertaking a customer satisfaction survey to get feedback from stakeholders on OCoB services, developing a Customer Service Charter, and media engagement through robust media relations initiatives and planned meetings.

viii. Legal Activities

The office undertook the following activities in the period under review:

▪ **Issuing of Advisories on Legal Compliance**

To ensure the office effectively delivered on its mandate, it undertook research on topical issues and rendered advisories to various entities on several issues that included irregular recruitment, appointment and promotion in the County public service board; appointment of Accounting Officers and Receivers of Revenue; implementation of the Members of the County Assembly Car Reimbursement benefit; implementation of the County Governments Additional Allocations Act; funds flow process to the Judiciary Fund and documents required to support a request to withdraw funds from the Fund; automation of the Exchequer Process; budgetary ceilings, compliance with court decisions, vote on account, and implementation of decrees of the Court as well as the impact of various court orders.

(e) Research & Planning

The Research and Planning sub-programme seeks to provide evidence-based policy recommendations on budget implementation by advising on the planning and budgeting process. The key activities of this sub-programme included research activities on budget implementation issues and monitoring and evaluation of budget implementation by the National and County governments. The specific achievements during the period under review are highlighted below:

i. Research on emerging issues in Budget Implementation

During the period under review, the office undertook research on the use of Article 223 by the MDAs to access additional funding. The report was shared with the NT&EP. Other research undertaken includes an analysis of the management of pension funds.

ii. Library and Knowledge Management Services

The seamless provision of information resources through Kenya Library Information Systems Consortium (KLISC) subscriptions and quarterly newspaper subscriptions reflects OCoB's commitment to ensuring uninterrupted access to information.

(f) Emerging Issues

i. Automation of OCoB processes

In line with the government policy to automate and digitise services, there is a need for the OCoB to invest in automating its processes. This will include automating the data collection processes for reporting on budget implementation.

ii. Digital transformation and cyber security

As the OCoB embraces integrating digital technologies in process improvement for efficient service delivery, its systems will be vulnerable to cybersecurity and data privacy breaches. Secure digital transformation will require continuous staff training and modification of cybersecurity capabilities.

iii. Green technology

Green Technology refers to developing and applying innovative solutions that aim to minimise the negative impact of human activities on the environment. It focuses on creating products, systems, and processes that promote the conservation of natural resources, reduce pollution, and contribute to a more sustainable future. The OCoB will, therefore, develop techniques and modalities to promote green technology, including energy-saving bulbs, waste segregation, use of solar energy, going paperless and proper disposal of e-waste.

iv. Increased requests to OCoB to provide information on budget implementation from stakeholders:

The office has witnessed increased requests for information on budget implementation from various stakeholders, including Parliament, EACC, DCI, OAG, different professional bodies, and members of the public. In most instances, the information requested is voluminous and strains the available resources regarding stationery and personnel. The office will consequently develop modalities to provide the information requested efficiently.

v. Data protection

Kenya enacted the Data Protection Act in the year 2019. The Act applies to all entities processing personal data. It outlines the principles of data protection, the rights of data subjects, structural

mechanisms in data protection, the duties of data controllers and data processors and penalties for breach.

Considering this, OCoB will develop a policy to guide the implementation of the Data Protection Act 2019 and deploy the structures required under the Act, including the appointment of a Data Protection Officer and registration as a Data Controller and Data Processor.

vi. Implementation of Accrual-based Accounting

The government is in the process of transitioning from cash-based reporting to accrual-based accounting. There will, therefore, be a need for capacity building of the OCoB staff on accrual-based accounting to ensure compliance with the new government policy.

(g) Key Risk Management Strategies

Risk management is an integral part of the day-to-day operations of the Office of the Controller of Budget. The management is committed to implementing the risk management framework for efficient and effective operations to ensure that OCoB meets its mandate and for continuous improvement.

The OCoB has in place an oversight system of risk and internal control to identify assess, monitor and manage material risks related to the conduct of its activities. This is done through Audit and Risk Committee. The aim of the risk management framework is to continually improve the management of risk and reduce them to acceptable levels as guided by the risk appetite and risk tolerance statements.

The risk management framework is reviewed by the internal audit department for continuing suitability and effectiveness during the systems audit of various OCoB functions. The OCoB has also integrated the performance management tool with risk management processes for effective monitoring of strategic and operational risks. The management is aware that some risks can never be eliminated fully and it has in place strategies that provide a structured, systematic and focused approach to managing risk.

(h) Challenges and Recommendations

During the period under review, the OCoB faced the following fundamental limitations and challenges, which adversely affected the achievement of its programs and activities.

i. Inadequate Funding for Monitoring and Evaluation of Budget Implementation

During the period under review, the OCoB received funding for monitoring and evaluation of Kshs. 13 million in FY 2022/23. During the FY 2022/23, the funds allocated were inadequate to undertake M&E for both levels of government. During this period, the office only managed to undertake M&E on budget implementation in 30 Counties.

The office also faced a challenge of capacity in terms of the number of staff required to undertake a comprehensive M&E exercise on all facets of budget implementation.

Recommendation:

Section 5(b) of the CoB Act 2016 provides that the CoB shall ensure prudent and efficient use of public funds by monitoring, evaluating, reporting, and making recommendations to both levels of government on measures to improve budget implementation. The sector should allocate the OCoB adequate funds to comprehensively undertake M&E on all facets of budget implementation for both levels of government. The sector should also allocate sufficient funds to the office to recruit and attain optimal staffing levels in line with the staff establishment.

ii. Delays in the Disbursement of the Exchequers

During the FY, the implementation of OCoB planned activities was affected by the late receipt of the exchequer from the National Treasury. In many instances, the office received exchequer towards the end of the financial year (quarter 4), thus affecting the implementation of planned activities such as monitoring and evaluation. For example, officers have had to go to the field for M&E without receiving their Daily Subsistence Allowance (DSA).

Recommendation: To ensure the timely implementation of planned activities, the National Treasury should endeavour to release the exchequers timeously per the annual cash-flow plan for the OCoB to undertake its planned activities.

iii. Technological Challenges

OCoB's ICT infrastructure, hardware, software, and networking technology require some refreshing regarding new acquisitions and upgrades. With the planned move to automate the exchequer process and the development of a data collection system for reporting on budget implementation for the OCoB, there is an urgent need to acquire new data centre infrastructure, new ICT user equipment and software applications for existing and new staff to ensure efficient service delivery.

Further, the OCoB does not have an offsite data recovery site for backup of its critical systems and data and, therefore, intends to acquire and set up a disaster recovery site that will assist in restoring and recovering data during a disaster.

Recommendation: The sector should provide adequate funding for the OCoB to progressively acquire new user ICT equipment and modern data centre infrastructure and implement a central data management and repository system that will automate the collection of budget implementation data.

Additionally, the OCoB plans to acquire one disaster recovery site that will be used to recover and restore its technology infrastructure and operations when its primary site becomes unavailable.

iv. Inadequate Office Space

The OCoB is an enabler in public finance management, particularly oversight and reporting on budget implementation. Providing adequate, safe, and secure working space for all employees is essential to increase productivity. However, due to budgetary constraints, the OCoB has experienced severe challenges acquiring office space for its employees at the National and County government levels. The lack of adequate office space has hindered the effective and efficient delivery of the OCoB mandate. In FY 2023/24, the office has an allocation of Kshs—sixteen million to procure office space for staff at the headquarters. However, there is a need to acquire additional office space for staff at the County level.

Recommendation: The sector should provide adequate financial resources to facilitate the OCoB to acquire additional office space for its staff in the Counties.

v. Inadequate staffing capacity for the OCoB

Although the OCoB has an approved staff establishment of 254, currently, we have an in-post of 145 staff, with the remaining positions outstanding due to budget constraints. In FY 2021/22, the Auditor-General audited staffing levels and established that the office was understaffed. Recruiting additional staff to attain optimal levels to discharge the OCoB mandate effectively is critical.

Recommendation: The OCoB has developed a Career Progression Plan. We appeal to the sector to provide adequate resources to implement this activity once approved.

vi. Legislative Gaps in the Controller of Budget Act, 2016

The Controller of Budget's (COB) mandate is provided for under Article 228 of the Constitution and further amplified by the COB Act, the PFM Act 2012 and the attendant Regulations. While executing the mandate as set out in the aforementioned legal framework, statutory impediments and notable legal gaps that curtail the efficient and effective execution of the functions of the COB have been identified. Some of the identified legal gaps include:

- Section 4(1) of the COB Act fails to recognise that a vacancy may arise in the Office of the Controller of Budget where the COB leaves office after the lapse of the prescribed tenure of 8 years. The Court identified this lacuna in the case of *Okiya Omtatah Okoiti v National Executive of the Republic of Kenya & 5 others; Katiba Institute (KI) & 3 Others (Interested Parties)[2020]eKLR* where the Court recommended the amendment of the Act.
- Section 9(4) of the COB Act limits the COB reporting mandate on budget implementation by curtailing reporting on specific aspects of the budget like recent economic developments and outlook, revenue, grants and loans forecasts and receipts, which is contrary to the precepts of the Constitution.

- Article 228 of the Constitution requires the COB to submit to each House of Parliament a report on the implementation of the budgets of national and County governments. In preparing the budget implementation reports for submission to Parliament, the COB is guided by Section 9 of the COB Act, which sets out the parameters to be reported. Sections 83, 166 and 168 of the PFMA require that the Accounting Officers submit reports to COB not later than 15 days after the end of each quarter. This means the COB only has 15 days to prepare and submit its statutory budget implementation report to Parliament. This timeline is insufficient for preparing credible and accurate budget implementation reports.
- An amendment of Section 8 of the COB Act to include other budget and planning documents such as the Budget Review and Outlook Paper and the Debt Management Strategy Paper.
- Section 85 of the PFMA does not require the National Government Public Fund Administrators to submit the financial report to the COB. This, therefore, means that the COB is not able to report on National Government Public Funds. The section should be amended to provide for the submission of financial reports to COB to enable comprehensive reporting on national government public funds as part of budget implementation.
- Amend Section 149(3)(b) of the PFM Act to provide that a County government offers a report to the Controller of Budget on measures taken to implement recommendations on issues raised in the COB reports. This would align with Section 68(4)(b) of the PFMA, which places a corresponding duty on the National government.

