



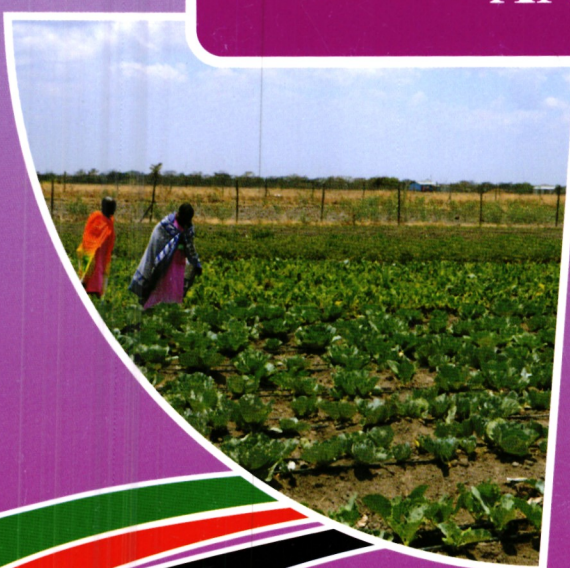
THE REPUBLIC OF KENYA

PARLIAMENT
OF KENYA
LIBRARY

OFFICE OF THE CONTROLLER OF BUDGET



ANNUAL REPORT 2017/2018



January, 2019

*Promoting Prudent Financial Management in the Public Sector
Annual Report 2017/2018*

	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 28 MAR 2019	DAY: Thursday
TABLED BY:	LDM
CLERK-AT-THE-TABLE:	Gabruide Chebet

STATEMENT FROM THE CONTROLLER OF BUDGET



I am pleased to present this Annual Report by the Office of the Controller of Budget for the FY 2017/18. The report has been prepared in accordance with Article 254(1) of the Constitution of Kenya, 2010 which requires every Constitutional Commission and Independent Office to submit a report to the President and Parliament, as soon as practicable, after the end of each financial year. The report provides useful information on the activities, financial performance and achievements by the Office in FY 2017/18.

The Office of the Controller of Budget is cognisant of the high expectation of Kenyans especially with respect to prudent use of public resources to deliver public services. To meet these aspirations, the Office carried out several activities in line with its mandate of overseeing implementation of the budgets of the National and County governments, authorizing withdrawals from public funds and reporting on budget implementation to Parliament.

In FY 2017/18, the total exchequer issues to National and County governments was Kshs.2.1 trillion and comprised of Kshs.1.17 trillion to Ministries Departments and Agencies (MDAs), Kshs.583.2 billion for Consolidated Fund Services (CFS) and Kshs.324.1 billion to the County governments. A further breakdown of the exchequer issues to MDAs showed that Kshs.276.4 billion was released towards development expenditure and Kshs. 890.7 billion towards recurrent expenditure. Similarly, the Controller of Budget approved withdrawal of Kshs.252 billion for recurrent expenditure and Kshs.72.2 billion to fund development programmes in the 47 County Governments.

Pursuant to Article 228(4) and 228(6) of the Constitution of Kenya, 2010 and the Controller of Budget Act, 2016, the Controller of Budget is required to submit to each House of Parliament a report on the implementation of the budgets of the National and County Governments every four months. In the FY 2017/18, a total of eight (8) BIRRs were published by the OCOB. The reports comprised of four (4) quarterly reports for the National Government and four (4) for the County Governments. These reports provided information on the use of public funds at both levels of the government and highlighted the key challenges encountered during the implementation of the programmes and provided recommendations to address them.

In the same period, the Office received recognition for its outstanding contributions in promoting good governance in the public sector. The Office was ranked third in Ethics and Good Governance by the Public Service Commission (PSC) in the 5th PSC compliance report on values and principles of good governance. The Office was part of the four service sectors that were evaluated on values and principles by the Public Service Commission. The four service sectors were: Ministries and State Departments; Constitutional Commissions and Independent Offices; State Corporations and Semi-Autonomous Government Agencies (SAGAs); and Statutory Commissions and Authorities. The Office was also awarded the 2017 Financial Reporting (FiRe) Award for coming first in the Independent Offices and Constitutional Commissions category under the IPSAS Cash Category. The awards reflect our commitment to promote prudent financial management in the public sector.

In spite of these achievements, the Office faced a number of challenges in the course of delivering its mandate. Key among them is inadequate office space to accommodate staff as well as provide adequate storage space for library and registry offices.

The Office also recognizes the importance of collaborating with other stakeholders to ensure effective discharge of its constitutional functions. In this regard, the Office expresses immense gratitude for the support from the National and County Governments, Constitutional Commissions and Independent Offices and Development Partners, and look forward to continued support and collaboration.

Finally, the preparation of this report was made possible through concerted effort of OCOB staff. I am grateful to all the staff who participated in the preparation of this report.



Mrs. Agnes Odhiambo, CBS

CONTROLLER OF BUDGET

TABLE OF CONTENTS

STATEMENT FROM THE CONTROLLER OF BUDGET	I
LIST OF ACRONYMS.....	VI
MISSION STATEMENT	VIII
CORE VALUES.....	IX
MANAGEMENT TEAM	X
OVERVIEW & PERFORMANCE- FY 2017/18.....	XXIV
CHAPTER ONE.....	1
1.1 Introduction.....	1
1.2 Role of the of the Controller of Budget in Kenya's Development Agenda.....	1
1.4 Reporting Framework	3
CHAPTER TWO.....	5
MANDATE AND STRATEGIC FRAMEWORK.....	5
2.1 Mandate of OCOB	5
2.2 Functions and Organization Structure	5
2.2.1 Functions.....	5
2.2.1 Organization Structure	6
CHAPTER THREE.....	7
PERFORMANCE REVIEW AND ACHIEVEMENTS.....	7
3.0 Introduction.....	7
3.1 Authorization of withdrawal from Public Funds.....	7
3.1.1 Exchequer Issues and Resource Absorption.....	7
3.1.2 Recurrent Exchequer Issues and Absorption	8
3.1.3 Development Exchequer Issues and Absorption.....	8
3.1.4 Exchequer Issues to County Governments	8
3.1.5 Exchequer Releases for Consolidated Fund Services (CFS)	8
3.2 Budget Implementation and Monitoring	9
3.2.1 Quarterly Budget Implementation Review Reports	9
3.2.2 Sharing Information with the Public	9
3.2.3 Review of County Government Budgets for the FY 2017/18	9
3.2.4 Review of Budget Policy Statement and County Fiscal Strategy Papers.....	10
3.2.5 Annual Devolution Conference, 2018.....	10
3.3 General Administration Planning and Support Services	11
3.3.1 Public Service Commission (PSC) Award	11
3.3.2 Financial Reporting (FiRe) Awards.....	12
3.3.3 Participation in the 62nd Commission on Status of Women Conference	13
3.3.4 International Conferences and Workshops.....	13
3.3.5 Parliamentary Committees Activities	14
3.3.6 Staff Recruitment and Training	14
3.3.7 Records Management System.....	16
3.3.8 Reservation of Procurement Budget for Disadvantaged Groups	16
3.3.9 Internship Program	16
3.3.10 OCOB Staff Insurance Covers.....	17
3.3.11 Corporate Social Responsibility (CSR)	17
3.4 Research and Development.....	19
3.4.1 Review of OCOB Strategic Plan 2013-2017	19
3.4.2 Online Library Services	19
3.4.3 Collaborations with Kenya National Bureau of Statistics (KNBS)	19

3.4.4 Collaborative Ventures	19
CHAPTER FOUR.....	20
INSTITUTIONAL AND ADMINISTRATIVE STRUCTURE OF THE OFFICE	20
4.1 Institutional structure	20
4.1.1 Budget Implementation Directorate	20
4.1.2 Corporate Services Directorate	20
4.1.3 Research and Planning Directorate	20
4.1.4 Legal Services Directorate	20
4.1.5 Internal Audit Division	20
4.2 Administrative Structure	20
4.2.1 Executive Committee	21
4.2.2 Management Committee	21
4.2.3 Integrity Committee	22
4.2.4 Audit Committee	22
4.2.5 Budget Committee	23
4.2.6 Human Resource Management Advisory Committee (HRMAC)	23
4.2.7 ICT Steering Committee	23
CHAPTER FIVE	24
EMERGING ISSUES AND CHALLENGES IN THE MONITORING OF BUDGET IMPLEMENTATION AND RECOMMENDATIONS	24
5.1 Introduction	24
5.2 Challenges	24
5.2.1 Delay by MDAs and county governments to submit quarterly financial reports to COB	24
5.2.2 Failure to Report on Programmes and Projects Achievements by MDAs and Counties	24
5.2.3 Conflicting Reporting Timelines in the legal framework	24
5.2.4 Review of COB Act, 2016	24
5.2.5 Inadequate Office Space	25
5.2.6 Dysfunctional Lifts at Bima House	25
CHAPTER SIX.....	26
CONCLUSION.....	26

LIST OF TABLES

Table 1: Exchequer Issues Processed in the FY 2017/18 (Kshs. billion)8

Table 2: Summary of Workshop/Training Programs 15

Table 3: Reservations of Procurement Budget to Disadvantage Groups 16

LIST OF ACRONYMS

A-I-A	Appropriation in Aid
BIRR	Budget Implementation Review Report
BPS	Budget Policy Statement
CARA	County Allocation of Revenue Act
CBEF	County Budget and Economic Forum
CBS	Chief of the Order of the Burning Spear
CFS	Consolidated Fund Services
CFSP	County Fiscal Strategy Paper
CMA	Capital Market Authority
COB	Controller of Budget
CRF	County Revenue Fund
CSW	Commission on the Status of Women
EDRMS	Electronic Data Records Management System
FiRe	Financial Reporting
FY	Financial Year
GDP	Gross Domestic Product
GPA	Group Personal Accident
GRB	Gender Responsive Budgeting
HRMAC	Human Resource Management Advisory Committee
IBEC	Intergovernmental Budget and Economic Council
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information Communication Technology
IFMIS	Integrated Financial Management System
IPSAS	International Public Sector Accounting Standards
KNBS	Kenya National Bureau of Statistics
MDA	Ministries Departments Agencies
NESC	National Economic and Social Council
OCOB	Office of the Controller of Budget

PBB	Programme Based Budgets
PFMR	Public Finance Management Reforms
PSASB	Public Sector Accounting Standards Board
PSC	Public Service Commission
SAGA	Semi-Autonomous Government Agencies
WIBA	Work Injury Benefit Act

MISSION STATEMENT



OUR VISION

"To Be A Leading Independent Oversight Institution In Public Financial Management"



OUR MISSION

"To guarantee prudence in public finance through overseeing the implementation of government budgets by controlling and monitoring the use of public funds and reporting on budget implementation for the benefit of all Kenyans"

CORE VALUES

HONEST & INTEGRITY

To enhance stakeholders' confidence in our services, we shall meet stakeholders' expectations by carrying out duties and responsibilities with honesty, fairness, and integrity

PROFESSIONALISM

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

ACCOUNTABILITY & TRANSPARENCY

We shall adopt a governance structure that promote and support accountability and transparency. We shall encourage our stakeholders to provide feedback and proposals on improvement of service delivery. We shall also provide to the public timely and accurate information.

INNOVATION & CREATIVITY

We shall continue to promote innovation and creativity through research, regular brainstorming sessions and exchange of ideas at all levels so as to tap the full potential of our staff, partners and collaborators.

TEAMWORK

We shall collaborate with colleagues and stakeholders to achieve our goals and objectives through consultations, consensus building, participation, and consideration of diversity of opinion and experiences.

EFFICIENCY

We shall endeavor to effectively meet set deadlines in all our activities as set out in the Kenyan Constitution and ensure prudent utilization of public funds for the satisfaction of the Kenyan people.

INDEPENDENCE

We shall ensure responsive, prompt, effective, impartial provision of services while firmly and courageously respecting the rule of law.

MANAGEMENT TEAM



FCPA Agnes Odhiambo, CBS

Controller of Budget

Mrs. Odhiambo is the Controller of Budget. She holds a Master of Business Administration degree and a Bachelor of Commerce (Accounting Option) honours degree both from the University of Nairobi and is a Fellow of the Institute of Certified Public Accountants of Kenya. She is also a member of the Association of Women Accountants of Kenya and a member of Women Corporate Directors.

She is an accomplished finance professional with over 30 years' experience, having held various senior management positions in the private and public sectors. Mrs. Odhiambo started her career at BAT Kenya Limited as an Assistant Accountant and later joined the then Deloitte Haskins and Sells Management Consultancy Ltd., (presently Deloitte) as a Financial Consultant. She also worked at Unga Limited and Unga Feeds Limited, subsidiaries of Unga Group Limited, where she rose through the ranks to Finance Manager. Mrs. Odhiambo also served at Metro Cash & Carry (Kenya) Limited and Metro Cash & Carry (Uganda) Limited as Finance Director.

Mrs. Odhiambo joined the Public Sector in June 2005 upon her appointment at Kenya Post Office Savings Bank (Postbank) as Director/Finance and Administration where she successfully led the organization's financial reforms and later moved to the Constituencies Development Fund Board as the Chief Executive Officer where she spearheaded formulation and implementation of the Board's strategy.

She has attended several courses both locally and internationally in leadership, strategic management, governance, risk management, and finance, among others.

Mrs. Odhiambo has held several board positions both in the private and public sectors.

Mrs. Odhiambo was recently awarded the Chief of Order of the Burning Spear (CBS) commendation by H. E. The President of the Republic of Kenya, for her role in national development.



CPA Stephen Masha

Deputy Controller of Budget

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

Mr. Masha has over 20 years' experience in the finance and accounting sector, having worked previously as the Regional Chief Fiscal Analyst at USAID, Audit Manager at Action Aid and as an Internal Auditor at Family Health Organisation of Kenya 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 prior to joining Office of the Controller of Budget.

Mr. Masha has attended several professional workshops both locally and internationally in leadership, financial analysis, program management, supervision, procurement, and training of trainers. He has also performed several short-term assignments in a number of countries, including Tanzania, Uganda, Burundi, Rwanda, Eritrea, Ethiopia, Zambia and the United States of America.



CPA Macklin Ogolla

Director, Corporate Services

Mr. Ogolla holds a Master of Business Administration (MBA) in Finance from Moi University and a Bachelor of Science in Actuarial Mathematics from the University of Nairobi. He also holds a Post-graduate Diploma in Finance from Maastricht. He is a member of Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Certified Investment and Financial Analysts (ICIFA). He is also a Board Member of the Public Sector Accounting Standard Board (PSASB).

He has extensive training in Fiscal Decentralization, Debt Sustainability Analysis, and Budget Coding and Classification from the World Bank Institute. Mr. Ogolla has also been trained on International Public Sector Accounting Standards (ISRS & IPSAS) from Public Administration International Sector (PAI) London and received ICT training at Oracle University.

Mr. Ogolla is an experienced Finance expert with a track record of success in developing operational financial management information systems, processes and procedures, managing daily ministry budgeting, financial management and accounting functions. He has participated in various National projects such as World Bank El-Nino and Emergency Drought Recovery Projects and operationalization of the IFMIS at the National Treasury.

Mr. Ogolla has over 28 years' work experience gained from his previous positions as Assistant Director of Budget and Assistant Accountant General at the National Treasury. He also served as Chief Finance Officer in the Ministry of Industrialization as well as a Board Member of the Kenya Industrial Estates Limited.