Further to the above legislative gaps, there is also an urgent need to operationalise the COB Act by enacting the Controller of Budget Regulations. Enactment of the COB Regulations is essential as it would provide guidelines on such issues as:

- a) procedure for withdrawal of funds.
- b) reporting on budget implementation.
- c) procedure for monitoring and evaluation of budget implementation.
- d) procedure for lodging and handling complaints on budget implementation, and e) dispute resolution on budget implementation matters.

Recommendation: The sector should fund the office to amend the COB Act and develop the Regulations for the Act.

vii. Inadequate Capacity to Develop the Popular Version of BIRRs

The COB BIRR is usually technical and may not be understood by all members of the public. To discharge the mandate under section 39(8) of the PFM Act, there is a need for OCoB to develop, publish and publicize popular versions of the BIRRs. There is a need to recruit additional staff to develop the popular version and build the capacity of the existing staff.

Recommendation: The sector should provide resources to enable OCoB to develop, publish and publicize the popular versions to the public.

viii. Inadequate budget to Implement Planned Activities

During the period under review the OCoB received Kshs. 702.37 million against a resource requirement of Kshs.878.97 million leading to variance of Kshs. 176.6 million. The inadequate budgetary allocation negatively affected the implementation of the OCoB Strategic Plan, for example, lack of adequate staff establishment necessary to implement planned activities, inability to carry out monitoring and evaluation of budget implementation at the national government level, failure to conduct public sensitisation forums across the country among others.

Recommendation: To effectively implement planned activities, the sector should provide additional funding to the office to enable it to deliver on its constitutional mandate.

ix. Funding for Public Sensitisation

Section 39(8) of the PFM Act mandates the Controller of Budget to provide information on budget implementation for both levels of government to the public. The office has been relying on donor funds from the Public Finance Management Reforms program to undertake this activity. However, the donor program supporting the activity of public sensitisation lapsed in FY 2020/21. Therefore, The office was unable to undertake public sensitisation activities in FY 2022/23, which negatively impacted the discharge of its mandate.

Recommendations: The sector should allocate adequate funds to enable the office to undertake activities geared towards public sensitisation to discharge its mandate under Section 39(8) of the PFM Act..

Lessons Learnt

- Strong collaborations with other government agencies for effective and efficient discharge of its mandate is important to support the implementation of the plan.
- Strong collaborations with development partners leading to effective resource mobilization to fund the planned programmes and activities in the strategic plan e.g. IDLO, PFMR/DANIDA to provide support towards implementation of the plan.
- Strengthening of the legal framework to facilitate effective discharge of the OCoB mandate e.g. Regulations to the CoB Act, 2016 have been developed.



FCPA Dr. Margaret Nyakang'o, CBS

ICPAK Member: 2145

CONTROLLER OF BUDGET

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

(a) Introduction

The OCoB activities are guided by its strategic plan which sets out the planned activities during a 5-year period. During the period under review, the implementation of the planned activities was guided by the OCoB second Strategic Plan which covered the period 2018-2023. The four thematic areas outlined in the plan are derived from the constitutional mandates of the office constituting the four sub-programmes under which the OCoB budget preparation and implementation is anchored. The strategic thematic areas are as follows:

1. Authorization of Withdrawals from Public Funds;
2. Advice on Budgeting and Budget Implementation;
3. Budget Implementation Reporting and;
4. Development of Institutional Capacity.

(b) Progress on the attainment of Strategic Objectives

The OCoB had set SMART objectives for the realisation of planned activities for each of the four sub-programmes. The performance of the office under each of the sub-programmes for the period ending 30th June 2023 is discussed in the subsequent sections under operational and financial performance as shown Table 8.1:

8. MANAGEMENT DISCUSSION AND ANALYSIS

(a) Operational Performance by Sub-Programme, FY 2020/21-FY 2022/23

Table 8.1: Analysis of the Non-Financial Performance by Programme and Sub-Programme

Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target			Achieved Targets			Remarks/Reason for the variance
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23	
Programme: 0730000 Control and Management of Public Finances										
Programme Outcome: Accountability and Transparency in Public Financial Management										
0730010 SP.1.1 Authorisation of withdrawals from public funds	Directorate of Legal Services (DLS) and Budget Implementation Directorate (BI)	Timely processing of Exchequer Requisitions	No. of days taken to review, process, approve/decline withdrawal of funds	1	1	1	1	1	1	Exchequer requisitions were processed within one working day
			No. of requests for withdrawal of funds, reviewed, processed, and approved/declined per week (Consolidated Fund)	10	10	12	10	12	12	In the MTEF period, the average transactions per week for the Consolidated Fund was 12 transactions, i.e. 582 transactions in FY 2021/22 532 transactions in FY 2022/23

Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target			Achieved Targets			Remarks/Reason for the variance
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23	
Programme: 0730000 Control and Management of Public Finances										
Programme Outcome: Accountability and Transparency in Public Financial Management										
			No. of requests for withdrawal of funds, reviewed, processed, and approved/declined (Judiciary Fund)	-	-	-	-	-	105	The Judiciary Fund was operationalised in FY 2022/23. During that year 89 transactions were processed and approved, while 16 transactions were declined due to various reasons, including: non-compliance to government circulars and exchequer guidelines
			No. of requests for withdrawal of funds, reviewed, processed, and approved/declined per week (Equalization Fund)	-	-	-	-	2	7	In the period under review a total of 9 transactions were processed. The requests for FY 2021/22 were recurrent, while FY 2022/23 were both recurrent (2)

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Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target				Achieved Targets			Remarks/Reason for the variance
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23		
Programme: 0730000 Control and Management of Public Finances											
Programme Outcome: Accountability and Transparency in Public Financial Management											
											and development (5).
			No. of requests for withdrawal of funds, reviewed, processed, and approved/declined per week (County Government)	94	94	141	140	130	157		FY 2022/23-Total request- 8,138 Approved requests – 7,887. Declined request - 223. FY 2021/22 Total request- 6,442 Approved requests – 6,193. Declined request - 216 FY 2020/21 Total request- 6,186 Approved requests – 6,049 Declined request -136

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Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target			Achieved Targets			Remarks/Reason for the variance	
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23		
Programme: 0730000 Control and Management of Public Finances											
Programme Outcome: Accountability and Transparency in Public Financial Management											
			No. of legislation and Bills reviewed to ensure compliance with the Constitution and PFM Act (National and County Government)	147	147	147	147	147	203	163	The OCoB reviewed the National and County governments' legislations that form the basis for the withdrawal of funds.
			No. of days taken on average to review legislations and Bills to ensure compliance with the Constitution and PFM Act (National and County Government) and advisories issued.	5	5	5	5	5	5	5	Target met
			No. of complaints relating to pending bills handled and addressed.	71	71	138	71	205	98		During FY 2022/23, OCoB received fewer complaints than in FY 2021/22, mainly due to modalities and

Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target			Achieved Targets			Remarks/Reason for the variance
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23	
Programme: 0730000 Control and Management of Public Finances										
Programme Outcome: Accountability and Transparency in Public Financial Management										
										mechanisms deployed to pay pending bills.
			Percentage (%) of disputes addressed through negotiation, conciliation, and mediation Alternative Dispute Resolution.	100	100	100	100	100	100	Five disputes resolved in FY 2020/2021 Three disputes resolved in FY 2021/2022 One dispute was resolved in FY 2022/2023-Meru County.
			No. of cases handled about budget implementation where the CoB was listed as either a respondent or an interested party.	18	18	9	18	13	17	Seventeen cases were filed in FY 2022/23. Active cases during the year were 43.
		Timely processing of withdrawals for	No. of days taken to review, process, and	5	5	5	5	5	5	The set target was achieved

Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target			Achieved Targets			Remarks/Reason for the variance
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23	
Programme: 0730000 Control and Management of Public Finances										
Programme Outcome: Accountability and Transparency in Public Financial Management										
		the Consolidated Fund Services	approve/decline Public Debt files							
			No. of Public Debt requisitions reviewed, processed, and approved/declined per week.	100	100	100	100	192	100	The set target was achieved
			No. of days taken to review, process, and approve/decline Pensions & Gratuities files	5	5	4	5	4	4	The set target was achieved
			No. of Pensions and Gratuities requisitions processed per week	600	900	600	1200	600	618	All files received for Pensions and Gratuities were processed.
0730020	DLS, BI and Directorate of Research and Planning (DRP)	Timely Reporting on Budget Implementation Review.	Several Budget Implementation review reports produced for the National and County Government.	8	8	8	8	8	8	FY 2022/23 - 17,300 copies of BIRRs published

Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target			Achieved Targets			Remarks/Reason for the variance
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23	
Programme: 0730000 Control and Management of Public Finances										
Programme Outcome: Accountability and Transparency in Public Financial Management										
										FY 2021/22 – 14,629 copies of BIRRs published. FY 2020/21 – 20,600 copies of BIRRs printed.
	BI		No. of quarterly County-specific budget implementation review reports produced.	188	188	188	188	188	188	The reports were prepared but were not published and publicised due to budgetary constraints.
	BI		No. of quarterly popular versions of the National and County government BIRRs produced.	0	8	8	0	8	8	The popular versions were developed and not done
	BI, DLS, DRP		No. of special reports prepared and submitted.	0	0	4	2	3	29	Report on Kenya's Economic Outlook to the Presidency. Sixteen special reports to various Committees of

Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target			Achieved Targets			Remarks/Reason for the variance
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23	
Programme: 0730000 Control and Management of Public Finances										
Programme Outcome: Accountability and Transparency in Public Financial Management										
	BI, DLS		No. of trainings undertaken on building capacity on budget implementation-stakeholders.	0	0	3	0	2	6	the National Assembly, and 12 reports to various Senate committees. The OCoB undertook several Trainings, including: <ul style="list-style-type: none"> Two sensitisation on cash flow management and exchequer process with County Executive and County Assembly representatives Stakeholder workshop on BIRR template Induction training of the

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Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target			Achieved Targets			Remarks/Reason for the variance
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23	
Programme: 0730000 Control and Management of Public Finances										
Programme Outcome: Accountability and Transparency in Public Financial Management										
										<p>newly elected governors and deputy governors, appointed CECM - Finance, speakers and clerks of County Assemblies.</p> <ul style="list-style-type: none"> • Training of speakers and clerks of County Assemblies • Sensitisation on the exchequer process for Tana River County Assembly and County Executive • Induction program for Taita Taveta, members of

Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target			Achieved Targets			Remarks/Reason for the variance
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23	
Programme: 0730000 Control and Management of Public Finances										
Programme Outcome: Accountability and Transparency in Public Financial Management										
										County Assembly Sensitisation workshop on Judiciary exchequer process
	Budget Implementation Directorate and Directorate of Research and Planning	Review of Planning and Budget Documents	No. of Planning documents reviewed for National Government	3	3	3	3	3	3	Reviewed the Debt Management Strategy Paper, Budget Review and Outlook Paper and Budget Policy Statement.
			No. of Budget Documents for the National Government reviewed.	4	4	4	4	4	5	The Draft Budget Estimates, the Approved Budget, Equalisation Fund and Supplementary Budgets were Reviewed during FY 2022/2023
	BI, DRP		No. of planning documents	188	188	188	188	188	188	Review of County Budget Review

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Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target			Achieved Targets			Remarks/Reason for the variance
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23	
Programme: 0730000 Control and Management of Public Finances										
Programme Outcome: Accountability and Transparency in Public Financial Management										
			reviewed-County governments.							Outlook Paper, Annual Development Plan, County Fiscal Strategy Paper & County Debt Management Strategy Plan.
			No. of Budget Documents reviewed for County governments	194	194	188	194	188	188	Draft Budgets, Approved Budgets, and Supplementary Budgets were reviewed.
BI		Monitoring and Evaluation of budget implementation	Number of projects visited per County during Monitoring and Evaluation.	25	25	25	25	25	25	This is an average for every M&E visit.
			Number of M&E reports produced from County M&E exercises		47	47	10	44	30	All counties could not be visited due to time and budget constraints.

Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target			Achieved Targets			Remarks/Reason for the variance
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23	
Programme: 0730000 Control and Management of Public Finances										
Programme Outcome: Accountability and Transparency in Public Financial Management										
	BI, DLS, Public Relations and Communications Department (PR&C)	Public sensitisation forums on budget implementation	No. of public sensitisation forums.	2	2	4	0	8	0	No public sensitisation forums were held because of budgetary constraints
	BI, DLS	Improved engagement between CoB and legislature.	No. of media engagements	-	-	4	-	-	3	Three (3) media engagements were undertaken in FY 2022/23.
	BI, DLS	Improved engagement between CoB and legislature.	No. of committee meetings held in a year.	-	-	2	-	-	28	CoB prepared, submitted, and presented 16 special reports to various Committees of the National Assembly and 12 reports to various Senate committees.
0730030	Human Resource Management Department (HRM)	Efficient service delivery	No. of staff trained.	60	100	115	30	81	69	Target not met due to inadequate funding
			No. of achievement of	4	15	11	4	15	11	The set target on phased approach

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Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target			Achieved Targets			Remarks/Reason for the variance
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23	
Programme: 0730000 Control and Management of Public Finances										
Programme Outcome: Accountability and Transparency in Public Financial Management										
			the staff establishment							recruitment was achieved. However, the OCoB has a total of 145 staff against 253 optimal staff establishment
	PR&C		Customer satisfaction surveys	-	1	-	-	1	-	This is done biannually
	ICT Department		The proportion (%) of ICT assets and infrastructure maintained.	100	100	100	80	80	85	Inadequate ICT funding hindered the complete maintenance of ICT Infrastructure and assets.
	ICT Department		No. of disaster recovery sites acquired.	-	1	1	-	0	0	Target not met due to inadequate funding for ICT.
0730040 SP.1.4	DRP	Research on budget implementation	No. of Surveys and Research Reports	1	2	2	1	2	2	Report on the use of Article 223 by the MDAs to access additional funding. The

Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target			Achieved Targets			Remarks/Reason for the variance	
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23		
Programme: 0730000 Control and Management of Public Finances											
Programme Outcome: Accountability and Transparency in Public Financial Management											
Research & Planning			completed and circulated								OCoB completed the preparation of the strategic plan for the period 2023-2027
		OCoB Annual Report	No. of Annual reports produced and submitted to the Executive and Parliament under Article 254 (1) of the Constitution.	1	1	1	1	1	1	1	Seven hundred fifty copies of Annual reports were produced during the MTEF period.
		Development and review of OCoB policies	No. of policies developed and reviewed.	0	3	3	0	2	0	0	Transport and Records management policy developed
	DRP	Partnerships and collaborations.	No. of collaborations and partnerships established	0	0	2	0	5	2	2	Partnership with PFMR and NTA completed
DRP	Repository of planning documents maintained.	No. of annual online subscriptions.	0	24	22	0	24	0	22	22	OCOB has subscribed to KLISC

**Office of the Controller of Budget
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Programme	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Target			Achieved Targets			Remarks/Reason for the variance
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2020/21	FY 2021/22	FY 2022/23	
Programme: 0730000 Control and Management of Public Finances										
Programme Outcome: Accountability and Transparency in Public Financial Management										
		Knowledge management	No. of newspaper subscriptions	-	-	4	-	-	-	4

i. Authorization of Withdrawals of Fund from Public Funds

The OCoB processed an average of 12 requisitions per week for the withdrawal of funds from the Consolidated Fund were submitted to CoB. The requisitions were processed, reviewed and approval for withdrawals from the Consolidated Fund granted. In FY 2022/23, Kshs.3.29 trillion was approved for withdrawals from the Consolidated Fund as follows; Kshs.308.03 billion for development, Kshs.1.22 trillion for recurrent, Kshs.1.31 trillion for Consolidated Fund Services and Kshs.399.6 billion for County Government.

In addition, a total of nine (9) requisitions for the withdrawal of funds from the Equalisation Fund were submitted to CoB for approval. In FY 2022/23, seven (7) requisitions amounting to Kshs. 670.35 million were processed while in FY 2021/2022, two (2) requisitions amounting to Kshs. 122.25 million were approved.

Since FY 2020/21 to FY 2022/23, the CoB approved a cumulative sum of Kshs. 1.25 trillion from the 47 County Government Revenue Funds. In the same period, a total of 20,766 requisitions for the withdrawal of funds from the County Revenue Funds were submitted to CoB, out of which 20,378 were processed and approval for withdrawals granted. A total of 575 requisitions were declined for various reasons such as; non-adherence to pending bills schedules, non-compliance with PFMA and the attendant Regulations, non-adherence with the requirements contained in the guidelines provided, and submission of incomplete documentation by the County Treasuries.

The Judiciary Fund was operationalized in FY 2022/23. During the period, a total of 105 requisitions for the withdrawal of funds were submitted to CoB, out of which 89 were processed and approval for withdrawals amounting to Kshs. 20.24 billion granted. A total of 16 requisitions were declined for various reasons such as non-adherence to SRC Circulars, and non-adherence with the requirements contained in the Judiciary Fund Exchequer Guidelines.

The CoB ensured timely processing of withdrawals for the Consolidated Fund Services by providing a timely review, processing and approval/ decline of requests for withdrawals from the Consolidated Fund Services Account. Over the last three years, the office reviewed, processed,

and approved an average of 130 files per week on Public Debt payments. The CoB has also reviewed, processed and approved an average of 806 Pensions and Gratuities files per week in the period under review.

ii. Budget Review and Analysis

The CoB prepared and published eight (8) quarterly budget implementation review reports for the National and County governments. These reports were widely disseminated and submitted to Parliament. A total of 17,300 copies of the BIRRs were published for both the National and the County Governments in FY 2022/23. In addition, the CoB prepared 188 quarterly county-specific budget implementation review reports for all 47 County governments.

In the same period, the CoB reviewed, rendered advice, and made recommendations on planning and budget documents for the National Government including: Budget Review and Outlook Papers (BRBP); Draft Budget Policy Statements (BPS); Draft Budget Estimates; Approved Budgets; Supplementary Budgets; and Debt Management Strategy Papers. The office also reviewed the budget and planning documents for the Equalisation Fund and the Judiciary.

At the county level, the OCoB reviewed, rendered advice, and made recommendations on planning and budget documents for all County governments, these includes; County Integrated Development Plans (CIDPs); County Budget Review and Outlook Papers (CBROP); Annual Development Plans (ADP); County Fiscal Strategy Papers (CFSP); Draft Budget Estimates; Approved Budget Estimates; Supplementary Budgets and Debt Strategy Management Papers.