Mr. Joshua Musyimi

Director, Research and Planning

Mr. Musyimi holds a Master of Arts degree (Economics Policy Management) from University of Ghana, Legon and a Bachelor of Science degree in Statistics and Computer Science from Kenyatta University. He has had extensive training in Data Analysis, Census and Survey Processing. With over 18 years' experience, Mr. Musyimi has previously worked at the Kenya National Bureau of Statistics (formerly Central Bureau of Statistics) where he rose through the ranks to become the Manager Research and Planning.

He also worked in the Ministry of State for Planning and National Development and Vision 2030 as Principal Economist/Statistician. Mr. Musyimi had a stint at the Policy and Strategy Unit, State House and was attached to the National Economic and Social Council (NESC) as part of the team that developed the Kenya Vision 2030. With a background in Social Research and Statistics, Mr. Musyimi was directly involved in the preparation of the "Vision 2030" particularly the Social and Political Pillars.



Ms. Selina Iseme

Director Legal Services

Miss Iseme holds a Master of Laws degree from the University of Leeds, United Kingdom and Bachelor of Laws degree from the University of Nairobi. She is also a certified mediator having been accredited by the Center for Effective Dispute Resolution, the United Kingdom in the year 2015.

She has over 22 years of experience gained both in the public and private sectors. Prior to joining OCOB she worked for the Public Service Commission where she joined as Principal Litigation Counsel and rose through the ranks to the position of Deputy Director Legal Services. While serving at the Public Service Commission, she participated in national assignments including joint secretary to the Taskforce that developed the Policy and Bill on the values and principles of public service contained in Article 232 of the Constitution. Prior to that, she had served as an associate advocate with the firm of Iseme, Kamau and Maema Advocates and as a legal officer with Lion of Kenya Insurance.



CPA Joseph Tulula

Chief Internal Auditor

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

CPA 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 system.

He previously worked for Kenya Institute of Curriculum Development as Chief Internal Auditor where he developed policies and procedures of internal audit and changed the auditing system from pre-audits to risk based audit. He also worked at Kenya Bureau of Standards as Manager, Finance and Accounts spearheading change in the accounting system from manual to computerized system. Mr. Tulula also previously worked at Defense Forces Canteen Organization as an Internal Auditor and Office of the Auditor General as an Auditor.

Mr. Tulula has also attended various management and auditing seminars and workshops including Strategic Leadership Development Programme (SLDP) at the Kenya School of Government, and Performance Management and Transformative Leadership.



CPA Patrick Kamore

Chief Fiscal Analyst National Government

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

Mr. Kamore has extensive training and experience in Finance and Banking, Institution Operations and Management and Information Technology. He previously worked at Family Bank Limited where he rose through the ranks to become Branch Manager.

Mr. Kamore has over 17 years' experience and extensive training on Finance and Banking, Institution Operations and Management, Leadership Management, Financial data analysis and Report writing.



CPA Mark Kipkoech

Chief Fiscal Analyst County Governments

Mr. Kipkoech holds Master of Economics from the University of Nairobi and 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 and was appointed Pension Administrator of the Amana Personal Pension Scheme and the Amana Umbrella Pension Scheme in line with the requirements of the Retirement Benefits Authority.



Mrs. Irene Arimi

Chief Manager HR and Administration

Ms. Arimi holds a Master in 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.

Ms. Arimi has over 16 years' experience in Human Resource. Previously she worked at the Kenya Methodist University as Administrative Officer – HR, at the William J. Clinton Foundation HIV/AIDS Initiative [CHAI] in Papua New Guinea as HR Coordinator and at Marketing, Travel and Credit Consultancy (MTC), Botswana as Products and Services Manager. She has also worked with Deloitte, South Africa/Botswana as HR Management Assistant. She is a member of the Institute of Human Resources Management (IHRM).



Ms. Judith Muli

Chief Manager Information Communication and Technology

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

She has over 15 years' experience in ICT practice. She previously worked as a lecturer at Jomo Kenyatta University of Agriculture and Technology [JKUAT] and as an ICT consultant in many areas of ICT and management for over ten years. She is a member of Computer Society of Kenya [CSK], Internet Society (ISOC), Kenya Chapter and a Lister with Kenya ICT Action Network [KICTANet].



Mr. Stephen Wangaji

Chief Manager, Public Relations & Communications

Mr. Wangaji holds a Master's in Business Administration (Marketing) degree from Egerton University, a Post-graduate Diploma in Mass Communication and a Bachelor of Arts, Economics and Geography both from the University of Nairobi.

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.

Mr. Wangaji is the immediate former president of the East Africa Public Relations Association (EAPRA), immediate former Vice Chairman of the Public Relations Society of Kenya (PRSK) and 2012 recipient of the PRSK Golden Honors Award for significant contribution to the PR industry in the region. 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 (CORA) Assistant at the BAT Kenya Limited.



Dr. Anthony Lusuli

Chief Manager, Supply Chain Management

Dr. Lusuli holds a PhD in Supply Chain Management, Masters' Degree in Procurement and Logistics both from Jomo Kenyatta University of Agriculture and Technology and a Bachelor's Degree in Business Administration (Entrepreneurship) from the Kenya Methodist University. He is also a member of Kenya Institute of Supplies Management and Chartered Institute of Purchase and Supplies.

Dr. Lusuli has over 31 years of experience in Supply Chain management both in public and private sector. Previously, he worked as a Supply Chain Management Officer at Kenya National Bureau of Statistics (KNBS), World Bank Project on Flood Mitigation as well the National Treasury. He has participated in drafting several legislations especially the Public Procurement and Asset Disposal Act, 2015 and draft Public Procurement and Asset Disposal Regulations of 2016.

He was part of the pioneer team that sensitized public servants on the implementation of the Public Procurement and Asset Disposal Act, 2015 in the Public Sector. He is also part of the team that pioneered the implementation of IFMIS in the public sector.



CPA Pamela Okatch

Chief Manager Finance and Account

Mrs. Okatch holds a Masters 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.

Previously, she worked for Kenya Institute of Special Education (KISE) as Head of Finance and Administration. She also worked for Jaribu Credit Traders Ltd as Senior Accountant. She is a member of the Institute of Public Accountants of Kenya (ICPAK) and Association of Women Accountants of Kenya (AWAK) and is currently pursuing a Certified Public Secretaries (CPS) course.

**SNAPSHOT OF NATIONAL AND COUNTY
BUDGETS – FY 2017/18
NATIONAL GOVERNMENT BUDGET**



Total Budget:	Kshs. 2.73 trillion
MDAs:	Kshs. 1.66 trillion
CFS:	Kshs. 726.9 billion
County Governments:	Kshs. 345.7 billion



Total Budget:	Kshs. 410.5 billion
Recurrent:	Kshs. 271.3 billion (66.1%)
Development:	Kshs. 139.2 billion (33.9%)

Total County Budget Funding	Kshs. 404.3 Billion
Equitable share:	Kshs. 302.0 billion
Conditional grants:	Kshs. 27.3 billion
Own source revenue:	Kshs. 49.2 billion
Opening balance from FY2017/18:	Kshs. 25.8 billion

OVERVIEW & PERFORMANCE- FY 2017/18

National Government Exchequer Issues Approved



Total Exch. Issues: Kshs.1,750.3 billion

MDAs: Kshs.1, 167.1 billion (66.7%)

CFS: Kshs.583.2 billion (33.3%)

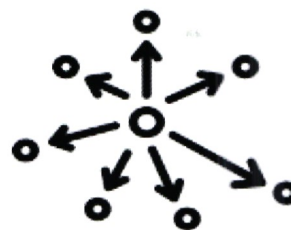
Budget Implementation Review Reports (BIRRs) published



National Government: 4 BIRRs

County Government: 4 CBIRRs

County Government Exchequer Issues Approved

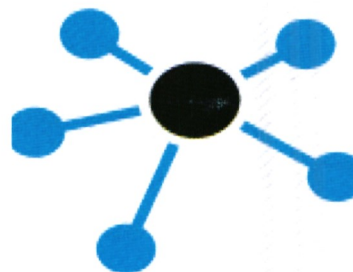


Total Exch. Issues: Kshs.324.1 billion

Recurrent: Kshs. 251.96 billion (78%)

Development: Kshs. 72.16 billion (22%)

Number of Reports Distributed to Stakeholders



National Government: 13,500 copies

County Government: 26,000 copies

Capacity Building



Training/Workshop/Seminars

For in-house staff: 19

For County staff: 1

Internship Program



Total graduates recruited 20

Male: 11

Females: 9

Duration of internship: 6 months



Ranked 1st in the category of Independent Offices and Commissions on the IPSAS Cash Category

Public Service Commission (PSC) Award



Ranked 3rd overall by Public Service Commission (PSC) on values and principles of good governance.

Staff Distribution by Gender



Female: 51 (43%) Male: 67 (57%)

Procurement Opportunities for Disadvantaged Groups



Value of contract awarded: **Kshs. 75.8 million**

47.2 % of the total procurement budget of the Office

CHAPTER ONE

1.1 Introduction

The Office of the Controller of Budget is a constitutional office established under Article 228 of the Constitution of Kenya, 2010 to, among other roles; oversee implementation of budgets by the National and County governments. The Office is also required under Article 254(1) of the Constitution to submit a report to the President and Parliament at the end of each financial year.

Pursuant to the above constitutional mandate, the Office has prepared this annual report which provides comprehensive information about the activities implemented by the Office during the FY 2017/18 and also includes the challenges that emerged during the reporting period. The Report comprises of two sections. The first section provides information about activities undertaken by the Office during the reporting period while the second section contains the Auditor-General's report on the Financial Statements of the Office for the FY 2017/18.

1.2 Role of the of the Controller of Budget in Kenya's Development Agenda

Kenya's long term development agenda is articulated in the Vision 2030 Policy Blueprint that seeks to transform Kenya into a newly industrialized, "middle income" country, providing high quality of life for all its citizens by the year 2030. To implement this plan, the Government launched the "Big Four" Agenda on 12th December, 2017 to guide the Government's policy priorities and development path in the third-Medium Term Plan (2018-2022). The Big Four Agenda seeks to accelerate economic growth by focusing on manufacturing; food security and nutrition; universal health and affordable housing by the year 2022.



Food security is one of the government's 'Big Four' agenda. Photo Credit: President's Delivery Unit



Universal healthcare is one of the focus areas under the “Big Four” Agenda. Photo Credit: www.tuugo.co.ke

To support this initiative, the Office will continue to ensure timely release of funds to implement development projects and programmes under the Big Four Agenda. Besides direct monitoring of the utilization of public funds, the Office has consistently published and publicized budget implementation review reports with a view to enabling the Public and other oversight institutions such as Parliament and County Assemblies to monitor use of public resources on programmes and activities at both the National and County levels. The reports have been widely circulated through print and digital platforms to promote transparency and accountability in the use of public funds by Government.



The Government plans to provide at least 500,000 affordable and decent housing by 2022. Photo Credit: KIPPRA, Policy Monitor, Issue 9 No.3, 2018 & Construction Review online



The Jua Kali Sector will play a role in Government's plan to increase manufacturing sector's contribution to the GDP. Photo Credit: Photo Credit: <https://www.the-star.co.ke/>

1.3 Scope and Organization of the Report

The current report presents the status of the implementation of the programmes and activities of the Office of the Controller of Budget for the FY 2017/18. Specifically, the report provides information on key achievements during that period, and highlights the challenges that affected implementation of the planned activities.

The report is divided into six chapters. Chapter one provides the legal basis for the preparation of this report as well as the role of the Office in Kenya's development agenda. Chapter two provides a summary of the mandate and the strategic framework of the Office. Chapter three delves into key activities implemented during the reporting period. Chapter four enumerates the internal and external issues and challenges experienced in monitoring of budget implementation and the respective recommendations to address the challenges identified during the reporting period. Chapter six provides a graphical illustration of the organizational structure of the office as well as a brief description of the functions of each directorate. Chapter seven provides a conclusion of the report.

Finally, the report includes an annex on the Audited Financial Statements of the Office of the Controller of Budget for the FY 2017/18.

1.4 Reporting Framework

The preparation of this report was guided and supported by the following legal and policy frameworks

- » Constitution of Kenya, 2010

- » Public Finance Management Act, 2012
- » Controller of Budget Act, 2016
- » Vision 2030
- » Second Medium Term Plan (2013-2017)
- » The Strategic Plan (2013-2017)

CHAPTER TWO

MANDATE AND STRATEGIC FRAMEWORK

2.1 Mandate of OCOB

The Office of the Controller of Budget (OCOB) is an independent office established under Article 228 of the Constitution of Kenya, 2010 with the core mandate to oversee the implementation of the budgets of the National and County governments by authorizing withdrawals from public funds. The Office is also required to submit to each House of Parliament a report on the implementation of the budgets of the National and County governments every four months. Further, the Office is required under Article 254 of the Constitution to publish and publicize statutory reports and ensure that members of the public are given information on budget implementation by both the National and County government.

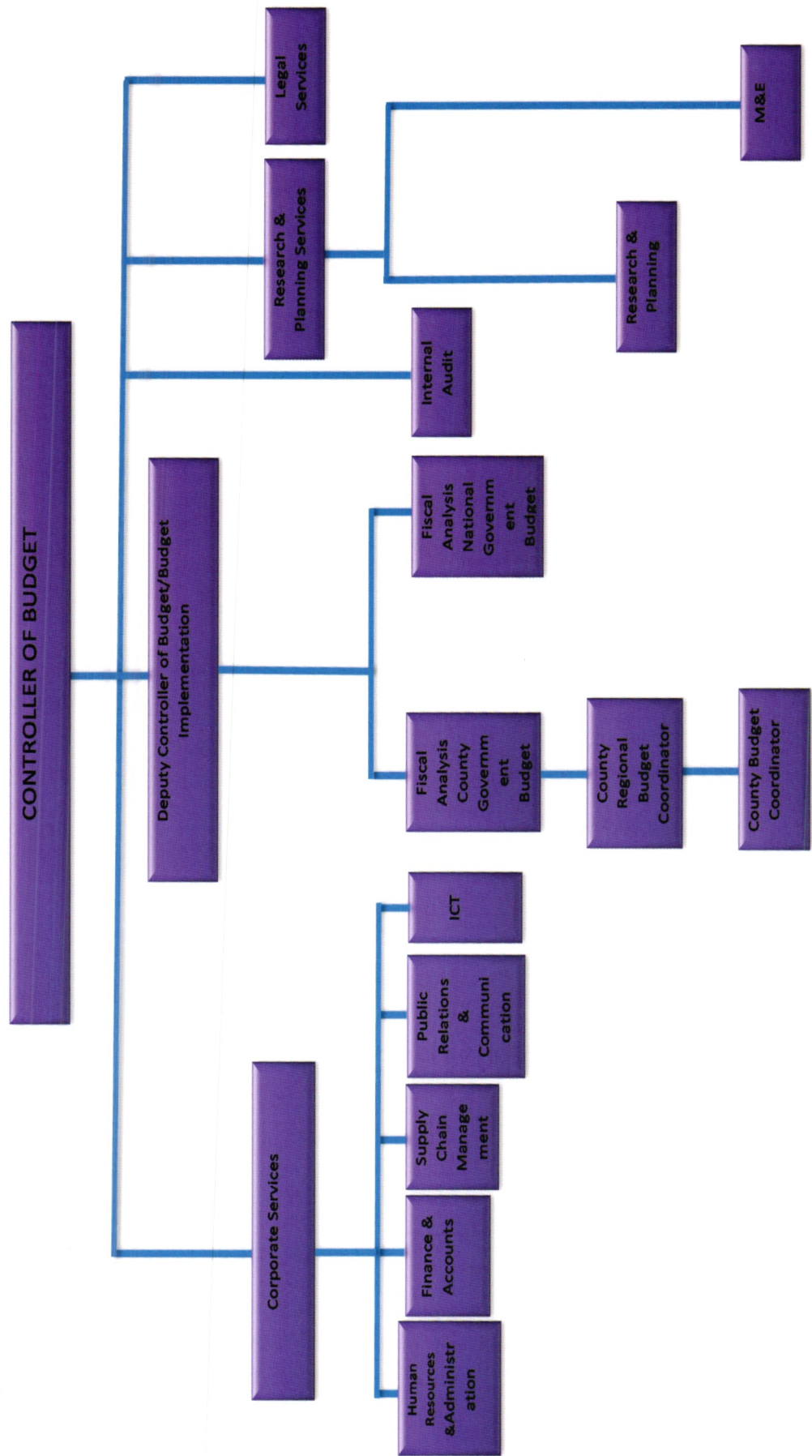
2.2 Functions and Organization Structure

2.2.1 Functions

The functions of the Office are:

- » Overseeing implementation of the budgets of the National and County governments by authorizing withdrawals from public funds, that is; Equalization Fund (Article 204); Consolidated Fund (Article 206)); and the County Revenue Fund (Article 207).
- » Reporting, every four months to each house of Parliament on the implementation of the budgets of the National and County governments in accordance with Article 228 (6) of the Constitution of Kenya, 2010.
- » Monitoring, evaluating, reporting and making recommendations to the National and County governments on measures to improve budget Implementation in accordance with Article 228 the Constitution;
- » Reporting after the end of each financial year, to the President and Parliament (Article 254(1) of the Constitution of Kenya);
- » Reporting on a particular issue, as may be required by President or the Parliament (Article 254(2) of the Constitution);
- » Advising Parliament on the need to renew or not to approve the decision of the Cabinet Secretary in charge of finance to stop the transfer of funds to a State Organ or any other Public Entity (Article 225(7) (a) of the Constitution of Kenya);
- » Conducting investigations based on its own motion or on a complaint made by a member of the public (Article 252(1) (a) of the Constitution of Kenya);
- » Conducting alternative dispute resolution including conciliation, mediation and negotiation to resolve budget implementation disputes (Article 252(1)(b) of the Constitution);
- » Ensuring the public has access to information on budget implementation both at the national and county levels (Article 35 & Section 39(8) of the PFM Act, 2012)

2.2.1 Organization Structure



CHAPTER THREE

PERFORMANCE REVIEW AND ACHIEVEMENTS

3.0 Introduction

In the FY 2017/2018, the Office carried out several activities in line with its mandate of overseeing implementation of the budgets of the National and County Governments by authorizing withdrawals from public funds. The Office also submitted to each House of Parliament four quarterly report on the implementation of the budgets of the national and county governments.

Operations of the Office are run under one programme, namely; ***Control and Management of Public Finance under the Medium Term Expenditure Framework (MTEF)***. Under this programme, the Office seeks to promote prudent public financial management by timely authorization of withdrawals from Public Funds and reporting on budget implementation for both levels of governments. The programme comprises of four sub-programmes as listed below:

- i. Authorization of withdrawals from public Funds;
- ii. Budget Implementation and Monitoring;
- iii. General Administration Planning and Support Services; and,
- iv. Research and Development.

3.1 Authorization of withdrawal from Public Funds

The sub-programme entails approval of exchequer requisitions from Public Funds (Consolidated Fund, County Revenue Fund and Equalization Fund) subject to compliance with relevant laws and regulations. The Office has reviewed internal exchequer requisition process to ensure expeditious release of funds to finance approved programmes by spending entities at both national and county governments.

3.1.1 Exchequer Issues and Resource Absorption

The total exchequer issues to the MDAs and County Governments was Kshs. 2.07 trillion, and represented a 1.7 per cent growth compared to the exchequer issues of Kshs.2.04 trillion released in FY 2016/17. The exchequer issues comprised of Kshs.1.17 trillion to MDAs, Kshs.583.2 billion for Consolidated Fund Services (CFS) and Kshs.324.1 billion to the County Governments compared to Kshs.1.21 trillion, Kshs.498.1 billion and Kshs.328.2 billion issued to MDAs, CFS and County Governments respectively, in the FY 2016/17. The exchequer issues to net estimates reduced from 95.5 per cent in FY 2016/17 to 89.6 per cent in FY 2017/18.

Analysis of exchequer issues shows that Kshs.276.4 billion was released towards development expenditure and Kshs.890.7 billion towards recurrent expenditure. The exchequer issues released to fund development programmes translated to 86.8 per cent of the revised net estimates while those towards recurrent activities translated to 94.2 per cent of the revised net recurrent estimates.

In the same period, the Controller of Budget approved withdrawal of Kshs.324.1 billion from the County Revenue Funds to fund the 47 county governments. The amount comprised of Kshs.72.2 billion for development programmes and Kshs.252 billion for recurrent expenditure. The exchequer issues released to fund the 47 county governments translated to 100 per cent of the revised net estimates as shown in Table 1.

Table 1: Exchequer Issues Processed in the FY 2017/18 (Kshs. billion)

Nature of Expenditure	Revised Gross Estimates	Revised Net Estimates	Exchequer Issues Released	Actual Expenditure	Exch. Issues to Net Estimates (%)	Absorption Rate (%)
MDA Recurrent	1,065.60	945.6	890.7	961.9	94.2	90.3
MDA Development	589.6	318.5	276.4*	425.8	86.8	71.3
CFS	726.9	726.9	583.2	582.5	80.2	80.1
County Governments	410.5	324.1	324.1	303.8	100.0	74.0
Total	2,792.6	2,315.1	2,074.4	2,274.0	89.6	81.4

Source: OCOB

*The difference between development exchequer Issues of Kshs.276.4 billion and expenditure of Kshs.425.8 billion is attributed to A-I-A generated and utilised by some MDAs and direct disbursement of funds to projects by Development Partners in form of grants and loans A-I-A.

3.1.2 Recurrent Exchequer Issues and Absorption

The total exchequer issues released in FY 2017/18 to fund recurrent budget for the National Government was Kshs.1.47 trillion translating to 88.1 per cent of the revised recurrent net estimates. The total recurrent expenditure in the reporting period was Kshs. 1.54 trillion which translated to an absorption rate of 85.7 per cent of the revised gross recurrent estimates, a decrease in absorption rate from 93.4 per cent reported in the FY 2016/17.

3.1.3 Development Exchequer Issues and Absorption

The total exchequer issues released to fund the development programmes by MDAs was Kshs.276.4 billion translating to 86.8 per cent of the revised net development estimates. The total expenditure by MDAs in the same period amounted to Kshs.425.8 billion representing an absorption rate of 71.3 per cent of the revised gross development budget. This performance was an improvement from an absorption rate of 69.9 per cent achieved in the FY 2016/17.

3.1.4 Exchequer Issues to County Governments

The total amount released from the Consolidated Fund to the various County Revenue Funds (CRFs) amounted to Kshs.324.1 billion and comprised of Kshs.252 billion (78 per cent) for recurrent expenditure and Kshs.72.2 billion (22 per cent) for development activities.

In the same period, the total expenditure was Kshs.303.8 billion representing an absorption rate of 74 per cent of the total annual county government's budgets. This was a decline from an absorption rate of 79.9 per cent in FY 2016/17 where total expenditure was Kshs.319.1billion.

Recurrent expenditure in FY 2017/18 was Kshs.236.9 billion, representing 87.3 per cent of the annual recurrent budget, indicating a decline from 93.4 per cent reported in FY 2016/17. Development expenditure amounted to Kshs.66.9 billion, representing absorption rate of 48.1 per cent, and a significant decline from 65.3 per cent achieved in FY 2016/17 when total development expenditure was Kshs.103.3 billion.

3.1.5 Exchequer Releases for Consolidated Fund Services (CFS)

Consolidated Fund Services comprise of funds allocated towards: (i) Repayment of Public Debt (Domestic and Foreign debt, and government guaranteed loans to State Corporations), (ii) Pensions and gratuities, (iii) Salaries and allowances to Constitutional Office holders and miscellaneous services, and (iv) Subscriptions to International Organizations.

In the period under review, total exchequer issues to CFS were Kshs.583.2 billion, translating to 80.2 per cent of the revised net estimates, a decline compared to 94.7 per cent recorded in FY 2016/17. The exchequer issues for this category comprised of Kshs. 517.2 billion released to service public debt, Kshs.62.4 billion for pensions and gratuities, and Kshs.3.6 billion for salaries and allowances of constitutional office holders.

The overall CFS expenditure in the reporting period was Kshs.582.5 billion, representing 80.2 per cent of the revised net estimates and an increase by 17 per cent from Kshs.499 billion spent in the FY 2016/17.

3.2 Budget Implementation and Monitoring

The key outputs of this sub-programme include preparation and publications of budget implementation review reports, proper management of exchequer records, ensuring compliance with public financial management framework, sensitization of the public on the budget implementation and a framework for tracking and monitoring implementation of budgets.

3.2.1 Quarterly Budget Implementation Review Reports

The report is prepared in line with Article 228 of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act, 2016, which requires the Controller of Budget to submit to Parliament quarterly budget implementation reports for the National and County Governments every four months. During the FY 2017/18, the Office prepared and distributed Four (4) quarterly budget implementation reports on the National Government and Four (4) on the County Governments.

The reports highlighted key issues affecting budget implementation at both levels of government. At the national level key issues highlighted included delays by MDAs to submit quarterly financial reports to OCOB, non-disclosure of Appropriation In Aid (A-I-A) by MDAs, and failure to report programme achievements by MDAs. At county level, delays in disbursement of equitable share of revenue by the National Treasury, high expenditure on personal emoluments, under-performance of own source revenue collection by counties and lack of functional County Budget and Economic Forums are among the issues that affected budget implementation.

3.2.2 Sharing Information with the Public

In the FY 2017/18, the Office publicized information to the public on budget implementation by both levels of governments through print and electronic media as stipulated under Section 39(8) of the PFM Act, 2012. The Office also disseminated budget implementation review reports through Huduma Centres, public universities and national libraries to ensure information on budget implementation is widely accessed by the general public.

These reports are also available on the OCOB website and have been uploaded on the Budget Yetu Mobile Application available on Google Play, Apple Store and Microsoft Store and can be downloaded at no cost.

3.2.3 Review of County Government Budgets for the FY 2017/18

During the FY 2017/18 the Office reviewed approved budget estimates for the forty seven (47) counties to assess their compliance with the public financial management guidelines. During the review, areas of non-compliance with law and best practice during the review were identified and shared with the affected County Governments for necessary action.

Some of the issues checked during the review included compliance with the Program Based Budgeting (PBB) guidelines, reasonableness of the revenue estimates and resource allocation between development and recurrent expenditure.

3.2.4 Review of Budget Policy Statement and County Fiscal Strategy Papers

Section 25(5) and 117(5) of the Public Finance Management Act (2012) requires the National Treasury and county treasuries of each of the 47 county governments to take into account views of the Controller of Budget in preparing the Budget Policy Statement (BPS) and County Fiscal Strategy Papers (CFSP). The BPS and CFSP contain policies and priorities on revenues, expenditures and borrowing for the next financial year.

During the period under review, the Office reviewed the BPS and 47 CFSPs and submitted comments to the respective national and county treasuries. Some of the common issues that emerged during the review were: unrealistic amounts of projected revenue collection by County Governments; excessive expenditure allocation to non-priority areas; and low absorption of development funds.

3.2.5 Annual Devolution Conference, 2018

The Office participated in the 5th Annual Devolution Conference, 2018 held in Kakamega County. The theme of the conference was *Sustainable, productive, effective and efficient Governments for results delivery* and brought together all the 47 Counties, the National Government and key stakeholders in Devolution. The Conference marked a very important milestone in the country's calendar of events in that it provided a platform through which all stakeholders in Devolution engaged and provided feedback to their County Governments on matters of policy, law, accountability, good governance and service delivery. The conference also provided a platform for citizens to share and explain how devolution has transformed their lives.

During the conferences, the Office participated in a high level Session on *Resourcing Counties for Efficient Service Delivery*. The discussion revolved around examining the roles and responsibilities of State institutions in enhancing adequate resourcing of county governments. During the session, the Controller of Budget encouraged County Governments to ensure equity, fairness and cost effectiveness in delivering services to the public.



Controller of Budget, Agnes Odhiambo (Mrs.), CBS, with OCOB staff at the 5th Annual Devolution Conference, in Kakamega County

3.3 General Administration Planning and Support Services

The Administration and Support Services Sub-Programme seeks to ensure effective service delivery through enhancing capacity of the Office to deliver on its mandate. Some of the activities and achievements under the Sub Programme are discussed as follow:

3.3.1 Public Service Commission (PSC) Award

Article 234 (2)(c) of the Constitution mandates PSC to promote the national values and principles of governance of Article 10 of the Constitution, and the public service values and principles of Article 232. Further, Article 234(2) (h) requires the Commission to undertake an evaluation and report to the President and Parliament on the extent to which the values and principles are complied with.

In this regard, the PSC prepared the Evaluation Report for FY 2016/2017 on public service compliance with the values and principles in Articles 10 and 232 of the Constitution. The Office was part of the four service sectors that were evaluated on values and principles by the Public Service Commission. The four service sectors were: Ministries and State Departments; Constitutional Commissions and Independent Offices; State Corporations and Semi-Autonomous Government Agencies (SAGAs); and Statutory Commissions and Authorities.

The evaluation report focused on the performance of the sectors in 10 thematic areas: Ensuring High Standards of Professional Ethics; Devolution and Sharing of Power; Good Governance, Transparency and Accountability; Diversity management; Efficiency, Effectiveness, Economic use of Resources and Sustainable Development; Accountability for Administrative Acts; Improvement in Service Delivery; Performance Management and Public Participation in Policy Making.

The Office was part of the four service sectors that were evaluated on values and principles by the Public Service Commission in the 2016/17 financial year. The four service sectors were: Ministries and State Departments; Constitutional Commissions and Independent Offices; State Corporations and Semi-Autonomous Government Agencies (SAGAs); and Statutory Commissions and Authorities. The Office was ranked third overall after scoring outstanding scores in six key thematic areas: Efficiency; Effectiveness; Economic use of resources and Sustainable Development; Equitable Allocation of Opportunities and Resources; Good Governance, Transparency and Accountability; and Accountability in Administrative Acts. OCOB attained a mean score of 100 per cent in each area and was rated high while in the thematic areas of Improvement in Service Delivery and in Ensuring High Standards of Professional Ethics in Public Service, the mean scores were 80 per cent and 85.7 per cent respectively.

3.3.2 Financial Reporting (FiRe) Awards



The Office of the Controller of Budget has consecutively won the prestigious FiRe Award since 2015

The Office of the Controller of Budget emerged overall winner during the 2017 Financial Reporting (FiRe) Awards under the Independent Offices and Constitutional Commissions category and on the IPSAS Cash Category. The FiRe Award seeks to promote integrated reporting through enhancing accountability, transparency and integrity in compliance with appropriate financial reporting framework and other disclosures on governance, social and environmental reporting by private and public sectors domiciles in East Africa.