In FY 2022/23, M&E was undertaken in 30 Counties. This was aimed at ensuring public funds are used in a prudent and efficient manner in the implementation of budgets. The M&E objectives included; evaluating the progress made in the implementation of programs and activities as per the approved budgets, providing a report to Parliament and the Presidency on the progress made in the implementation of programs and activities; monitoring compliance with various budget ceilings during the budget formulation and implementation phase and compliance with the Programme-Based Budget; monitoring compliance with laws relating to the establishment, operations, and reporting of Public Funds established by the County Governments.

iii. Administration Support Services

To ensure optimum staffing levels, the office has adopted a phased approach recruitment to address the ever-increasing workload. OCoB recruited 20 staff to fill vacant positions within the establishment during the period. This comprised five (5) staff at the management level, thirteen (13) at technical level and two (2) at the support level. The staff recruitment was informed by the skills set analysis provided by the Heads of Department after a comprehensive skills gap review.

In addition, the OCoB reviewed the adequacy of its internal control systems, risk management frameworks and existing governance processes. The CoB also reviewed public debt, Pensions and Gratuities payments for compliance with the law.

iv. Research & Planning

During the period under review, the office undertook research on the use of Article 223 by the MDAs to access additional funding. The report was shared with the NT&EP. Other activities undertaken includes the review and development of the OCoB strategic plan and research on management of pension funds.

To enhance knowledge management, there was seamless provision of information resources through Kenya Library Information Systems Consortium (KLISC) and quarterly newspaper subscriptions. The OCoB has put in place a repository of planning and budget documents for national and county government to support sharing of budget information with stakeholders and the public. This reflects the OCoB commitment to ensuring uninterrupted access to information in line with section 39(8) of the PFM Act, 2012.

(b) Financial Performance from FY 2020/21 to FY 2022/23

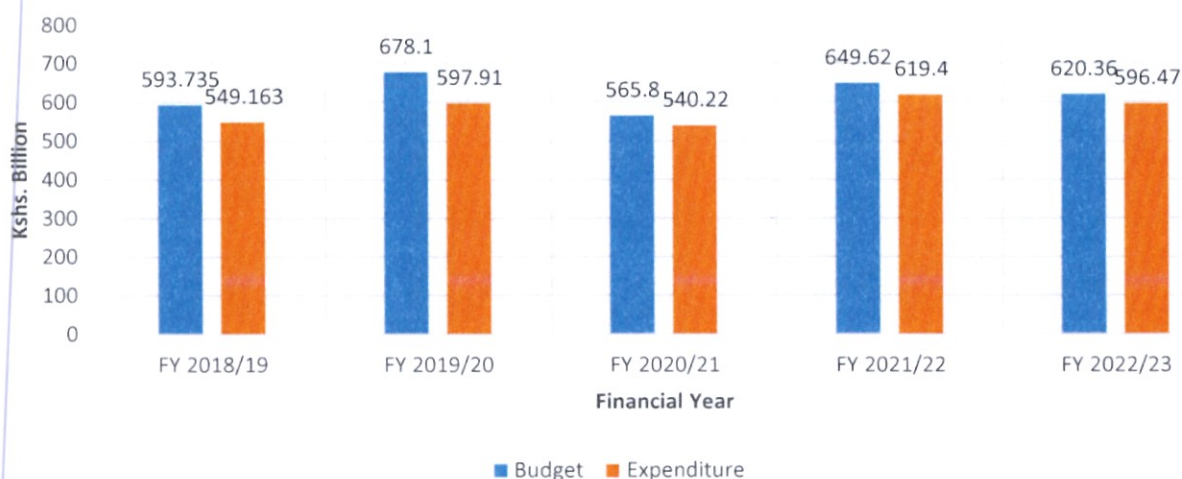
For the last five years, the OCoB has received total budget allocation of **Kshs.3.11 billion** and the total expenditure was **Kshs. 2.90 billion**. Utilization of the budget was carried out through the main Programme of '*Control and Management of Public Finances*' in four sub-programmes and various activities (economic classifications).

Table 8.2: Analysis of Recurrent expenditure (Kshs. Million) from FY 2020/21 to FY 2022/23

Economic Classification	Approved Budget Allocation			Actual Expenditure		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Gross	565.8	649.62	620.36	540.22	619.40	596.24
NET	565.8	649.62	620.36	540.22	619.40	596.24
Compensation to employees	329.92	340.29	358.37	318.69	334.10	350.45
Other Recurrent	235.88	309.33	261.99	221.53	285.30	245.79

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Figure 8.1: OCoB Budget versus Expenditure during the 5 Year period



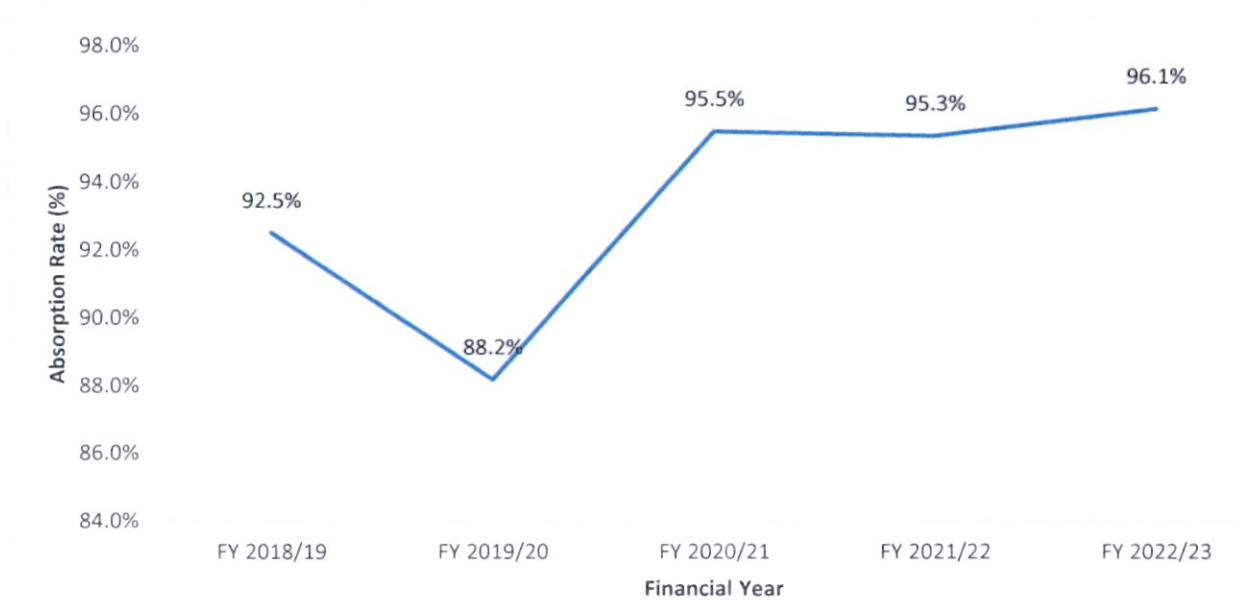
As illustrated in

Error! Not a valid bookmark self-reference. shows the budget allocation to the OCoB versus actual expenditures since FY 2018/19

Figure 8.1 the budget allocation to the OCoB has shown no trend over the financial years attributed to external factors including budget austerity measures, COVID-19 effects, economic downturn and change in government policies. The expenditure has to a great extent been influenced by the timeliness or otherwise of exchequer disbursement to the office, procurement

challenges, IFMIS downtime among others. The office has shown resilience in utilizing the funds allocated within a financial year despite the challenges faced.

Figure 8.2: Trend in Budget Absorption from FY 2018/19 to FY 2022/23



As illustrated in Figure 8.2, the absorption rate has been on the rise since FY 2018/19 with a significant drop in FY 2019/20 attributed to COVID-19 effects. The absorption rate for the OCoB budget has improved to 96.1 percent in FY 2022/23 from 95.3 percent recorded in FY 2021/22.

(c) Future Development and any other information relevant to the users of financial statement

In the coming FY 2023/24, OCoB plans to migrate from the International Public Sector Accounting Standards (IPSAS) cash basis of accounting to IPSAS accrual basis for reporting on its Annual Reports and Financial Statements as prescribed by the PSASB. The office undertook its first capacity-building programme for selected staff on IPSAS accrual in May 2023. Further, the office has budgeted for funds in FY 2023/24 to support the transition.

The OCoB will be implementing its third strategic plan for the period 2023-2027 to guide the implementation of planned activities for the next five years. The plan will guide the implementation of the proposed human resource instruments, implementation of the monitoring

and evaluation of budget implementation process, and the development and implementation of the OCoB Regulations. The OCoB plans to automate the exchequer process to support the withdrawals processes.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The OCoB oversees the implementation of the budgets of both the National and County governments by authorizing withdrawals from Public Funds as provided for under Articles 204, 206, and 207 of COK, 2010. The OCoB purpose to improve impact and effectiveness in promoting prudent financial management in the public sector and contribute to the achievement of Kenya's development plan.

Below is a brief highlight of our achievements in each pillar

(a) Sustainability Strategy and Profile

The OCoB is committed to operating sustainably with finances, people and places living our core values of integrity, transparency & accountability, professionalism, independence, creativity & Innovation and teamwork. The effective sustainability strategies have delivered several benefits to the OCoB including innovation and growth, risk management, good reputation, cost savings and motivation of staff.

i. ICT Strategy – Infrastructure:

The OCoB has developed a robust ICT infrastructure to support the OCoB in achieving its mandate. Having a reliable LAN and WAN network, the OCoB has improved its internal communication and collaboration, thus faster achievement of its strategic activities.

The OCoB has invested in ICT and networking equipment where the statutory reports required by law are uploaded on the Budget Yetu Mobile Application available on Google Play, Apple Store and Microsoft Store and can be downloaded at no cost.

ii. Phased recruitment of staff:

The OCoB has adopted a phased approach in the recruitment of staff for vacant positions based on OCoB needs and workload analysis. This has resulted in some savings in personnel emoluments

iii. Savings on rent and OCoB utilities:

The OCoB adopted sharing OCoB space with County governments and National government. This has translated into savings on office rent, electricity, security, water and sewerage among other services.