Director, Corporate Services Mr. Macklin Ogolla (Third right) receives the 2017 Financial Reporting (FiRe) Award on behalf of the Controller of Budget

The annual Award is organized by the Public Sector Accounting Standards Board (PSASB), Capital Markets Authority (CMA), Nairobi Securities Exchange (NSE), and the Institute of Certified Public Accountants of Kenya (ICPAK).

3.3.3 Participation in the 62nd Commission on Status of Women Conference

The Office is one of the oversight institutions that seek to promote gender responsive budgeting. The Office has developed several partnerships with stakeholders on issues relating to gender mainstreaming in an effort to institutionalize a gender responsive approach to public financial management and tracking across all sectors of public expenditure.

The Controller of Budget was part of the Government of Kenya's delegation that participated in the 62nd Session of the Commission on the Status of Women (CSW), which was held in New York from 12th to 23rd March, 2018. The theme of the conference was "*Challenges and Opportunities in Achieving Gender Equality and the Empowerment of Rural Women and Girls*" and it offered a platform for participants to deliberate on issues that support and institutionalize a gender-responsive approach to public financial management including Gender Responsive Budgeting (GRB) and tracking across all sectors of public expenditure.

The conference also included negotiations of the outcome document and high level interactive dialogues, general discussions and several side events by state delegations and civil society organizations to deliberate and brainstorm on several pertinent issues. In this regard, the Controller participated as a Panelist in several side events organized by the Kenya delegation.

3.3.4 International Conferences and Workshops

The Office attended several international conferences and seminar on public finance management matters. Representatives from the Office attended a two week international workshop in Australia, titled *Strengthening Leadership Integrity and Anti-corruption to Contribute to Effective Governance in Kenya*. Participants were drawn from different institutions which form part of the National Integrity System in Kenya. These included the Office of the Auditor General, the Office of the Controller of Budget, the Kenya Law Reform Commission; the Office of the Attorney General's Department of Justice, and the Public Service Commission. OCOB was represented by the Deputy Controller of Budget, Mr. Stephen Masha and the Director of Legal Affairs, Ms. Selina Iseme.

Participants were exposed to the Australian integrity systems and how various institutions collaborate in fulfilling their roles while providing checks and balances at the same time. The programme entailed participants attending workshops facilitated by experts at the Griffith University and holding discussions with practitioners at various institutions. The institutions visited included; Crime and Corruption Commission, Integrity Commissioner, the Queensland Office of the Auditor General, the Public Service Commission, the Ombudsman, Parliament, the Parliamentary Budget Office, and the Courts, among others.



Deputy Controller of Budget, Mr. Stephen Masha (left) and Director Legal Services, Ms. Selina Iseme receiving their Certificates upon completion of Strengthening Leadership Integrity and Anticorruption Course in Brisbane, Australia

3.3.5 Parliamentary Committees Activities

The Office has regularly engaged Parliamentary Committees to discuss matters on budget implementation. The OCOB engagement with Parliament ranged from making written submissions, giving clarification and presentations during committee hearings, consultation on budget implementation, and provision of expert opinion on findings and recommendations for action by both Parliament and the Government. The Office had engagements with the following Committees of Parliament:

- » Standing Committee on Budget and Appropriations of the National Assembly
- » Standing Public Accounts Committee of the National Assembly
- » Departmental Committee on Finance and National Planning
- » Senate Standing Committee on Finance and Budget
- » Senate Sessional Committee on County Public Accounts & Investment Committee

3.3.6 Staff Recruitment and Training

Staff recruitment and capacity development is an important element required to implement the vision of an organization. In this regard, the Office has consistently enhanced the capacity of staff through phased recruitment and skills development programs to effectively deliver on its mandate.

During the FY 2017/18, the Office recruited three members of staff, namely; Budget Coordinator, Administrative Assistant and Senior Fiscal Analyst to enhance human resource capacity of the office. The Office also organized training programs for different cadre of staff to improve their skills and knowledge and to enable them discharge their duties effectively. A summary of training programs attended by staff is shown in the table 3.

Table 2: Summary of Workshop/Training Programs

No.	Course/Workshop	No. of Officers Attended
1	Budget Analysis and Report Writing	55
2	34th Annual Seminar by ICPA	11
3	26th Annual Economic Symposium by ICPAK	10
4	6th Annual Governance and Ethics Conference	3
5	Strategic Leadership Development Programme	3
6	Leadership & Accountability Conference	3
7	2nd ESA Regional Research Conference	3
8	21st Annual National HRM Conference	2
9	Result based Project M&E	2
10	Innovation Knowledge	2
11	Fraud Prevention, forensic & Investigation	2
12	Public Finance Management Conference	2
13	Law Society of Kenya (LSK) Conference	1
14	Workshop on Inventory Management	1
15	Enterprise Risk Management	1
16	East African Congress of Accountants	1
17	Leadership Management Skills for Supervisors	1
18	5th Annual Human Resource Congress	1
19	Communication Strategic Development	1



Some of the OCOB and County Staff attending a workshop on Budget Analysis and Reporting in Mombasa

3.3.7 Records Management System

During the period, the Office acquired an integrated records management system to automate mail management functions at the Registry Unit. The new system will automate the tracking and dispatching of mail correspondence within the Office and promote efficiency in the exchequer approval process and the overall discharge of the mandate of the Office.

3.3.8 Reservation of Procurement Budget for Disadvantaged Groups

Section 155 of the Public Procurement and Asset Disposal Act, 2015 makes it mandatory for public entities to comply with the provisions of Part XII of the Act on Preference and Reservations in Procurement. Section 53(6), and 157(5&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 group. In this regard, the Office awarded contracts worth Kshs.75.8 million to the disadvantaged group (women, youth and persons with disabilities) against the procurement budget of Kshs.160.6 million. The total contracts awarded to the target group translated to 47.2 per cent of the total procurement budget of the Office for the FY 2017/18. Table 2 shows the breakdown of the value of contracts awarded to the disadvantaged group during the reporting period.

Table 3: Reservations of Procurement Budget to Disadvantage Groups

Disadvantage Group	Value of Contract Awarded (Kshs.)	Procurement Budget (Kshs.)	Percentage of Contract Awarded to procurement Budget
Persons With Disabilities (PWDs)	1,668,076	160,610,369	47.2%
Women	62,096,500		
Youth	12,082,050		
Total	75,846,626		

3.3.9 Internship Program

The Constitution of Kenya, 2010 requires the State to take measures to ensure that the youth gain access to relevant education, training and employment. In this regard, the Public Service Commission (PSC) developed an internship policy in 2015 that establishes mechanisms for ensuring that the youth, especially those with relevant qualifications, are offered the opportunity to gain practical work experience in public institutions to improve their competitiveness in the job market.

In pursuance of this policy, the Office recruited 20 graduate interns, comprising of 11 male and 9 female and deployed them to various departments. The recruitment process was conducted competitively to ensure equity, inclusivity, fairness and professionalism. The process was also guided by the capacity of the Office to accommodate interns in terms of resources such as office space, facilitation and mentorship capabilities.



Controller of Budget, Mrs. Agnes Odhiambo (Centre) with interns during the induction program

3.3.10 OCOB Staff Insurance Covers

The Office has put in place a comprehensive Medical cover, Group Personal Accident (GPA), Work Injury Benefit (WIBA) and Group Life covers for its staff.

3.3.11 Corporate Social Responsibility (CSR)

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

As part of this initiative, the Office organized a voluntary CSR activity dubbed *Touch an angle this Easter*, which involved a visit to the Nest Children's Home, Limuru on Saturday 24th March, 2018. Staff from the Office visited all the three branches of the Children's Home, located along Limuru Road and one in Limuru town, Kiambu County. The Kiambu Road branch is a 'baby village' housing about 30 infants aged between 1 week and 18 months. Limuru town has a 'teenage shelter' hosting 10 teenage mothers; and a 'children's home' housing approximately 96 children aged between 2-17 years. The OCOB staff made donations in form of cash, foodstuff and clothing to the Children's Home.



OCOB Staff with children at the Nest Children's Home

OCOB staff got an opportunity to engage with the management, social workers and the children at the Nest. The interaction with the children involved feeding the infants, an interactive session with the teenage mothers, singing, games, balloon racing and dancing competition. The event was made successful through the generous contributions and attendance by the OCOB family.



OCOB staff at the playground with children from the Nest Children's Home

3.4 Research and Development

The Research and Planning Sub-Programme seeks to provide evidence-based policy recommendations on budget implementation by participating and providing advice on the planning and budgeting process. The following are key activities and achievements accomplished under the Sub-Programme during the reporting period:

3.4.1 Review of OCOB Strategic Plan 2013-2017

The first Strategic Plan (2013-2017) provided a framework within which the Office developed the strategies, objectives, activities that established the office and the expected outputs/outcomes. The Office is in the process of reviewing this Strategic Plan to take stock of changes in the internal and external environment and align it with institution's priorities. The ongoing review will be guided by the Constitution of Kenya, 2010 and other enabling legislations such as Public Finance Management (PFM) Act, 2012, and Controller of Budget Act, 2016. The review is an important process given that the Office relies on the strategic plan to focus time and resources towards delivering on its mandate.

3.4.2 Online Library Services

The Office enlisted online library services through subscription to International Online Databases, updated the Online Public Access Catalogue (OPAC) and provided remote access to the library resources for staff based in the 47 counties. The Office also subscribes to several magazines such as The Economist, Time, Kenya Law Monthly and Kenya Gazette weekly Notices to enhance legal, socio-economic and administrative information and updates for the staff. These services will enhance access to a wide pool of information resources for use in the decision making process.

3.4.3 Collaborations with Kenya National Bureau of Statistics (KNBS)

OCOB in collaboration with the Kenya National Bureau of Statistics (KNBS) and other government agencies pioneered the development of the National Statistical System (NSS) that will provide a reliable statistical system to produce the necessary data for design, implementation and monitoring of national development policies and programmes. In this regard, the Office has developed a Statistic Plan that will streamline flow of information among MDAs and other government spending entities.

3.4.4 Collaborative Ventures

The Office has continued to collaborate with development partners through technical capacity assistance, budgetary support and participation in Forums. Some of the collaboration initiatives are;

- » Collaboration with Public Finance Management Reform (PFMR) secretariat to build capacity of staff on effective budget analysis and reporting.
- » Collaboration with the Kenya National Bureau of Statistics (KNBS) in the development of National Statistical System (NSS).
- » Collaboration with UN Women to promote Gender Responsive Budgeting.

CHAPTER FOUR

INSTITUTIONAL AND ADMINISTRATIVE STRUCTURE OF THE OFFICE

4.1 Institutional structure

At the apex is the Controller of Budget who is appointed in accordance with Article 228 of the Constitution of Kenya, 2010. The Controller of Budget is supported by the Deputy Controller of Budget who is also responsible for the Directorate of Budget Implementation. The secretariat comprises of four directorates that report directly to the Controller of Budget: Directorate of Budget Implementation; Directorate of Corporate Services; Directorate of Research and Planning and Directorate of Legal Affairs. The Office also has an internal audit department which functionally reports to the Audit Committee but administratively reports to the Controller of Budget.

4.1.1 Budget Implementation Directorate

This directorate is headed by the Deputy Controller of Budget who reports to the Controller of Budget. The Deputy Controller of Budget oversees the implementation of the budgets of the National and county governments and ensures timely preparation BIRRs.

4.1.2 Corporate Services Directorate

This directorate is headed by the Director Corporate Services, who reports to the Controller of Budget. The Director is responsible for facilitating the development of organizational policies, systems and procedures and coordinates the delivery of quality services in Accounting, ICT, Human Resources and Supply Chain Management, Communications and Public Relations Departments.

4.1.3 Research and Planning Directorate

The Directorate is headed by the Director Research and Planning Services, who reports to the Controller of Budget. The directorate is responsible for ensuring strategic leadership in the formulation and implementation of research and planning policies, systems and procedures.

4.1.4 Legal Services Directorate

The Directorate is headed by the Director, Legal Services who reports to the Controller of Budget. The Directorate is responsible for the formulation and implementation of legal, Governance and Compliance policies, systems and procedures in addition to overseeing research on legal matters.

4.1.5 Internal Audit Division

The Internal Audit Division is headed by the Chief Internal Auditor who reports to the Controller of Budget administratively but functionally to the Audit Committee. The Chief Internal Auditor has the responsibility of implementing and reviewing control systems, the internal audit policies, systems and procedures in line with the Audit Plan.

4.2 Administrative Structure

The Controller of Budget is assisted by various committees to monitor internal operations of the Office. These committees include: Executive Committee, Management Committee, Audit Committee, Budget Committee, Human Resource Management and Advisory/Training Committee and ICT Steering Committee and Integrity Committee.

The committee members are appointed by the COB and are drawn from various departments with specific responsibilities to be undertaken during the term of appointment.

On appointment; each member is provided with an appointment letter outlining the responsibilities to be undertaken.

4.2.1 Executive Committee

The Executive Committee (EXCOM) oversees the Office of the Controller of Budget's overall performance. It focuses on strategic leadership, management and direction, ensuring the most effective prioritization of resources. Further, the Committee spearheads development and implementation of policies and OCOB Strategic Plan.

The Executive Committee is composed of the Controller of Budget; Deputy Controller of Budget, the Directors and any such members as may be co-opted into the Committee on need basis. The Executive Management Team is responsible for:

- a) Developing and monitoring implementation of OCOB Strategic Plan
- b) Approving and monitoring the implementation of OCOB Policies and Procedures.
- c) Approving OCOB's Organization Structure.
- d) Overseeing Risk Management in the organization.
- e) Providing direction on Succession Planning.
- f) Promoting Stakeholder engagements as provided in the OCOB Strategic Plan.

4.2.2 Management Committee

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

- » Planning – establishing and reviewing strategic and operational plans for 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 performs 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 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 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 organisations policies and procedures
- » The organisation Strategic Plan and other legislation.

4.2.3 Integrity Committee

The purpose of this committee is to entrench anti-corruption initiatives in the operations of the Office. The Committee comprises of the Controller of Budget as the Chair and all heads of departments as members. The mandate of the committee includes:

- » Coordinating formulation and implementation of Codes of Conduct and Ethics, Anti-Corruption Policy, Corruption reporting channels, Corruption Risk Assessment and mitigation plan and Performance contracting targets etc.
- » Holding periodic meetings to deliberate on anti-corruption and other integrity issues
- » Setting priorities in the prevention of corruption in functional areas
- » Planning and coordinating corruption prevention strategies
- » Integrating integrity in the institutional programs and activities
- » Receiving and reviewing corruption reports and recommending action
- » Spearheading anti-corruption public campaigns within their areas
- » Monitoring the impact of corruption prevention initiatives
- » Preparing and submitting regular progress reports to Ethics and Anti-Corruption Commission and other appropriate agencies
- » Strengthening internal control systems

4.2.4 Audit Committee

Section 73(5) of the Public Finance Management Act, 2012 provides that every national government entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations. The PFM Act 2012, regulations for national government, section 174(10) provides that the Public Sector Accounting Standards Board shall prescribe guidelines for appointment of audit committees to be approved and gazette by the Cabinet Secretary.

The primary function of the Committee is to assist the Controller of Budget in fulfilling her oversight responsibilities relating to the quality of financial reporting, internal controls, the audit process, and the organisation's process for monitoring compliance with laws and regulations and the code of conduct.