The capacity building for staff in-house has reduced travel and accommodation costs. The OCoB focus was mostly on group training as opposed to individual training.

The OCoB also subscribed to the purchase of digital newspapers as opposed to printed ones to save on costs associated with the subscription of newspapers.

(b) Environmental performance

OCoB has mainstreamed its environmental sustainability goals within its operation as part of its strategy to enhance the core mandate. The OCoB therefore, continues to comply with applicable environmental laws and regulations in the public sector.

The OCoB has allocated in its budget funds to cater for cleaning services, supplies of cleaning material to facilitate general cleanliness in all its county offices. On the disposal of obsolete and unserviceable assets, the OCoB is guided by Section 163 of the PPADA 2015 and has established an Ad hoc Asset Disposal Committee for purposes of identifying and recommending to the Accounting Officer on methods of disposal.

(c) Employee Welfare

The OCoB has an elaborate Human Resource Policy that provides for a structured framework for the management of human resources processes of recruitment, selection appointment, development and promotions. The policy emphasizes the OCoB's commitment to diversity to

represent the face of Kenya. It is the policy of OCoB to provide continuous high-quality training and development to staff to improve their skills and competencies that will contribute to improved organizational performance.

i. Staff Welfare Scheme

The OCoB has established a staff welfare scheme to cater for welfare matters which is voluntary and open to all staff. The objectives of the scheme are to encourage members to save a portion of their salaries every month for welfare matters and for the general welfare of the members by way of assistance, participation, and or contribution to the welfare of the members especially in times of need.

ii. Staff Mortgage Scheme

The OCoB has a Mortgage Scheme to provide mortgage facilities to staff. The purposes of the scheme include:

- Purchasing existing residential properties
- Purchase of land and construction,
- Construction, renovation and improvement of existing residential property or existing plot/land,
- Takeover loans on existing mortgages or equity release on existing property.

The CoB has appointed a committee with the mandate of processing loans from applicants under the OCoB Staff Mortgage Scheme Guidelines, 2018. The Staff Mortgage Scheme Administration Committee is responsible for setting up a revolving fund for the disbursement of loans and supervising the day-to-day operations of the Scheme. The Fund is administered by the Housing Finance Corporation (HFCK). The Mortgage Scheme envisages the government's Bottom-Up Economic Transformation Agenda (BETA) and the overall development goals of the country.

iii. Staff Capacity Building

The OCoB recognizes the importance of training and development to enhance productivity and efficiency. Towards realization of this, the OCoB undertook capacity building programs and facilitated staff to attend professional development courses, seminars and workshops. The trainings are aligned with the organization's performance management systems.

iv. Occupational Safety and Health

The OCoB is committed to providing and maintaining safe working conditions, equipment and systems of work, that are safe for all employees, visitors and other persons at or near its operational areas. OCoB has an Occupational Safety and Health Policy aligned with the Occupational Safety and Health Act of 2007, (OSHA).

v. First Aid Kits

The OCoB acquired functional First Aid kits and trained staff. The aim is to ensure first aid is given to staff in the event of minor injuries or accidents before the case is handed over to professional medics. As part of the Kenya government safety requirements within the work environment, organizations must train at least five staff to handle the kits.

vi. Safety Risk Management

OCoB continues to undertake a risk assessment of its operations to strengthen the controls and prevent disruptions. This entails developing measures to prevent an incident occurring at the work place.

A risk register is maintained and regularly reviewed for relevance, as the conditions of our workplaces are dynamic. Where an incident occurs, the OCoB focuses on the protection of life and has put measures to safeguard life and property. These include;

- Adherence to safety designs in the OCoB,
- Strengthening barriers that reduce the spread of harm and
- Continuous training and awareness programs undertaken to equip staff with skills to detect and appropriately respond to emergencies.
- Disaster recovery and continuity planning to enable the resumption of the operation of critical services as fast as possible.

The OCoB has completed the development of the following policies;

- Revised HR Policies and Procedures Manuals to address gaps in the schemes of service and succession management.
- Talent Management Policy to cater for rewards and sanctions for staff to ensure staff retention.
- Safety and Occupational Policy

(d) Operational practices

i. Anti-corruption issues

The OCoB has made remarkable strides in the prevention of corruption and unethical practices as provided in the Ethics and Anti-Corruption Act, 2011. Key achievements include:

The establishment of the Integrity Committee is aimed to institutionalize the anti-corruption initiatives in the operations of the OCoB. The committee's mandate is to coordinate, formulate and implement Codes of Conduct and Ethics, Anti-Corruption Policy, Integrity Testing Programme, Whistle Blowers Protection Systems, Corruption reporting channels, Customer service charters for all Departments, Financial, Procurement, and Human Resource Manuals, Corruption Risk Assessment and mitigation plan and Performance.

ii. Institutional capacity

The OCoB has developed the following policies: Investigation Policy; Risk Management Policy Framework, Wealth Declaration Guidelines, Complaints Handling Policy; Code of Conduct and Ethics. These policies are meant to strengthen the institutional capacity in dealing with anti-corruption issues.

iii. Public Education

The OCoB has five (5) trained Integrity Assurance Officers and thirteen (13) members of the Integrity Committee. The OCoB also trained the one hundred (100) staff members on leadership and integrity. The Committee also ensured that the integrity policy, conflict of interest register and gift register were implemented, maintained and operationalized.

iv. Political Involvement

The OCoB is an Independent office established under Article 228 of the Constitution with the mandate being to oversee implementation of the budgets of both the National and County Governments by authorizing withdrawals from public funds. The OCoB's independence is further ensured by the constitutional provisions under Article 249 of the Constitution of Kenya 2010 which stipulates that they are subject only to the Constitution and the law, and are not to be directed or controlled by any person or authority. The OCoB provides elaborate checks and balances mechanisms that ensure prudent financial management of public resources as envisaged by the law.

v. Responsible Supply Chain and Supplier Relations

The main objective for the supply chain function is to improve processes and service delivery to stakeholders. Supply Chain plays a pivotal role in the timely procurement of quality goods, works and services. The procurement process is guided by the Public Procurement and Assets Disposal Act 2015 and Regulation 2020, policies, Constitution and best practices in the industry.

The OCoB carried out the following activities; printing of annual reports, budget implementation review reports, financial statements, medical cover for the OCoB staff, Group Personal Accident Cover (GPA) and work injury benefits act (WIBA).

The OCoB maintains good business practices, treats its suppliers responsibly by honouring contracts and respecting payment practices. The OCoB while carrying out its mandate has endeavored to follow the accepted procurement standards. The office allocated 30% of the tenders to women, youth and persons with disabilities, in accordance with Section 155 of the PPADA 2015 which makes it mandatory for public entities to comply with the provisions of Part XII of the Act on Preference and Reservations in Procurement. Sections 53 (6), and 157 (5) and (10) of the Act requires Accounting Officers of public entities to reserve a prescribed percentage of its procurement budget, which shall not be less than 30 per cent, to the disadvantaged groups in society. In this regard, the OCoB awarded contracts worth **Kshs.48.2 million** to the disadvantaged Groups (Women, Youth and PWDs) against the procurement budget of **Kshs.161.4 million**. The total contracts awarded to the target group translated to **30 per cent** of the total procurement budget of the OCoB for 2022/23.

vi. Marketing and Advertisement

The OCoB is a service delivery entity, and it has endeavoured to create its visibility to the public through various platforms including a service charter, website, brand identity, media presence, distribution of OCoB reports and public educational materials and social media presence, and engagements with the media through interviews.

(e) Community Engagements

CSR is an important component that enables an organization to participate in promoting the environmental, ethical and socio-economic concerns of the communities.

10. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Controller of Budget is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Controller of Budget accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies under International Public Sector Accounting Standards (IPSAS). The CoB believes that the *entity's* financial statements give a true and fair view of the state of the entity's transactions during the financial year ended June 30, 2023, and of the entity's financial position as of that date. The Controller of Budget further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Controller of Budget confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable) and

Office of the Controller of Budget

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that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

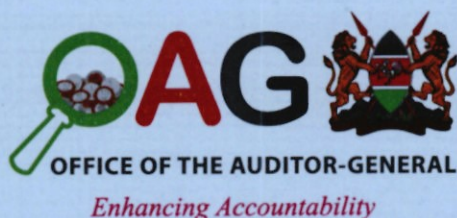
Approval of the financial statements

The OCoB financial statements were approved and signed by the Accounting Officer on September 6, 2023.



FCPA Dr. Margaret N. Nyakang'o, CBS
ICPAK Member: 2145
The Controller of Budget

REPUBLIC OF KENYA



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REPORT OF THE AUDITOR-GENERAL ON OFFICE OF THE CONTROLLER OF BUDGET FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed, and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Office of the Controller of Budget set out on pages 1 to 29, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2023, and the statement of receipts and payments, statement of

cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Controller of Budget as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Controller of Budget Act, 2016.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Office of the Controller of Budget Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Pending Accounts Payables

Note 22.2 to the financial statements reflects pending accounts payables totalling Kshs.4,331,239 as at 30 June, 2023. The balance relates to pending bills that were not paid during the year under review but were instead carried forward to the financial year 2023/2024.