The membership of the Audit Committee comprises of: Director of Research and Planning, Director of Legal Affairs, Chief Fiscal Analyst (National Government), Chief Manager ICT, and Chief Internal Auditor. The functions of the Committee are;

- » Reviewing the audit plan for adequacy;
- » Reviewing financial statements and other financial information distributed externally;
- » Monitoring the procedures in place to ensure the OCOB is in compliance with standards, Laws and Regulations;
- » Monitoring risk assessment and the internal controls instituted within the Office

- » Monitoring the establishment of an appropriate risk management and internal control framework, including information management systems security and controls;
- » Liaising with the external auditors and ensuring the statutory audits and reviews are conducted in an efficient and effective manner;
- » Follow up on the implementation of the recommendations of internal and external auditors.

4.2.5 Budget Committee

This is a sub-committee of the Executive Management Committee set up to ensure resources are utilised as per the OCOB budget and work plan. The committee is made up of the following members drawn from various departments: Director-Corporate Services, Director-Research and Planning, Chief Manager-ICT, Chief Manager-HR, Chief Manager-Supply Chain Management, Chief Manager-Finance and Accounts, Manager-HR and two Accountants. The committee has the following responsibilities:

- » Review and consider the cash flow plans- This shall involve a regular review of cash plan including approving for any changes to be communicated to Treasury
- » Reviewing the utilization of cash limits and considering any changes as may be required. this may include reviewing the actual departmental expenditures to determine the absorption rate for the budgeted activities and identifying the reasons behind non utilization of funds
- » Advising the Accounting Officer on any problems related to budget implementation.
- » Reviewing and recommending re-allocations
- » Reviewing and approving expenditure returns
- » Reviewing the commitments including pending bills and recommending solutions

4.2.6 Human Resource Management Advisory Committee (HRMAC)

The Human Resource Management Advisory Committee (HRMAC) is a standing committee that advises the Controller of Budget on Human Resource issues and staff development. The committee supports the Controller of Budget in the following areas:

- » Analysing training needs and setting up a hierarchy of priorities (in terms of relevance, urgency and availability of funds) with the overall training projections;
- » Assessing available training opportunities, identify, select and recommend to the Controller of Budget the suitable candidates (based on identified needs) for various training programs organized locally and internationally;
- » Investigate and make recommendations to the Controller of Budget on disciplinary matters;
- » Discuss and make recommendations on existing HR regulations and policies to the Controller of Budget;
- » Discuss and make recommendations to Controller of Budget on general staff welfare and motivation issues among others.

4.2.7 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 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 organization. ICT steering Committee plays one of the key ICT governance roles within the OCOB and is given appropriate strategic status within the organizational planning and management environment.

CHAPTER FIVE

EMERGING ISSUES AND CHALLENGES IN THE MONITORING OF BUDGET IMPLEMENTATION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the challenges that affected the monitoring and reporting on implementation of budgets by both the National and County Governments during the reporting period.

5.2 Challenges

5.2.1 Delay by MDAs and county governments to submit quarterly financial reports to COB

During the FY 2017/18, the Office experienced delays by some MDAs and county governments to submit quarterly financial reports within the timelines set by the law. This affected the timely production of the BIRR reports by the Office.

Accounting Officers should ensure that expenditure reports for their respective MDAs and Counties are submitted to OCOB in time to allow for timely preparation and publication of Budget Implementation Review Reports.

5.2.2 Failure to Report on Programmes and Projects Achievements by MDAs and Counties

The Controller of Budget is required to report on the programmes and projects achievements by MDAs as stipulated in Section 9 (2) of the Controller of Budget Act, 2016. The Office has developed and shared a format to capture this information. Despite this, some MDAs and county governments failed to present information on programme and project achievements in FY 2017/18.

All Accounting Officers should ensure that the reports submitted to the Controller of Budget contain sufficient information on programmes and projects achievement as set in the Programme Based Budget framework in order to promote transparency and accountability in the use of public funds.

5.2.3 Conflicting Reporting Timelines in the legal framework

Article 228 (6) of the Constitution of Kenya 2010 requires the Controller of Budget to submit to each house of Parliament a report on the implementation of the budgets of the National and county governments every four months. In preparing Budget Implementation Review Reports the Controller of Budget relies on financial reports prepared by the National and County governments but verifies the same using data obtained from the Integrated Financial Management Information System (IFMIS). However, some of the timelines are too close to, or coincide with the time the Controller of Budget is required to submit the BIRRs to Parliament, leaving no room for verification.

Secondly, other sections of the PFM Act, 2012 do not give timelines within which information should be submitted to the Controller of Budget. For instance, Section 83(3) of the PFM Act, 2012 states the time when the accounting officers should submit their reports to the Cabinet Secretary but does not state the time the Cabinet Secretary should submit the information to the Controller of Budget.

5.2.4 Review of COB Act, 2016

Some sections of the COB Act, 2016 are inconsistent with the Constitution of Kenya regarding the reporting role of COB on recent macroeconomic developments including economic development and outlook, revenue, grants and loans forecasts and receipt. The Office in collaboration with other stakeholders is spearheading the review of the Act to align it with the Constitution.

5.2.5 Inadequate Office Space

Currently, the Office is currently occupies two floors at Bima House which is inadequate to accommodate both the staff and interns as well as provide adequate storage space for library and registry offices.

5.2.6 Dysfunctional Lifts at Bima House

The Office of the Controller of Budget is currently located at Bima House on 12th floor. However, access to the Office by the staff, government officials and the general public is severely affected by dysfunctional lifts that operates intermittently.

CHAPTER SIX

CONCLUSION

The Office of the Controller of Budget is committed to discharging its mandate as required by law to ensure prudent use of public funds in the Public Sector. During the FY 2017/18, the Office prepared and distributed budget implementation reports that highlighted key issues affecting budget implementation at both levels of government. The Office also reviewed planning documents and draft budgets at both levels of government and provided appropriate recommendations to ensure effective implementation of approved budgets.

In line with Article 228 of the Constitution, the Controller of Budget authorised withdrawals from the Public Funds to ensure smooth implementation of programmes at both National and County governments. Accordingly, the total exchequer issues to National and County governments was Kshs.2.1 trillion and comprised of Kshs.1.17 trillion to Ministries Departments and Agencies (MDAs), Kshs.583.2 billion for Consolidated Fund Services (CFS) and Kshs.324.1 billion to the County governments.

The Office made notable achievements in the delivery of its mandate including being awarded the Public Service Commission (PSC) Award for excellent performance in promoting national values and principles of governance as espoused in the Constitution of Kenya, 2010. The Office was also awarded the 2017 Financial Reporting (FiRe) Award for promoting integrated reporting through enhancing accountability, transparency and integrity in compliance with financial reporting framework. These achievements are a demonstration of our commitment to promote prudent financial management in the public sector.

In spite of these achievements the Office experienced some challenges including delays by MDAs and county governments to submit quarterly financial reports which affected the timely production of BIRRs. Moving forward, the Office will continue to engage key stakeholders including Parliament, National Treasury and county governments to address existing gaps in the public finance framework to ensure information on budget implementation at both levels of government is available in time.

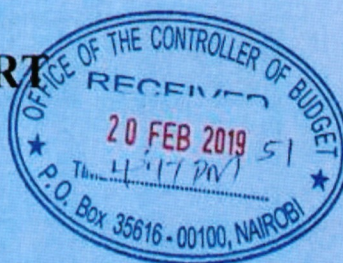


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT



OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
OFFICE OF THE CONTROLLER OF BUDGET**

**FOR THE YEAR ENDED
30 JUNE 2018**



REPUBLIC OF KENYA

**OFFICE OF THE CONTROLLER OF BUDGET
REPORTS AND FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2018

ISSUED ON: SEPTEMBER 30, 2018 (UNAUDITED)

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

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

Table of Contents

I. KEY INFORMATION AND MANAGEMENT OF THE OFFICE OF THE CONTROLLER OF BUDGET	1
(a) Background Information.....	1
1. As an independent office, Office of the Controller of Budget (COB) has the following mandate as enshrined in Constitution of Kenya, 2010: -.....	1
VISION.....	2
MISSION.....	2
CORE VALUES.....	2
2. Strategic Plan (2013-2017).....	3
3. Strategic Objectives.....	3
4. Principal Activities.....	3
a. The roles and functions.....	4
b. Key Strategic Priorities.....	4
(b) Key Management	4
(c) Fiduciary Management.....	5
EXECUTIVE MANAGEMENT TEAM.....	8
EXECUTIVE MANAGEMENT TEAM BIOGRAPHY	9
MANAGEMENT TEAM's BIOGRAPHY	13
d) Fiduciary Oversight Arrangements	15
Executive Committee	15
Management Committee.....	16
Audit Committee	17
Budget Committee.....	18
The Human Resource Management Advisory/Training Committee (HRMAC/T).....	19
ICT Steering Committee.....	20
Information Communication & Technology.....	20
Integrity Committee.....	21
Procurement Activities	22
Parliamentary Committee Activities.....	22
Development Partner Oversight Activities.....	23
Legal Activities	23
Public Information Sharing.....	25

OFFICE OF THE CONTROLLER OF BUDGET**Reports and Financial Statements****For the year ended June 30, 2018 (Kshs)**

Public Participation Activities.....	26
II. COMMENTARY BY THE CONTROLLER OF BUDGET	28
2.1 BUDGET ALLOCATION	28
Budget Allocation by Sub-programme	29
2.2 Key Performance Highlights	30
2.3 Budget Utilization.....	30
Budget Utilization as per Economic items.....	31
2.4 Current Year Performance against Prior Year.....	32
2.5 Receipts	32
2.6 Payments	33
Total Payments Breakdown	33
Total Payments Breakdown	34
Total Payments	35
2.7 Financial Assets Summary	35
2.8 Cash Flows and Cash Position	36
2.8 Cash Flow Activities.....	37
2.9 Key Achievements in the FY 2017/18.....	38
Institutional Capacity	38
Information Communication & Technology.....	39
Legal Framework.....	39
Partnership and Collaborative Ventures	40
Collaboration with the UN Women on Gender Responsive Budgeting	40
Other Collaborations.....	41
Financial Reporting (FiRe) Awards	41
Compliance	42
2.10 Monitoring and Reporting on Budget Implementation.....	43
Quarterly Budget Implementation Review Reports	43
National Government:-	44
County Governments:-.....	44
Special Reports.....	45
Advice to Government and Stakeholders	45
Monitoring and Evaluation Framework.....	45
2.11 Control of Withdrawals from Public Funds	46
2.11.1 Exchequer Releases and Budget Absorption.....	46
2.11.2 Exchequer Releases to National Government	46
2.11.3 Summary of exchequer issues to national government in FY 2017/18.	46

OFFICE OF THE CONTROLLER OF BUDGET	
Reports and Financial Statements	
For the year ended June 30, 2018 (Kshs)	
2.11.4. Exchequer Releases to County Governments.....	48
2.11.5 Summary of exchequer releases to the forty seven county governments in FY 2016/17.	50
2.12 County Services and Enabling Activities.....	53
2.12.1 Review of County Government Budgets for FY 2017/18.....	53
2.12.2 Advisories to County Governments.....	54
2.12.3 County Visits.....	54
2.13 Mediation.....	54
2.14 Public Information Sharing.....	54
2.15 Emerging Issues/Challenges.....	55
2.15.1 Emerging Issues.....	55
2.15.2 Incomplete/Credibility of the data submitted to the office.....	55
2.16 Challenges.....	55
2.16.1 IFMIS Procurement module.....	56
2.16.2 Inadequate Office Space.....	56
2.16.3 Inadequate staff capacity.....	56
2.16.4 Challenges in monitoring and overseeing budget implementation.....	56
of national and county governments.....	56
2.16.5 System challenges (IFMIS, E-promise, CDRMS, Audit system).....	56
2.16.6 Records management.....	57
2.17 Strategic plan 2018-2022.....	57
III. STATEMENT OF THE OFFICE OF THE CONTROLLER OF BUDGET	
MANAGEMENT RESPONSIBILITIES.....	59
IV. REPORT OF THE AUDITOR GENERAL ON THE OFFICE OF THE CONTROLLER	
OF BUDGET (VOTE 2121) FOR THE YEAR ENDED 30TH JUNE 2018.....	61
V. STATEMENT OF RECEIPTS AND PAYMENTS.....	62
VI STATEMENT OF ASSETS AND LIABILITIES.....	63
VII STATEMENT OF CASH FLOW.....	64
VIII SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND	
DEVELOPMENT COMBINED.....	66
IX SUMMARY STATEMENT OF APPROPRIATION: RECURRENT.....	68
XI BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES.....	71
II SIGNIFICANT ACCOUNTING POLICIES.....	
11.1 Going Concern Principle.....	72
11.2 Statement of compliance and basis of preparation.....	72

OFFICE OF THE CONTROLLER OF BUDGET

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

11.3 Recognition of revenue and expenses	72
11.4 In-kind contributions	72
11.5 Cash and cash equivalents	73
11.6 Accounts Receivable	73
11.7 Accounts Payable	73
11.8 Non –current assets	73
11.9 Pending bills	74
11.10 Budget	74
11.11 Comparative figures	74
11.12 Subsequent events	74
12 NOTES TO THE FINANCIAL STATEMENTS	75
ANNEX 1- ANALYSIS OF PENDING ACCOUNTS PAYABLE (DEPOSIT ACCOUNT)	83
ANNEX 2-SUMMARY OF FIXED ASSET REGISTER	84
ANNEX 3-LIST OF PROJECTS IMPLEMENTED BY THE OFFICE	85
ANNEX 4- REPORTS GENERATED FROM IFMIS	86

I. KEY INFORMATION AND MANAGEMENT OF THE OFFICE OF THE CONTROLLER OF BUDGET

(a) Background Information

The Office of the Controller of Budget (OCOB) is established under Article 228 of the Constitution of Kenya, 2010 to oversee the implementation of the budgets of the national and county governments by authorizing withdrawals from funds established under Articles 204, 206 and 207. Further, Article 228 (5) of the Constitution requires the Controller of Budget not to approve withdrawals from public funds unless satisfied that such withdrawals are authorized by law.

The Office is headed by Controller of Budget, FCPA Agnes Odhiambo CBS, who is responsible for the general policy and strategic direction of the entity.

1. As an independent office, Office of the Controller of Budget (COB) has the following mandate as enshrined in Constitution of Kenya, 2010: -

- To oversee implementation of budgets of the National and County Governments, (Article 228 (4)).
- Authorize withdrawals from Public Funds including the Equalization Fund, the Consolidated Fund, and the County Revenue Fund under (Article 204 (9)), (Article 206 (4)), and (Article 207 (3) and when satisfied that the withdrawal is authorised by law (Article 228 (5)).
- Report, every four months to each house of Parliament on the implementation of the budgets on the national and county governments (Article 228(6)).
- Report after the end of each financial year, to the President, the National Assembly and Senate (Article 254(2)).
- Report on a particular issue, as may be required by President, the National Assembly or the Senate (Article 254(2)).
- Advise Parliament on the need to renew or not to approve the decision of the Cabinet Secretary in charge of finance to stop the transfer of funds to a State Organ or any other Public Entity (Article 225 (7)).
- Conduct investigations based on its own motion or on a complaint made by a member of the public (Article 252 (1) (a)).

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

- Conduct alternative dispute resolution mechanisms including conciliation, mediation and negotiation to resolve budget implementation disputes (Article 252 (1)(b). and
- Ensure the public has access to information on budget implementation both at the national and county levels(Article 35) section 39(8) of the Public Finance Management Act 2012

VISION

To be the leading and independent oversight institution in public financial management

MISSION

To guarantee prudence in public finance through overseeing implementation of Government budgets by controlling and monitoring the use of public funds and reporting on budget implementation for the benefit of all Kenyans.

CORE VALUES

Honesty and integrity; professionalism; accountability and transparency; innovation and creativity; teamwork; efficiency and independence

Honesty and Integrity: To enhance stakeholders' confidence in our services, we shall meet stakeholders' expectations by carrying out duties and responsibilities with honesty, fairness, and integrity.

Professionalism: We shall adhere to best practices, professional standards and ethics to continuously improve service delivery.

Accountability and Transparency: We shall adopt a governance structure that promotes and supports accountability and transparency. We shall encourage our stakeholders to provide feedback and proposals on improvement of service delivery. We shall also provide to the public timely and accurate information.

Innovation and Creativity: We shall continue to promote innovation and creativity through research, regular brainstorming sessions and exchange of ideas at all levels so as to tap the full potential of our staff, partners and collaborators.

Teamwork: We shall collaborate with colleagues and stakeholders to achieve our goals and objectives through consultations, consensus building, participation, and consideration of diversity of opinion and experiences.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

Efficiency: We shall endeavour to effectively meet set deadlines in all our activities as set out in the Constitution of Kenya and ensure prudent utilization of public funds for the satisfaction of the Kenyan people.

Independence: We shall ensure responsive, prompt, effective, impartial provision of services while firmly and courageously respecting the rule of law.

2. Strategic Plan (2013-2017)

A strategic plan is an important tool to an organization because it provides a sense of direction and outlines measurable goals. The Office has a strategic plan in place that guides policy formulation and day-to-day decision making process as well as evaluating progress towards meeting its constitutional mandate. This Strategic Plan (2013-2017) is currently under review to include changes in legislations and emerging issues in view of the full cycle of activities of devolution process. This will enable the Office to develop a new Strategic Plan for the period 2018-2022.

3. Strategic Objectives

There are six strategic objectives that guide the operations of the Office. Each strategic objective comprises of several strategies and activities that aim to achieve results in the key strategic areas. The following are the six strategic objectives.

1. To ensure timely approval of withdrawals from the Consolidated Fund, County Revenue Fund and Equalization Fund;
2. To oversee and regularly monitor the utilization of public funds released to spending units;
3. To enhance openness, accountability and public participation in prudent financial management;
4. To participate and provide advice on financial, planning and budgeting issues;
5. To build capacity of the Office to deliver on its mandate; and
6. To ensure the public has access to comprehensive, understandable, credible and timely information.

4. Principal Activities

The core mandate of the Office of the Controller of Budget is to oversee the implementation of budgets of both National and County Governments, approve withdrawals from public funds and report to both Houses of Parliament on budget implementation every four months.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

a. The roles and functions

The core functions of the Office include:

- Oversight Role
- Controlling Role
- Reporting Role
- Advisory Role
- Investigation Role
- Arbitration/Mediation Role
- Public Participation

b. Key Strategic Priorities

During the period under review, the Office undertook implementation of the key strategic priorities:

- Monitoring of budget implementation for both National and County Governments projects and programs.
- Timely approval of withdrawals from public funds to both National Governments entities (MDAs) and the 47 Counties.
- Capacity building of both OCOB staff and county staff on skills to improve budget execution.
- Preparing quarterly budget implementation reports and special reports to both Houses of Parliament for the National and County governments.
- Reviewing budgets of the Counties to ensure compliance with the law.
- Providing budget information to the public through media and public participation forums.
- Public sensitization to build their capacity to effectively participate in the budget process and to hold public officials to account through social audit frameworks.
- Undertaking further research on key issues identified in the Quarterly Budget Implementation Review Report to advise both Parliament and the Executive.
- Providing advisory to Ministries, Departments and Agencies (MDAs) as well as the County Governments on budget implementation matters

(b) Key Management

The Office day-to-day management is under the following key organs:

- Directorate of Budget Implementation
- Directorate of Corporate Services

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

- Directorate of Research and Planning Services
- Directorate Legal Services
- Internal Audit Division

S/NO.	DESIGNATION	NAME
1	Controller of Budget	FCPA Agnes Odhiambo,CBS
2	Deputy Controller of Budget	CPA Stephen Masha
3	Director Corporate Services	CPA Macklin Ogolla
4	Director Research and Planning	Mr. Joshua Musyimi
5	Director Legal Affairs	Ms. Selina Iseme
6	Chief Internal Auditor	CPA Joseph Tulula
7	Chief Fiscal Analyst-National Government	CPA Patrick Kamore
8	Chief Fiscal Analyst-County Governments	CPA Mark Kipkoech
9	Chief Manager Public Relations & Communication	Mr. Stephen Wangaji
10	Chief Manager Human Resource & Administration	Ms. Irene Arimi
11	Chief Manager Information Communication and Technology	Ms. Judith Muli
12	Chief Manager Finance & Accounts	CPA Pamela Okatch
13	Chief Manager Supply Chain Management	Mr. Anthony Lusuli
14	Manager Legal Affairs	Mr. George Tuti
15	Manager Human Resource & Administration	Mr. Shadrack Chando
16	Principal Research and Planning Officer	Ms. Grace Kimitei
17	Personal Assistant to COB	Ms. Mary Owii
18	Senior Internal Auditor	CPA Sally Rono
19	Senior Internal Auditor	CPA David Ayimba
20	Senior Internal Auditor	CPA Joseph Marigi
21	Ag. Chief Manager, Finance and Accounts	CPA Pauline Mwagambo
22.	Ag. Chief Manager, Supply Chain Mgmt	Hilda Amwata

(c) Fiduciary Management

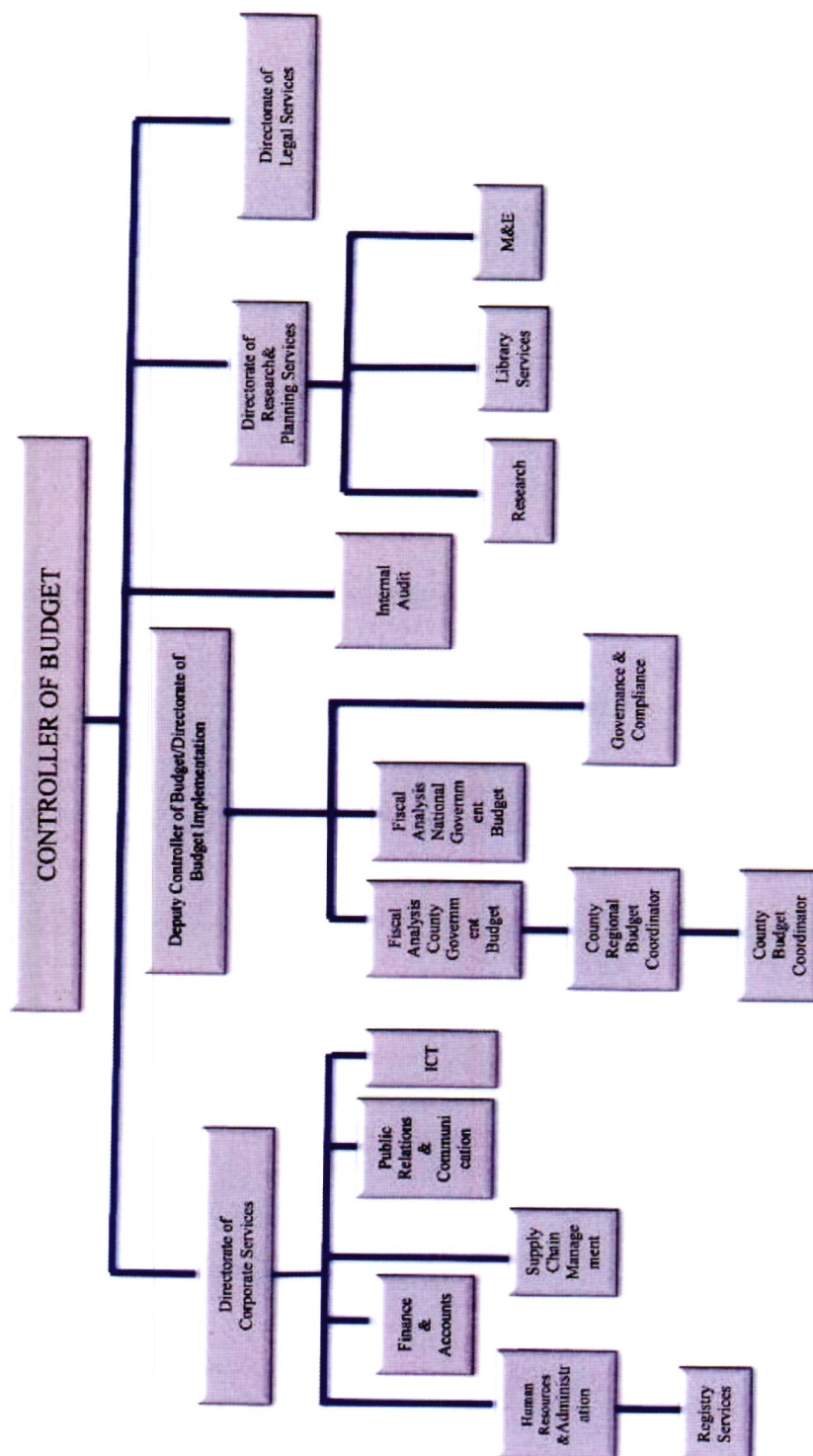
The key management personnel who held Office during the financial year ended 30th June, 2018 and who had direct fiduciary responsibility were:

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

S/NO.	DESIGNATION	NAME
1	Controller of Budget	FCPA Agnes Odhiambo,CBS
2	Deputy Controller of Budget	CPA Stephen Masha
3	Director Corporate Services	CPA Macklin Ogolla
4	Director Research and Planning	Mr. Joshua Musyimi
5	Director Legal Affairs	Ms. Selina Iseme
6	Chief Internal Auditor	CPA Joseph Tulula
7	Chief Manager Finance & Accounts	CPA Pamela Okatch
8	Chief Manager Supply Chain Management	Mr. Anthony Lusuli

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

Organizational Structure



EXECUTIVE MANAGEMENT TEAM



FCPA Agnes Odhiambo, CBS
Controller of Budget



CPA Stephen Masha
Deputy Controller of Budget & Head, Budget Implementation



CPA Macklin Ogolla
Director Corporate Service



Mr. Joshua Musyimi
Director Research and Planning



Ms. Selina Iseme
Director Legal Affairs

EXECUTIVE MANAGEMENT TEAM BIOGRAPHY

FCPA Agnes Odhiambo, CBS

Mrs. Agnes Odhiambo was appointed the first Controller of Budget of the Republic of Kenya in August 2011. She holds a Master of Business Administration degree and a Bachelor of Commerce degree both from the University of Nairobi and is a Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK). She is also a member of the Association of women Accountants of Kenya (AWAK) and a member of Women Corporate Directors (WCD). She is an accomplished finance professional with over 30 years progressive experience in roles of increasing responsibility having held various senior management positions in the private and public sectors. Mrs. Odhiambo joined the Public Sector upon her appointment at Kenya Post Office Savings Bank as Director (Finance and Administration) where she successfully led the organization's financial reforms and later moved to the Constituencies Development Fund Board as the Chief Executive Officer where she spearheaded the formulation and implementation of its strategy. Prior to joining the Public Sector, Mrs. Odhiambo worked in the private sector in various local and multinational companies where she rose from the position of Assistant Accountant to a Finance Director. Mrs. Odhiambo has attended several leadership and governance course both locally and internationally. She has also held several board positions both in the private and public sectors.

CPA Stephen Masha

Mr. Masha holds a Master of Science in Finance from Leicester University, a bachelor's degree in Education from Kenyatta University and is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is the convener of ICPAK's Public Finance Sub-committee, a member of the Devolution and Branches Work stream and the Public Policy and Governance Committee. Mr. Masha is a seasoned finance professional with over 15 years' experience having previously worked as the Regional Chief Fiscal Analyst at USAID, Audit Manager at Action Aid and as an Internal Auditor at Family Health Organisation of Kenya among other reputable institutions. He was the Director, County Fiscal Affairs at the Commission on Revenue Allocation prior to joining OCOB. He has attended several professional workshops both locally and overseas in leadership, financial analysis, program management, supervision, procurement, and training of trainers. Mr. Masha has performed several short-term assignments in a number of countries, including Tanzania, Uganda, Burundi, Rwanda, Eritrea, Ethiopia, Zambia and the United States of America.

CPA Macklin Ogolla

Mr. Ogolla is a very experienced finance and administration specialist. He is currently pursuing a PhD program in finance, holds a Masters of Business Administration (MBA) in Finance from Moi University, a Bachelor of Science in Actuarial Mathematics from the University of Nairobi. He also holds a Post-graduate Diploma in Finance from Maastricht, is a member of good standing with the Institute of Certified Public Accountants of Kenya (ICPAK) and also a member of Institute of Certified Financial and Investment Analyst (ICIFA) of Kenya. Mr. Ogolla has extensive training in Finance, Administration and Information Technology, International Accounting Standards (IFRS & IPSAS), Debt sustainability analysis, project management including ICT training at Oracle University and a World Bank Training in Fiscal Decentralization. He has previously worked in World Bank Funded Programmes, Office of the President, Ministry of Development Coordination, Ministry of Industrialization and the National Treasury. He is a former alternate Director of Kenya Industrial Estate and currently a member of Public Sector Accounting Standards Board.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

Mr. Joshua Musyimi

Mr. Musyimi holds a Masters of Arts degree (Economics Policy Management) from University of Ghana, Legon and a Bachelor of Science degree in Statistics and Computer Science from Kenyatta University. He has had extensive training in Data Analysis, Census and Survey Processing. With over 18 years' experience, Mr. Musyimi has previously worked at the Kenya National Bureau of Statistics (formerly Central Bureau of Statistics) where he rose through the ranks to become the Manager Research and Planning. He also worked in the Ministry of State for Planning and National Development and Vision 2030 as Principal Economist/Statistician. Mr. Musyimi had a stint at the Policy and Strategy Unit, State House and was attached to the National Economic and Social Council (NESC) as part of the team that developed the Kenya Vision 2030. With a background in Social Research and Statistics, Mr. Musyimi was directly involved in the preparation of the "Vision 2030" particularly the Social and Political Pillars.

Ms. Selina Iseme

Miss Selina Iseme holds a Master of Laws degree from the University of Leeds, United Kingdom and a Bachelor of Laws degree from the University of Nairobi. She is a certified mediator having been accredited by the Center for Effective Dispute Resolution by the United Kingdom in the year 2015.