Failure to settle bills during the year to which they relate adversely affects the implementation of the subsequent year's budgeted programs as the outstanding bills form a first charge to that year's budget provision.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Office's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of its services and using the applicable basis of accounting unless Management is aware of the intention to abolish the Office or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Office's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also: -

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Office to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Office to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

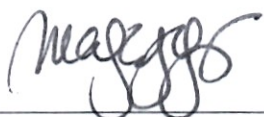
Nairobi

08 January, 2024

**12. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED
JUNE 30, 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
RECEIPTS			
Exchequer releases	20.1	599,200,344	644,434,737
Proceeds from Domestic and Foreign Grants	20.2	-	1,167,200
TOTAL RECEIPTS		599,200,344	645,601,937
PAYMENTS			
Compensation of Employees	20.3	350,454,863	334,098,453
Use of goods and services	20.4	178,221,167	161,604,705
Social Security Benefits	20.5	10,892,801	19,717,310
Acquisition of Assets –Non-Financial	20.6	7,077,869	3,979,490
Acquisition of Assets – Financial	20.7	49,591,116	100,000,000
Expenditure from Domestic and Foreign Grants	20.2	-	1,167,200
TOTAL PAYMENTS		596,237,816	620,567,158
		2,962,528	25,034,779
SURPLUS/(DEFICIT)			

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on September 6, 2023 and signed by:



Controller of Budget
Name: FCPA Dr. Margaret Nyakang'o
ICPAK Member: 2145



Chief Manager Finance and Accounts
Name: CPA Pamela Okatch
ICPAK Member Number: 7884



Director Corporate Services
Name: CPA Macklin Ogolla
ICPAK Member: 4077

**13. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS
AT JUNE 30, 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	20.8A	7,123,928	25,452,675
Cash Balances	20.8B	169,838	254,630
Total Cash and cash equivalent		7,293,766	25,707,305
Imprest and Advances	20.9	-	2,346
TOTAL FINANCIAL ASSETS		7,293,766	25,709,651
FINANCIAL LIABILITIES			
Third Party Deposit and Retention	20.10	(4,331,238)	(674,853)
NET FINANCIAL ASSETS		2,962,528	25,034,798
REPRESENTED BY			
Fund balance b/fwd	20.11	25,034,798	22,997,750
Prior year adjustment	20.12	-25,034,798	(22,997,750)
Surplus/(Deficit) for the year		2,962,528	25,034,798
NET FINANCIAL POSITION		2,962,528	25,034,798

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on September 6, 2023 and signed by:

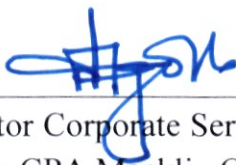


Controller of Budget

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Chief Manager Finance and Accounts
Name: CPA Pamela Okatch
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Director Corporate Services
Name: CPA Macklin Ogolla
ICPAK Member: 4077

14. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

Description	Note	2022-2023	2021 -2022
		Kshs	Kshs
Operating Activities			
Receipts			
Exchequer Releases	20.1	599,200,344	644,434,737
Proceeds from Domestic and Foreign Grants –Ford Foundation	20.2	-	1,167,200
Total Receipts		599,200,344	645,601,937
Payments			
Compensation of Employees	20.3	350,454,863	334,098,453
Use of goods and services	20.4	178,221,167	161,604,705
Social Security Benefits	20.5	10,892,801	19,717,310
Other Expenses - Ford Foundation Grant Expenditure	20.2	-	1,167,200
Total Payments		539,568,831	516,587,668
Net Receipts/(Payments)		59,631,513	129,014,269
Adjusted for:			
Adjustments during the year			
Prior Year Adjustments	20.12	(25,034,798)	(22,997,750)
Decrease/(Increase) in accounts receivable	20.13(a)	2,346	(2,336)
Increase/(Decrease) in deposits and retention	20.13(b)	3,656,385	(1,166,867)
Net cash flow from operating activities(A)		38,255,446	104,847,325
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Assets-Non-Financial	20.6	(7,077,869)	(3,979,490)
Acquisition of Assets- Financial	20.7	(49,591,116)	(100,000,000)
Net cash flows from Investing Activities(B)		(56,668,985)	(103,979,490)
CASHFLOWS FROM FINANCING ACTIVITIES			
Net cash flow from financing activities©			
NET INCREASE IN CASH AND CASH EQUIVALENT		(18,413,539)	867,805
Cash and cash equivalent at BEGINNING of the year		25,707,305	24,839,470
Cash and cash equivalent at END of the year		7,293,766	25,707,305

Office of the Controller of Budget

Annual Report and Financial Statements for the year ended 30, June 2023

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on September 6, 2023 and signed by:



Controller of Budget

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Name: CPA Macklin Ogolla

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15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR FY2022/23

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Exchequer releases	702,370,000	(82,008,883)	620,361,117	599,200,344	21,160,773	97%
Total Receipts						
Payments						
Compensation of employees	400,070,000	(41,700,000)	358,370,000	350,454,863	7,915,137	98%
Use of goods and services	182,179,737	6,160,000	188,339,737	178,221,167	10,118,570	95%
Social security benefits	15,423,120	(4,400,000)	11,023,120	10,892,801	130,319	99%
Acquisition of assets non-financial	4,697,143	8,240,000	12,937,143	7,077,869	5,859,274	55%
Acquisition of assets-Financial	100,000,000	(50,308,883)	49,691,117	49,591,116	100,001	100%
Total Payments	702,370,000	(82,008,883)	620,361,117	596,237,816	24,123,301	96%
Surplus/ Deficit	-	-	-	2,962,528	(2,962,528)	

The OCoB does not have A-I-A hence the receipts are only exchequer issues during the period.

- (a) The changes between the original budget and the final budget of **Kshs. 82,008,883** were as a result of savings in the personnel emoluments due to delay in the recruitment process undertaken and budget cuts during the period under review.
- (b) The significant underutilization of economic classification on Acquisition of Assets (non-financial) at **55 percent** under-expenditure of budget allocated on the purchase of office furniture and general equipment. This was a result of delay in the delivery of goods and services.

16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS: RECURRENT FOR FY2022/23

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Exchequer releases	702,370,000	(82,008,883)	620,361,117	599,200,344	21,160,773	97%
Total Receipts						
Payments						
Compensation of employees	400,070,000	(41,700,000)	358,370,000	350,454,863	7,915,137	98%
Use of goods and services	182,179,737	6,160,000	188,339,737	178,221,167	10,118,570	95%
Social security benefits	15,423,120	(4,400,000)	11,023,120	10,892,801	130,319	99%
Acquisition of assets non-financial	4,697,143	8,240,000	12,937,143	7,077,869	5,859,274	55%
Acquisition of assets-Financial	100,000,000	(50,308,883)	49,691,117	49,591,116	100,001	100%
Total Payments	702,370,000	(82,008,883)	620,361,117	596,237,816	24,123,301	96%
Surplus/ Deficit	-	-	-	2,962,528	(2,962,528)	

Office of the Controller of Budget

Annual Report and Financial Statements for the year ended 30, June 2023

The OCoB does not have A-I-A hence the receipts are only exchequer issues during the period.

- (c) The changes between the original budget and the final budget of **Kshs. 82,008,883** were as a result of savings in the personnel emoluments due to delay in the recruitment process undertaken and budget cuts during the period under review.
- (d) The significant underutilization of economic classification on Acquisition of Assets (non-financial) at **55 percent** under-expenditure of budget allocated on the purchase of office furniture and general equipment. This was a result of delay in the delivery of goods and services.

The financial statements were approved on September 6, 2023 and signed by:



Controller of Budget

Name: FCPA Dr. Margaret Nyakang'o

ICPAK Member: 2145



Chief Manager Finance and Accounts

Name: CPA Pamela Okatch

ICPAK Member Number: 7884



Director Corporate Services

Name: CPA Macklin Ogolla

ICPAK Member: 4077

**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS:
DEVELOPMENT FOR FY2022/23**

The OCoB does not have a Development vote



Controller of Budget

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ICPAK Member: 2145



Chief Manager Finance and Accounts

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ICPAK Member Number: 7884



Director Corporate Services

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ICPAK Member: 4077

18. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR FY2022/23

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2022			2022	
	Kshs			Kshs	Kshs
Control and Management of Public Finance	702,370,000	(82,008,883)	620,361,117	596,237,816	24,123,301
S.P 1: Authorization of Withdrawals from Public Funds	177,404,127	(13,994,500)	163,409,627	159,811,070	3,598,557
S.P 2: Budget Review and Analysis	56,734,917	(7,711,000)	49,023,917	48,923,871	100,046
S.P 3: Administrative Support Services	422,132,244	(52,701,052)	369,431,192	350,377,095	19,054,097
S.P 4: Research and Planning	46,098,712	(7,602,331)	38,496,381	37,125,779	1,370,602
Total	702,370,000	(82,008,883)	620,361,117	596,237,816	24,123,301

19. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

Reporting entity

The financial statements are for the Office of the Controller of Budget. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity: During the period under review, the OCoB did not have development vote hence we did not implement any projects.

Reporting Currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

Significant Accounting Policies

The accounting policies as set out in this section have been applied consistently by the OCoB for all the years presented.

a) Going Concern Principle

The financial statements are prepared on assumption that the OCoB is a going concern and will continue in operation and meet its statutory obligations for the foreseeable future.

b) Recognition of Receipts

The OCoB recognises all receipts from the various sources when the event occurs and the related cash has been received by the entity. During the period under review, the office receipts comprised of exchequer releases only.

i. Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the Bank and notified to the receiving entity. During the period under review, the office received exchequer notifications amounting to **Kshs. 599,200,344.10**

ii. External Assistance

External assistance is received through grants from a development partner. During the period under review, OCoB received financial assistance from PFMR to undertake the training of county government officials on the exchequer process and support the purchase of server and storage infrastructure.

The external assistance were direct payments by the donors hence are not recorded in the financial statements.

During the year ended June 30, 2023, there were no instances of non-compliance with terms and conditions which could have resulted in the cancellation of external assistance Grants/loans.

iii. Other Receipts

These include Appropriation-in-Aid and relate to receipts such as proceeds from the disposal of assets and sale of tender documents. These are recognized in the financial statements at the time associated cash is received. During the period under review, there were no disposals.