She has a wealth of experience gained both in the public and private sectors. Prior to joining OCOB she worked for the Public Service Commission where she joined as Principal Litigation Counsel and rose through the ranks to the position of Deputy Director Legal Services. While serving at the Public Service Commission she participated in national assignments including being appointed as joint secretary to the taskforce that developed the policy and Bill on the values and principles of public service contained in Article 232 of the Constitution. She had served as an associate advocate with the firm of Iseme, Kamau and Maema Advocates and as also a legal officer with Lion of Kenya Insurance.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

MANAGEMENT TEAM



CPA Joseph Tulula
Chief Internal Auditor



CPA Patrick Kamore
*Chief Fiscal Analyst
National Government*



CPA Mark Kipkoech
*Chief Fiscal Analyst
County Government*



Mr. Stephen Wangaji
*Chief Manager
Public Relations Communication*



Mrs. Irene Kathambi
*Chief Manager
Human Resources & Administration*



Ms. Judith Muli
*Chief Manager
Information Communication
& Technology*



CPA Pamela Okatch
*Chief Manager
Finance and Accounts*



Anthony Lusuli
*Chief Manager
Supply Chain Management*

MANAGEMENT TEAM's BIOGRAPHY

CPA Joseph Tulula

Mr. Tulula holds a Masters of Arts in Economics and a Bachelor of Commerce (Accounting) degrees from the University of Nairobi. He is a member of Institute of Certified Public Accountants of Kenya [ICPAK] and Institute of Internal Auditors of Kenya. Mr. Tulula has over 20 years' experience in Auditing, having previously worked for Kenya Institute of Curriculum Development as Chief Internal Auditor for five years, Kenya Bureau of Standards as Chief Accountant and Manager, Finance and Accounts for 10 years, Defense Forces Canteen Organization for 4 years as the Head of Internal Audit and the Ministry of Finance for 1 year.

CPA Patrick Kamore

Mr. Kamore holds a Master in Business Administration (Finance) and Bachelors of Education (Economics) from the University of Nairobi. He is a member of Institute of Certified Public Accountants of Kenya (ICPAK). Mr. Kamore has extensive training and experience in Finance and Banking, Institution Operations and Management and Information Technology. He has attended several workshops on Change Management, Training of trainers, Leadership skills, financial data analysis and reporting and Successful Leadership Management. He has over 10 years working experience in the Finance Sector and he championed the conversion of Family Bank Ltd from a building society to a fully-fledged commercial bank. Before joining OCOB, he was a Branch Manager at Family Bank Ltd.

CPA Mark Kipkoech

Mark holds Masters of Economics from the University of Nairobi and 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).

Mark 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 intensive training in investment banking, management and administration of retirement pension schemes, accounting for the public and private entities, public finance, public procurement, data analysis and report writing, management and

OFFICE OF THE CONTROLLER OF BUDGET

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

administration. Before joining OCOB, he was the Finance and Compliance Manager at Amana Capital Ltd and was the appointed Pension Administrator of the Amana Personal Pension Scheme and the Amana Umbrella Pension Scheme in line with the requirements of the Retirement Benefits Authority.

Ms. Irene Arimi

Ms. Arimi is currently pursuing a PhD program at the Jomo Kenyatta University of Agriculture and Technology. She holds a Master's in Business Administration (MBA) in HR from Kenya Methodist University (KeMU), a Bachelors' degree in HR Management and Higher National Diploma in HR both from the University of South Africa (UNISA) and a Certificate in Executive Human Resource Management from the Institute of Human Resource Management. Previously she worked at the Kenya Methodist University as Administrative Officer – HR, at the William J. Clinton Foundation HIV/AIDS Initiative [CHAI] in Papua New Guinea as HR Coordinator and at Marketing, Travel and Credit Consultancy (MTC), Botswana as Products and Services Manager. She has also worked with Deloitte, South Africa/Botswana as HR Management Assistant. She is a member of the Institute of Human Resources Management (IHRM).

Mr. Stephen Wangaji

Mr. Wangaji 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.

Mr. Wangaji holds a Master's in Business Administration (Marketing) degree from Egerton University, a Post-graduate Diploma in Mass Communication and a Bachelor of Arts, Economics and Geography both from the University of Nairobi. Mr. Wangaji is the immediate former president of the East Africa Public Relations Association (EAPRA), immediate former Vice Chairman of the Public Relations Society of Kenya (PRSK) and 2012 recipient of the PRSK Golden Honors Award for significant contribution to the PR industry in the region.

Ms. Judith Muli

Ms. Muli is currently pursuing a PhD program in Information Technology (I.T) at the Jomo Kenyatta University of Agriculture and Technology and holds a Master of Science in Information Systems from the University of Nairobi, a Master in Business Administration (Strategic Management Option) from Moi University and a Bachelor of Science in Mathematics with bias in computing from the University of Nairobi. Judith has extensive training and over

OFFICE OF THE CONTROLLER OF BUDGET

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

fifteen years' experience in Information systems Management & Training. She previously worked as a lecturer at Jomo Kenyatta University of Agriculture and Technology [JKUAT] and as an ICT Manager and Consultant in both public and private sector. She has vast experience in ICT research and in the Management of ICT Projects. She is a member of Information Systems Audit and Control Association (ISACA), Computer Society of Kenya [CSK], Internet Society (ISOC), Kenya Chapter and a Lister with Kenya ICT Action Network [KICTANet].

CPA Pamela Okatch

Pamela holds a Masters 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. Previously, she worked for Kenya Institute of Special Education (KISE) as Head of Finance and Administration. She also worked for Jaribu Credit Traders Ltd as Senior Accountant. She is a member of the Institute of Public Accountants of Kenya (ICPAK) and Association of Women Accountants of Kenya (AWAK) and currently pursuing a Certified Public Secretaries (CPS) course.

Pamela has seventeen years' experience in the accounting and finance field and she is well exposed to different accounting systems and practices. She also has vast experience in financial management gained at supervisory level in her career. Her main objective is to be in a senior level position regarding policy issues and decision making in finance, administration and budgeting.

Mr. Anthony Lusuli

Mr. Lusuli has many years' experience in Supply Chain and is currently pursuing a PhD in Procurement and Logistics. He holds a Masters' Degree in Procurement and Logistics from Jomo Kenyatta University of Agriculture and Technology, and a Bachelor's Degree in Business Administration (Entrepreneurship) from the Kenya Methodist University. Previously, he worked as a Supply Chain Management Officer at the National Treasury. He is a member of Kenya Institute of Supplies Management and Chartered Institute of Purchase and Supplies.

d) Fiduciary Oversight Arrangements

❖ Executive Committee

The purpose of the Executive Committee (EXCo) 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 development and implementation of policies and OCOB Strategic Plan.

OFFICE OF THE CONTROLLER OF BUDGET

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

The Executive Committee is composed of the Controller of Budget; Deputy Controller of Budget, the Directors and any such members as may be co-opted into the Committee on need basis.

The Executive Management Team is responsible for:

- a) Developing and monitoring implementation of OCOB Strategic Plan
- b) Approving and monitoring the implementation of OCOB Policies and Procedures.
- c) Approving OCOB's Organization Structure.
- d) Overseeing Risk Management in the organization.
- e) Providing direction on Succession Planning.
- f) Promoting Stakeholder engagements as provided in the OCOB Strategic Plan.

❖ Management Committee

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

- Planning – establishing and reviewing strategic and operational plans for 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 performs 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 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.

OFFICE OF THE CONTROLLER OF BUDGET

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

- Evaluation – monitoring all activities of OCOB and ensuring that the feedback contributes to the continuous improvement in governance and service delivery.

In 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 organisations policies and procedures
- The organisation strategic plan and other legislations.

Composition of the sub-Committee Members

- The various sub-committee members within the Office are drawn from the various departments and have a wide range of skills and experience and each contributes independently judgements and knowledge of the committee e discussions
- On appointment each embers is provided with the appointment letters outlining the responsibilities to be undertaken.

❖ Audit Committee

Section 73(5) of the Public Finance Management Act, 2012 provides that every national government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations. The PFM Act 2012, regulations for national government, section 174(10) provides that the Public Sector Accounting Standards Board shall prescribe guidelines for appointment of audit committees to be approved and gazette by the Cabinet Secretary.

The OCOB established an Audit Committee whose main functions are as stated in PFM Act, 2012 regulations, section 175 to:

- Support the Accounting Officer with regard to their responsibilities for issues of risk, control and governance and associated assurance but the responsibility over the management of risk, control and governance processes remains with the management; and
- Follow up on the implementation of the recommendations of internal and external auditors.

OFFICE OF THE CONTROLLER OF BUDGET

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

The Audit Committee has direct access to the external Auditors, and OCOB internal auditors. The Committee's membership comprises of 3 members namely:

S/NO.	NAME	ROLE
1	Mr. Joshua Musyimi	• Chairperson
2	Ms. Judith Muli	• Member
3	CPA Pamela Okatch	• Member
4	CPA Joseph Tulula	• Secretary

The key achievements during the year include the following:-

- The audit committee met and reviewed the Internal and External Audit's reports on various OCOB's functions

❖ Budget Committee

This committee is composed of the following members drawn from various departments:

S/NO.	NAME	ROLE
1	CPA Macklin Ogolla	• Chairperson
2	Mr. Joshua Musyimi	• Member
3	Ms. Judith Muli	• Member
4	Ms. Irene Arimi	• Member
5	Mr. Anthony Lusuli	• Member
6	CPA Pamela Okatch	• Secretariat
7	Mr. Shadrack Chando	• Secretariat
8	CPA Hope Keah	• Secretariat
9	CPA Antonette Kanani	• Secretariat

This is a sub-committee of the Executive Management committee 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 non utilization of funds.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

- 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

❖ **The Human Resource Management Advisory/Training Committee (HRMAC/T)**

The Human Resource Management Advisory Committee (HRMAC) is a standing committee that advises the Controller of Budget on HR issues and staff development. The Committee holds meetings quarterly. However, the Committee may call special meetings when necessary. The functions of the committee include the following:

- Discuss and make recommendations to the Controller of Budget on general staff welfare and motivation issues among others.
- To discuss, consider and recommend officers training requests to the Controller of Budget for approval purposes.
- Investigate and make recommendations to the Controller of Budget on disciplinary matters.
- Discuss and make recommendations on existing HR regulations and policies to the Controller of Budget.

This Committee is composed of the following members drawn from various departments:

S/NO.	NAME	ROLE
1	CPA Macklin Ogolla	• Chairperson
2	Mr. Joshua Musyimi	• Member
3	CPA Mark Kipkoech	• Member
4	CPA Patrick Kamore	• Member
5	Ms. Judith Muli	• Member
6	Mr. Stephen Wangaji	• Member
7	CPA Pamela Okatch	• Member
8	Mr. Anthony Lusuli	• Member
9	Mr. George W. Tuti	• Member
10	Mr. Shadrack Chando	• Secretariat
11	Ms. Irene Arimi	• Secretariat

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

The Committee was instrumental in the process of setting up the OCOB Staff Retirement Benefits Scheme, which was operationalized on the 1st July, 2017.

The Committee ensures continuous training and development for OCOB staff by making recommendations to the Controller of Budget. Major group trainings conducted in the last FY 2017/18 were; Monitoring and Evaluation, Leadership and Integrity and Risk Management. Each individual staff attended at least two trainings within the stated FY.

❖ **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 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 organization. ICT steering Committee plays one of the key ICT governance roles within the OCOB and is given appropriate strategic status within the organizational planning and management environment.

1. CPA Macklin Ogolla - Director Corporate Services - **Chairperson**
2. Mr. Joshua Musyini - Director Research and Planning
3. Ms. Judith Muli - Chief Manager, ICT - **Secretary**
4. Mrs. Irene Arimi - Chief Manager, HRM&A
5. CPA Mark Kipkoech - Chief Fiscal Analyst, County Government
6. CPA Patrick Kamore - Chief Fiscal Analyst, National Government
7. CPA Pamela Okatch - Chief Manager, Finance and Accounts

❖ **Information Communication & Technology**

The OCOB developed an elaborate ICT infrastructure system to assist in delivery of information to stakeholders. Some of the key achievements in the adoption of ICT are:

- Improved the existing ICT infrastructure by installing online uninterruptible power supply units at Bima house that continually supplies power to critical systems and prevents damaging of system during outages.

OFFICE OF THE CONTROLLER OF BUDGET

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

- Developed and maintained a robust network infrastructure (LAN, WAN and Network Segments) both at Bima house and in the counties by enabling remote access to our infrastructure by the county staff.
- Developed and maintained an interactive website, Intranet and efficient email system for communication through the installation of Secure Socket Layer Certificates (SSL) on our websites and subdomains in order to protect and secure information on our sites.
- Implemented an Electronic Document Recorded Management System (EDRMS) for the OCOB's main registry to assist the registry staff with the creation, management, use, storage and disposal of information and records.
- Undertook county visits to deploy Voice over IP infrastructure to aid the county offices in communicating with the head office.

❖ Integrity Committee

The Integrity Committee was constituted during 2016/17 financial period. The purpose of the formation of the Committee is to institutionalize the anti-corruption initiatives in the operations of the Office of the Controller of Budget. The mandate of the committee includes;

- Coordinating 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.
- Holding periodic meetings to deliberate on anti-corruption and other integrity issues
- Setting priorities in the prevention of corruption in functional areas
- Planning and coordinating corruption prevention strategies
- Integrating integrity in the institutional programs and activities
- Receiving and reviewing corruption reports and recommending action
- Planning staff training on integrity issues
- Spearheading anti-corruption public campaigns within their areas
- Monitoring the impact of corruption prevention initiatives
- Preparing and submitting regular progress reports to Ethics and Anti-Corruption Commission and other appropriate agencies

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

- Strengthening internal control systems

❖ **Procurement Activities**

The Public Procurement and Asset Disposal Act that became operational on 7/1/2017 made a lot of changes in procurement procedures and did away with most procurement committees like Tender and Procurement Committee. Operational Committees that are anchored into the law are Evaluation Committee and Inspection and Acceptance Committee which may be formed.

The Office has implemented the Act of 2015 where professional opinions are prepared by the Head of Procurement and forwarded to the Accounting Officer for approval or otherwise. The Office has embraced use of E-procurement (IFMIS) where all our procurement processes are on the Integrity Financial Management Information System and the Office will be introducing inventory module in E-procurement.

❖ **Parliamentary Committee Activities**

Article 228 (6) of the Constitution requires the Controller of Budget to submit to each house of Parliament a report on budget implementation of the national and county governments every four months. In line with this requirement, OCOB has continually engaged Parliamentary Committees to increase awareness on budget implementation and debate on issues under consideration by Parliament. This has benefited the overall budget implementation process by informing the review of proposed laws, facilitating more informed policy-making and ensuring greater government accountability. The OCOB engagement with Parliament ranged from making written submissions, giving evidence and presentations during committee hearings, consultation on budget implementation, and provision of expert advice on findings and recommendations for action by Government and Parliament. Specifically, key engagements were with the following committees:

- Senate Committee on Finance, Commerce and Budget
- Standing Public Accounts Committee of the National Assembly
- Standing Committee on Budget and Appropriations of the National Assembly
- Departmental Committee on Finance, Planning and Trade of the National Assembly.

The main engagement with Parliament was in the submission of quarterly budget implementation review reports per Article 228 (6) of the Constitution of Kenya. Other engagements were on financial management in the Public sector.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

❖ **Development Partner Oversight Activities**

The Office of the Controller of Budget collaborates with development partners, in particular, DANIDA, USAID and World Bank to build capacity for staff, county government staff including staff of county assemblies to facilitate efficient delivery of its services and improve budget implementation. Some of the activities undertaken under DANIDA funds through Public Finance Management Reforms (PFMR) programme includes: procurement of computers to enhance reporting by the county budget coordinators, equip the county budget coordinators' offices with fire proof cabinets to safe guard data and records, revamping of the website for information dissemination on use of public funds, development of mobile application software, Adobe in design training of staff ,baseline survey on underperformance of revenue in collaboration with KIPPRA and holding of public participation forums on budget, enhance social accountability and project ownership by the public.