Recognition of Payments

The office recognises all payments when the event occurs, and the related cash has been paid out by the Entity.

i. Compensation of Employees

Salaries and wages, allowances, and statutory contributions for employees are recognized in the period when the compensation is paid.

ii. Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. The office made payments for the goods/services consumed amounting to Kshs.596,241,342 during the period under review.

Acquisition of Fixed Assets (Non- Financial)

The payment on the acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from the disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is

Office of the Controller of Budget

Annual Report and Financial Statements for the year ended 30, June 2023

recorded as receipt and as payment. A fixed asset register is maintained by the OCoB and a summary is provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements (Annex 2).

iii. Acquisition of Assets- Financial (Domestic Lending and On Lending)

The OCoB received **Kshs.49,691,117** to cater for staff mortgage funds. Out of this, the office paid employers contributions to Fringe Benefit Tax (FBT) amounting to **Kshs. 3,900,493** and the balance of **Kshs.45,790,623** was transferred to the fund Manager (Housing Finance Corporation). This is reported separately in the OCoB Staff Mortgage Report and Financial Statement.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at hand and cash at the Bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The office Bank accounts recurrent and deposit balances are held at the Central Bank of Kenya while the Staff Mortgage Scheme account is held at Housing Finance Corporation (HFCK) at the end of the financial year. A bank account register is maintained, and a summary provided for purposes of consolidation (Annex 3)

Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third-party deposits. As of 30th June 2023, this amounted to **Kshs 4,331,238** compared to **Kshs. 674,853** in the prior period as indicated on note 20.10. The OCoB made a refund amounting to **Kshs.232,727** to exchequer account as monies collected on payroll commissions.

Imprests and Advances

For these financial statements, imprests and advances to authorised public officers and/or institutions that were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements. There was no outstanding imprest as at the close of the financial year under review.

Third party deposits and retention

For these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending the fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

During the period under review the outstanding balance of **Kshs. 4,331,238** in the deposit account on account of 3rd parties. Includes monies held for compensation by Insurance for the loss of equipment's, and medical refunds.

Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance items to provide a sense of the overall net cash position of the Entity at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made. During the period under review, the OCoB

Office of the Controller of Budget

Annual Report and Financial Statements for the year ended 30, June 2023

had pending bills of **Kshs. 2,969,000**. This arose due to delays of delivery of goods by the supplier.

Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament in June 2022 for the period 1st July 2022 to 30th June 2023 as required by Law. There were two supplementary adjustments to the original budget during the year. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognized as inter-entity transfers.

Comparative Figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

Subsequent Events

There have been no events after the financial year-end with a significant impact on the financial statements for the year ended 30th June 2023.

Related Party Disclosures

Related party disclosure is encouraged under the non-mandatory section of the Cash Basis IPSAS. The following comprises related parties to the office.

- i) Key management personnel that include the Cabinet Secretaries and Accounting Officers
- ii) Other Ministries Departments and Agencies and Development Projects;
- iii) County Governments; and
- iv) State Corporations and Semi-Autonomous Government Agencies.

20. NOTES TO THE FINANCIAL STATEMENTS**20.1 Exchequer Releases**

Description	Item Code	2022-2023	2021-2022
		Kshs	Kshs
Transfer from Exchequer	9910201	599,200,344	644,434,737
TOTAL		599,200,344	644,434,737

The OCoB received exchequer amounting to **Kshs. 599,200,344** in Financial Year 2022/23 compared to **Kshs. 644,434,737** recorded in the FY 2021/22, translating to **7 percent** decrease.

20.2 Proceeds from Domestic and Foreign Grants

Name of Donor	Date received	Direct payment	Amount in foreign currency	2022-2023	2021-2022
				Kshs	Kshs
Grants Received from Multilateral Donors (International Organizations)					
Ford Foundation			-	-	1,167,200
TOTAL			-	-	1,167,200

20.3 Compensation to Employees

Description	Item Code	2022-2023	2021-2022
		Kshs	Kshs
Basic salaries of permanent employees	2110100	216,523,925	212,201,865
Basic wages of temporary employees	2110200	159,409	413,734
Personal allowances paid as part of salary	2110300	92,039,283	87,854,121
Personal Allowances paid as Reimbursements	2120100	8,000,000	-
Employer Contributions Compulsory national social security schemes		33,732,246	33,628,733
TOTAL		350,454,863	334,098,453

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The total payment for the compensation of employees for FY 2022/23 stood at **Kshs. 350,454,863** representing a **4.9%** increase compared to **Kshs. 334,098,453** recorded in the FY 2021/22. This is attributed to the annual increase of staff basic salaries, salaries for new staff recruited during the financial year; and employer contributions to the staff pension scheme.

20.4 Use of Goods and Services

Description	Item Code	2022-2023	2021-2022
		Kshs	Kshs
Utilities, supplies and services	2110100	-	-
Communication, supplies and services	2110200	11,953,894	6,564,719
Domestic travel and subsistence	2210300	23,593,814	18,216,555
Foreign travel and subsistence	2210400	-	884,910
Printing, advertising and information supplies & services	2210500	35,656,496	29,353,621
Rentals of produced assets	2210600	700,000	1,034,722
Training expenses	2210700	12,511,235	8,115,610
Hospitality supplies and services	2210800	11,407,031	7,180,369
Insurance costs	2210900	42,940,712	45,917,928
Specialized materials and services	2211000	1,047,430	781,760
Office and general supplies and services	2211100	6,890,416	5,828,476
Fuel Oil and Lubricants	2211200	2,467,481	2,593,792
Other operating expenses	2211300	21,071,013	27,306,765
Routine maintenance – vehicles and other transport equipment	2220100	6,017,495	5,807,315
Routine maintenance – other assets	2220200	1,964,150	2,018,163
TOTAL		178,221,167	161,604,705

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The total payment for the use of goods and services for FY 2022/23 stood at **Kshs. 178,221,167** representing a **10%** increase compared to **Kshs. 161,604,705** recorded in the FY 2021/22. This increase is due to the planned activities undertaken during the FY 2022/23 as monitoring and evaluation exercise at the county level, development of Human Resource (HR) instruments.

20.5 Social Security Benefits

Description	Item Code	2022-2023	2021-2022
		Kshs	Kshs
Government pension and retirement benefits	2710100	10,892,801	19,717,310
TOTAL		10,892,801	19,717,310

The social security benefit relates to payments of gratuity for staff whose contracts ended during the year. The total payment for the social security benefits for FY 2022/23 stood at **Kshs. 10,892,801** representing a **44.6 per cent** decrease compared to **Kshs. 19,717,310** recorded in the FY 2021/22.

20.6 Acquisition of Assets (Non -Financial Assets)

Description	Item Code	2022-2023	2021-2022
		Kshs	Kshs
Refurbishment of Buildings	3110100	-	979,225
Purchase of Office Furniture and General Equipment	3111000	3,288,910	2,573,265
Purchase of specialised plant, Equipment and Machinery	3111100	3,788,959	427,000
TOTAL		7,077,869	3,979,490

The total payment for the acquisition of assets for FY 2022/23 stood at **Kshs. 7,077,869** representing a **77.9 per cent** increase compared to **Kshs. 3,979,490** recorded in the FY 2021/22. This was attributed to an increase in allocation to purchase ICT infrastructure equipment.

20.7 Acquisition of Assets (Financial Assets)

Description	Item Code	2022-2023	2021-2022
		Kshs	Kshs
Domestic Public Financial Institutions (Mortgage Scheme)	4110000	49,591,116	100,000,000
TOTAL		49,591,116	100,000,000

During the year under review, the allocation to staff mortgage scheme was **Kshs.49,591,116** to cater for OCoB Staff mortgage in support of BETA government policy. The accounting treatment is done under a separate mortgage scheme financial statement.

20.8 Cash and Bank Accounts

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Accounts (Note 20.8 A)	7,123,928	25,452,675
Cash on hand (Note 20.8 B)	169,838	254,630
Total	7,293,766	25,707,305

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20.8A Bank Accounts

Name of Bank, Account No. & currency	Currency	Recurrent, Development Deposit	Exc rate (if in foreign currency)	Item Code	2022-2023	2021-2022
					Kshs	Kshs
Central Bank of Kenya 1000181338(Kshs.)	Kshs.	Recurrent	-	6530000	2,792,690	24,777,822
Central Bank of Kenya 1000182369(Kshs.)	Kshs.	Deposit	-	6550000	4,331,238	674,853
TOTAL					7,123,928	25,452,675

20.8B Cash in hand

Description	Item Code	2022-2023	2021-2022
		Kshs	Kshs
Cash in Hand-Held in domestic currency	6580000	169,838	254,630
TOTAL		169,838	254,600

Cash in hand should also be analysed as follows

Description	Item Code	2022-2023	2021-2022
		Kshs	Kshs
Location: Headquarters, Bima House Building, 12 th floor cash office	6580000	169,838	254,630
TOTAL		169,838	254,630

20.9 Imprests and Advances

<i>Description</i>	<i>Item Code</i>	2022-2023	2021-2022
		Kshs	Kshs
Other Debtors and Pre-payments	6740000	-	10
Government Imprests-Temporary Imprests	6740000	-	2,336
TOTAL		-	2,346

The office had no outstanding imprest in the FY 2022/23. The FY 2021/2022 outstanding imprest of Kshs.2,336 and prepayment of Kshs. 10 which was cleared during the period under review.

Imprests and advances Aging analysis.

	2022-2023	% of the total	2021-2022	% of the total
Under one year	-	%	2,336	%
TOTAL	-		2,336	

20.10 Third party deposits and retention

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Retention		-		200,000
Deposits		4,331,238		474,853
Total		4,331,238		674,853
Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	3,856,718	89	-	
Over 3 years	474,520	11	674,853	100

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Total	4,331,238		674,853	
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Deposits include the amount received from Insurance refund for medical, loss of equipment and Ex Gratia paid to the office for the unutilized medical cover during the FY 2020/21

20.11 Fund Balance Brought Forward

Description	Item Code	2022-2023	2021-2022
		Kshs	Kshs
Opening Bank accounts	9990100	25,452,675	24,824,200.00
Opening Cash in hand	9990200	254,630	15,270.00
Imprests and advances	9990300	2,346	-
Third party deposits and retention	9990100	(674,853)	(1,841,720)
TOTAL		25,034,798	22,997,750

The opening bank and cash balance brought forward represent the unutilized balance at the closure of the financial year FY 2021/22. The unspent balance is refunded to the Exchequer account as per Section 45(2) of the Public Finance Management (PFM) Act, 2012. The variance in the opening balance in the deposit account is a result of remittance of retention monies and payroll commissions to the exchequer account.

20.12 Prior Year Adjustments

	Balance b/f FY 2021/2022 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f FY 2021/2022
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	25,452,675	-	25,452,675
Cash in hand	254,630	-	254,630
Imprests and advances	2,346	-	2,346
Third party deposits and retention	(674,853)	-	(674,853)

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TOTAL	25,034,798	-	25,034,798
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20.13(a)(Increase)/ Decrease in Advances and Imprests

	2022-2023	2021-2022
	KShs	Kshs
Receivables as at 1 st July (a)	2,326	(10)
Receivables as at 30 th June (b)	-	2,336
(Increase)/ Decrease in Receivables (c=(b-a))	2,326	(2,326)

(Receivable as at 1st July for FY 2022/23 should be the same as receivable as at 30th June for FY 2021/22)

20.13(b) Increase/ (Decrease) in Retentions and Third-Party Deposits

	2022-2023	2021-2022
	Kshs	Kshs
Payables as at 1 st July	674,853	1,841,720
Payables as at 30 th June	4,331,238	674,853
Increase/ (Decrease) in payables	3,656,385	(1,166,867)

21. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under the non-mandatory section of the Cash Basis IPSAS. The following comprises related parties to the OCoB.

- v) Key management personnel that include the Accounting Officer
- vi) Other Ministries Departments and Agencies and Development Projects;
- vii) County Governments; and
- viii) State Corporations and Semi-Autonomous Government Agencies.

22. OTHER IMPORTANT DISCLOSURES**22.1 Related Party Transactions**

Description	2022-2023	2021-2022
	Kshs	Kshs
Purchase of Goods and Services		
Training fees paid to govt agencies (Kenya School of Government, Kenya Institute of Highways and Building Technology, The National Industrial Training Authority, Kenya Institute of Supplies Management, National Integrity Academy)	3,670,685	2,355,130
Conference facilities hired from govt. agencies (Kenyatta International Convention Centre)	114,898	
Total goods and services paid to govt. agencies	3,785,583	2,355,130
Transfers from related parties		
Transfers from the Exchequer	599,200,344	644,434,737
Total Transfers from related parties	599,200,344	644,434,737

22.2 Other Pending Payables (See Annex 1)

Description	Balance b/f FY 2021/2022	Additions for the period	Paid during the year	Balance c/f FY 2022/2023
	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	334	363,312	(322,727)	40,919
Amounts due to staff (Insurance claims)	474,520	3,815,800	-	4,290,320
Amounts due to third parties	200,000	-	(200,000)	-
TOTAL	674,854	4,179,112	(522,727)	4,331,239

The other pending payables includes amounts collected by OCoB on behalf of other third parties. The amount of **Kshs. 474,520** and **Kshs.3,815,800** relates to payroll commissions and medical insurance refund to OCoB staff in relation to ex gratia.

22.3 Payments by third party on behalf of OCoB

a) Classification by Source

	FY 2022-2023	FY 2021-2022
Description	Kshs	Kshs
National government (The National Treasury and Planning Through Public Finance Management Reforms (PFMR))	6,149,100	21,927,000
International assistance organization (UNICEF/UNDP)	-	7,214,000
International assistance organization (IDLO)	-	5,284,300
NGOs (Institute of Public Finance)		31,000
Total	6,149,100	34,456,300

The OCoB collaborated with Development Partners to provide support for capacity building on public finance management and promoting accountability at both levels of government.

During the period under review, the OCoB partnered with the following organisations;

- The Governance for Enabling Service Delivery and Public Investment in Kenya (GESDek) program under the Public Finance Management Reforms (PFMR) Secretariat, partnered with OCoB and trained the County Executive and County Assembly officers from nine counties on their roles in the county exchequer approval process. The County Governments that were involved included; Kilifi, Kwale, Lamu, Mombasa, Taita Taveta, Tana River, Kitui, Makueni, and, Machakos.
- The PFMR also supported OCoB in the purchase of ICT infrastructure equipment worth Kshs.1,500,000.

b) Classification of payments made by Third Parties by Nature of expenses

<i>Descriptions</i>	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Use of goods and services	4,649,100	-
Acquisition of Assets	1,500,000	-
TOTAL	6,149,100	-

A schedule of assets acquired

Description	Quantity	Unit Cost	Amount (Kshs.)
a. Server and storage equipment	2	750,000	1,500,000
TOTAL			1,500,000

22.4 PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

All the issues were addressed to the satisfaction of the Auditor General during the audit period, who issued unqualified audit opinion on the Financial Statements of the Office of the Controller of Budget.

23. ANNEXES

Annex 1 - Analysis Of Other Pending Payables (Deposit Account)

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2023	Outstanding Balance 2022	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
The National Treasury	Payroll commission and salary recovery	363,646	N/A	(322,727)	40,919	334	Outstanding balance 2023 to be paid in FY 2023/24
Sub-Total		363,646		(322,727)	40,919	334	
Amounts due to County Govt Entities							
NONE	-	-		-	-		
Sub-Total		-		-	-	-	
Amounts due to Third Parties							
Tender Bond-Real Insurance	Retention	200,000	N/A	(200,000)	-	200,000	-
Sub-Total		200,000		(200,000)	-	200,000	
Amount due to staff (Insurance claim)							
CIC Refund (Medical)	Insurance Compensation	782,400	N.A	(387,840)	394,560	394,560	

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Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2023	Outstanding Balance 2022	Comments
Jubilee Insurance Refund (Equipments)	Insurance Compensation	456,440	N/A	(376,480)	79,960	79,960	
AAR Ex Gratia	Un utilized medical Insurance	-	-	-	3,815,700	-	
Sub-Total		1,238,840		(764,320)	4,290,220	474,520	
Grand Total		1,802,486		(1,287,047)	4,331,139	674,854	

Annex 2 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2021/2022	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) 2022/23
Buildings and Structures (Refurbishment of buildings)	2,328,000	-	-	-	2,328,000
Transport equipment (Vehicles and Other Transport Equipment)	48,786,259	-	-	-	48,786,259
Office equipment, furniture and fittings	80,185,946	3,288,910		-	83,474,856
ICT Equipment (Specialised Plant, Equipment and Machinery)	22,915,035	3,788,959	-	-	26,703,994
Total	154,215,240	7,077,869			161,293,109
Intangible assets (Domestic Lending and On-Lending (Mortgage))	350,000,000	49,591,116	-	-	399,591,116
Total	350,000,000	49,591,116	-	-	399,591,116
	504,215,240	56,668,985		-	560,884,225

The balance at the end of the year is the cumulative cost of all assets bought by the OCoB.

Additions during the year amounting to **Kshs. 7,077,869** are assets acquired during the year (see notes 20.6 and 20.7). However, the amount in the table above;

- Include payment for OCoB staff loan mortgage scheme amounting to **Kshs. 49,591,116**
- During the year, there were no assets disposed.

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Annex 3 – Bank Accounts Register

Name of Account	Name of Account	Name of Account	Name of Account	Name of Account	Name of Account	Name of Account
Central Bank of Kenya						
Rec-Controller of Budget	Central Bank of Kenya-Head Office	Recurrent	Kenya Shillings	1000181338	2,792,690	OCoB recurrent operational account
Dep-Controller of Budget	Central Bank of Kenya-Head Office	Deposit	Kenya Shillings	1000182369	4,331,238	Holding OCoB Third Party amounts
CBK-165 Controller of Budget	Central Bank of Kenya-Head Office	Cash	Kenya Shillings	1000182628	-	OCoB cash operational account
Commercial Bank						
Office of the Controller of Budget -High Interest Account	Housing Finance Corporation Limited (HFC) - Gill House Branch	Mortgage Fund Fixed Term Deposit Account	Kenya Shillings	9289753401-0	178,289,888	Operating OCoB Staff Mortgage Scheme
Office of the Controller of Budget -Back Up Account	Housing Finance Corporation Limited (HFC) - Gill House Branch	Mortgage Scheme Fund	Kenya Shillings	9289753101-0	194,734,170	Holding aggregate mortgage loan approved for disbursement

Annex 6- Reports Generated from IFMIS

IFMIS financial reports to be presented on request.

Annex 4 – List of projects implemented By OCoB

Ref	Project Name			
1	The Office did not have any capital formation project during the year under review			

Annex 5 – List of SCs, SAGAs and Public Funds under OCoB

Ref	SC, SAGA or Public Fund's name	The principal activity of the entity	Accounting Officer	The amount transferred during the year (Kshs.)	Inter-entity reconciliations are done?(yes/no)
1	Public Fund- OCoB Mortgage Fund	Provide loan scheme for OCoB Staff members	Controller of Budget	45,690,623	Yes