❖ **Legal Activities**

In the financial year 2017/18 the Controller of Budget was enjoined as a party to six (6) legal suits and one (1) mediation. The legal matters related to disputes touching on County Governments while one was seek on advisory opinion from the Supreme Court.

Nairobi Petition No. 185 of 2017 James Gacheru Kariuki & 9 Others –vs- the Controller of Budget & 7 Others

In this case, the Petitioners contended that the County Appropriation Acts for all County Governments upon which the Controller of Budget had based her decision to authorize withdrawal of funds were null and void by virtue of having emanated from a flawed process. The Petitioners argued that the County Appropriations Bills which are passed by the County Assemblies giving rise to the County Appropriations Act were unconstitutional as they did not conform to the requirements of Section 23 of the County Governments Act on publication in the Kenya Gazette. This matter is ongoing in Court.

Makueni Petition No. 5 of 2017 Francis Mutuku & 16 Others Vs Controller of Budget & 6 Others

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

In this matter, former Members of the County Assembly of Makueni moved to Court to challenge the enforcement by the Office of the Controller of Budget of the Salaries and Remuneration Circular on car loans and mortgages to MCA's. They argued that they were entitled to a repayment term of 20 years as opposed to the SRC directed term of 5 years. The case is ongoing.

Machakos Petition No. 17 OF 2017 County Assembly of Machakos –Vs-Governor Machakos County & 4 Others

This case arose from differences between the County Assembly and the Executive of Machakos County where the Assembly claimed that the Executive intended to cripple their functions by denying them funds to undertake their activities. The case is ongoing.

Murang'a Petition No. 26 of 2017 Peter Muturi Mwangi & Anor –vs- Speaker Muranga County Assembly

This case concerns Murang'a County. The Petitioners allege that the Supplementary Appropriation Act for the FY 2016/17 was irregularly enacted. They therefore sought a declaratory order that the Act was null and void. They also sought orders to prohibit the Controller of Budget from relying on the Supplementary Act in releasing funds to Murang'a County. The issues were canvassed but before a judgement could be issued, the Petitioner withdrew the Petition thus concluding the matter.

Bomet Petition No. 2 OF 2017 County Assembly Service Board –vs- Governor Bomet County & 3 Others

In this matter, the County Assembly Service Board claimed that there was collusion between the Executive and the Office of Controller of Budget to deny the Petitioners development funds to construct the County Assembly premises. OCOB demonstrated to the Court the mandate of the Office and rebutted the claim that the Office is in anyway involved in making a decision on which projects should be funded at the County. This matter is ongoing.

Nairobi Petition No. 8 of 2018. Hon. Peter Imwatok –vs- The Nairobi City County & 7 Others.

OFFICE OF THE CONTROLLER OF BUDGET

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

In this matter, the Petitioner claimed that there were irregularities in the withdrawal of funds from the Nairobi County Revenue Fund which monies were utilized in the payment of the service provider for medical insurance for staff of the Nairobi County Government. This matter was litigated and the Petition was dismissed.

Supreme Court Reference No. 2 of 2017 Council of Governors –vs- The Attorney General & 7 others

The Controller of Budget was also enjoined in a constitutional reference filed in the Supreme Court by the Council of Governors. The Council of Governors seeks to have the Supreme Court to make a determination on the legality or otherwise contributions made by county governments to the Council of Governors. The matter is still pending.

In addition to the litigations, the Office was also involved in a Court mandated mediation in ***Nairobi Petition 252 of 2016 Council of Governors Vs Attorney General & 4 others***. The issues in this case revolved around how conditional grants should be funded; implementation of devolved functions; and what is national interest in the context of division of revenue under Article 203 of the Constitution. The mediation was undertaken and a report has been filed in Court.

❖ Public Information Sharing

In the FY2017/18, the Office disseminated information on budget implementation for both levels of governments through print and electronic media as stipulated under section 39(8) of the PFM Act, 2012. The Office disseminated published BIRRs to the Parliament and County Assemblies to facilitate effective oversight on utilization of funds by the spending entities at both national and county level. These reports were also distributed to Huduma centers, County Information Dissemination Centres (CIDs), Public libraries and to Universities to ensure the information on budget implementation is widely accessed by the general public.

These reports are also available on the OCOB website and have been uploaded on Budget Yetu Mobile Application available on Google Play, Apple Store and Microsoft Store and can be downloaded at no cost.

❖ **Public Participation Activities**

The Office has developed strategies and plans to engage with critical stakeholders by developing a communication policy that defines the criteria for engagement particularly with the citizens.

In a bid to promote public access to budget implementation information, the Office regularly carries out county visits and public participation forums to sensitize the public on the mandate of the Office, the process of budget preparation and to equip the public with skills to interrogate the budgets and carry out social accountability audits aimed at ensuring efficiency in the delivery of services.

The Office has so far organised public forums in Uasin Gishu, Nyeri, Kisumu, Mombasa and Machakos counties, where about 250 participants drawn from surrounding counties attend each forum.

Participating Counties

Uasin Gishu - December 2014: Uasin Gishu, Baringo, Elgeyo Marakwet, Nandi, Trans Nzoia, Nakuru, Bungoma and Kakamega

Nyeri - June 2015: Nyeri, Kirinyaga, Muranga, Kiambu, Nyandarua, Meru, Tharaka Nithi, Laikipia and Embu

Kisumu - May 2016: Kisumu, Siaya, Busia, Vihiga and Homa Bay

Mombasa - May 2016: Mombasa, Kilifi, Kwale, Tana River, Taita Taveta and Lamu

Machakos - June 2017: Kitui, Machakos, Makueni, Nairobi and Kajiado

The objectives of the public forums were to ensure that the public is informed on their roles in;

- public financial management at national and county level;
- monitoring and evaluation during budget making process and implementation;
- Social accountability audit and interaction between the public and the OCOB in order to address emerging issues concerning the OCOB and budget implementation.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

(e) Entity Headquarters

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

Contacts

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

(f) Bankers

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

(g) Independent Auditors

Auditor General.
Kenya National Audit Office.
Anniversary Towers, University Way.
P.O. Box 30084.
GOP 00100
Nairobi, Kenya

(h) Principal Legal Adviser

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

II. COMMENTARY BY THE CONTROLLER OF BUDGET



The Office is mandated to oversee the implementation of budget for both the National and County Governments by authorising withdrawals from the Public Funds. Pursuant to this role, the Office has continually published and publicized the quarterly Budget Implementation Review Reports (BIRRs) for both the National and County Governments and prepared other statutory reports as required by the Constitution of Kenya, 2010.

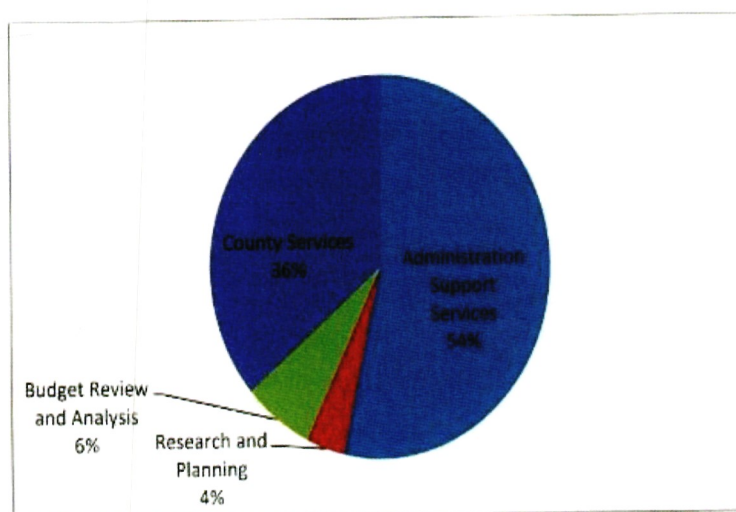
2.1 BUDGET ALLOCATION

In the FY 2017/18, the Office had a gross budget of **Kshs. 575,000,000.00** which was revised to **Kshs. 521, 079,350.00** in the Supplementary Estimates for recurrent vote. The Office was to expend the approved budget of **Kshs. 521, 079,350.00** under the following sub-programmes to cater for the main programme of *control and management of public finances* in four sub-programmes, namely;

- Authorisation of withdrawal from public funds (County Services).
- Budget Review and Analysis.
- Administrative Support Services and
- Research and Planning.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

Budget Allocation by Sub-programme



1. Sub-Programme 1: Authorisation of withdrawal from public funds (County Services)

The objective of this sub-programme is to ensure timely approval of withdrawals from the Consolidated Fund, County Revenue Fund and Equalization fund. This sub-programme was allocated **Kshs. 188,007,488.00** representing 36% of the budget. A total of **Kshs. 169,798,034.25** was spent under this sub-programme hence absorption rate of 90%.

2. Sub-Programme 2: Budget Review and Analysis

The objective of this sub-programme is to oversee and regularly monitor the utilization of public funds released to spending units. This sub-programme was allocated **Kshs. 34,445,870.00** representing 7% of the budget. A total of **Kshs. 32,190,746.65** was spent under this sub-programme hence absorption rate of 93%.

3. Sub-Programme 3: Administrative Support Services

The objective of this sub-programme is to enhance openness, accountability and public participation in prudent financial management. This sub-programme was allocated **Kshs. 279,430,372.00** representing 54% of the budget. A total of **Kshs. 245,151,783.00** was spent under this sub-programme hence absorption rate of 88%.

4. Sub-Programme 4: Research and Planning

The objective of this sub-programme is to conduct research and analysis on budget implementation policy issues and advice on improvement with budget implementation. This sub-

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

programme was allocated **Kshs. 19,195,620.00** representing 4% of the budget. A total of **Kshs. 14,984,716.00** was spent under this sub programme hence absorption rate of **78%**.

2.2 Key Performance Highlights

Below is an overview of the financial performance for the year ended 30th June 2018 as reported in the detailed financial statements together with the commentary and comparative analysis against budget and prior year for the key items in the financial statements

Financial Performance Summary:

Actual performance against budget for the year upto 30th June 2018

Financial Performance	Printed Estimates Kshs	Actual Kshs	Variance Kshs	% Utilisation Variance
Total Receipts	521,079,350	463,466,087.00	57,613,263.00	11%
Total Payments	521,079,350	462,125,279.90	58,954,070.10	11%
Surplus for the year	-	1,340,807.10	-1,340,807.10	

Actual receipts stood at 11% below budget while actual payments 11% below the budget. This is attributed to under receipt of exchequer and under-utilization of budget allocation for the programme.

2.3 Budget Utilization

The Office spent **Kshs. 462,125,279.90** against an approved budget of **Kshs. 521,079,350.00** representing absorption rate of **89%**. Utilization of the budget was carried out through various activities (economic classifications) as shown in the chart below:

OFFICE OF THE CONTROLLER OF BUDGET

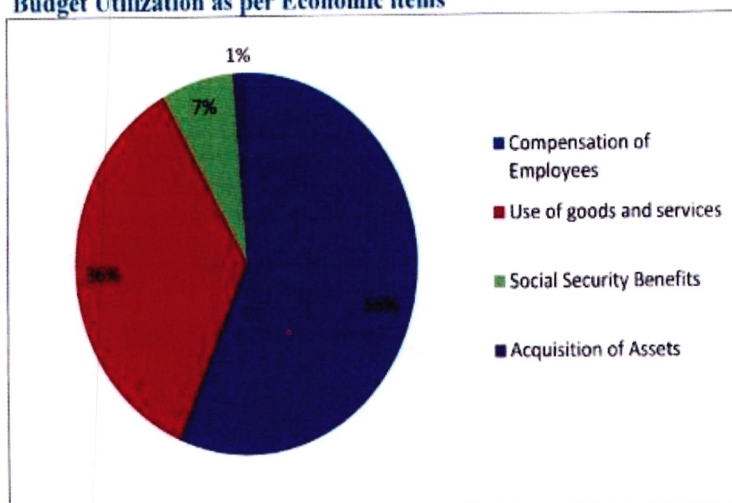
Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

Economic Classification	Approved Allocation	Budget	Actual Payments	Variance
Compensation of employees	275,660,000.00		260,667,954.05	14,992,045.95
Use of goods and services	193,312,002.00		164,501,359.55	28,810,642.45
Social security benefits	38,943,698.00		31,594,697.30	7,349,000.70
Acquisition of non-financial assets	13,163,650.00		5,361,269.00	7,802,381.00
Total	521,079,350.00		462,125,279.90	58,954,070.10

It is noted that 50% of the budget allocation was used in compensation of employees while 32%, 6% and 1% was utilized on use of goods and services, social security benefits and acquisition of non-financial assets respectively.

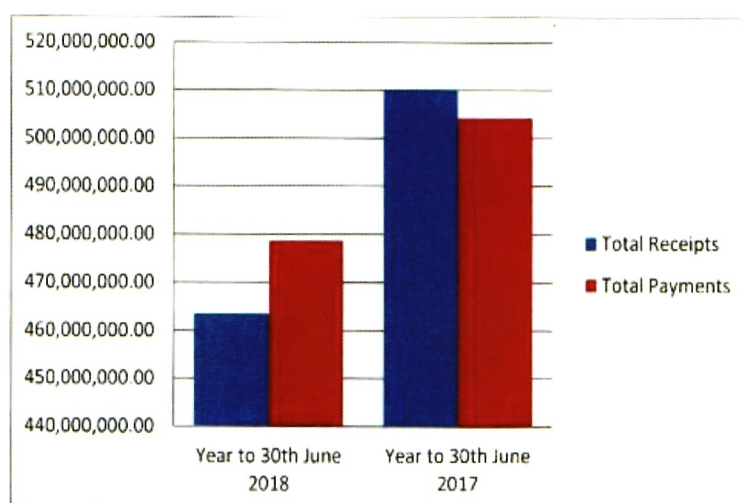
Budget Utilization as per Economic items



OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

2.4 Current Year Performance against Prior Year

Financial Performance	Year to 30th June 2018	Year to 30th June 2017	Change	%
Total Receipts	463,466,087.00	510,000,000.00	-46,533,913.00	-10%
Total Payments	462,125,279.90	504,275,449.05	-42,150,169.15	-9%
Surplus/(Deficit) for the year	1,340,807.10	5,724,550.95		



The total receipts decreased by 10% due to under-funding mainly through exchequer releases. There was an equivalent decrease of 9% in payments attributed to resignation of some staff. Further, there were some positions advertised and offers declined. The decrease was also attributed to budgetary reduction.

2.5 Receipts

The Office receipts mainly comprise of exchequer releases from the National Treasury. The total receipts for FY 2017/2018 stood at Kshs. 463,466,087.00 representing a 10% decrease from Kshs. 510,000,000.00 for FY 2016/2017.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

Total Receipts Breakdown

Receipts	Year to 30th June 2018	Year to 30th June 2017	Change	%
Exchequer	463,466,087	510,000,000	-46,533,913.00	-10%
Total Receipts	463,466,087	510,000,000	-46,533,913.00	-10%

The decrease in total receipts is brought by under-funding in exchequer releases from the National Treasury by Kshs. 46,533,913.00. The Office therefore had pending bills in FY 2017/2018.

2.6 Payments

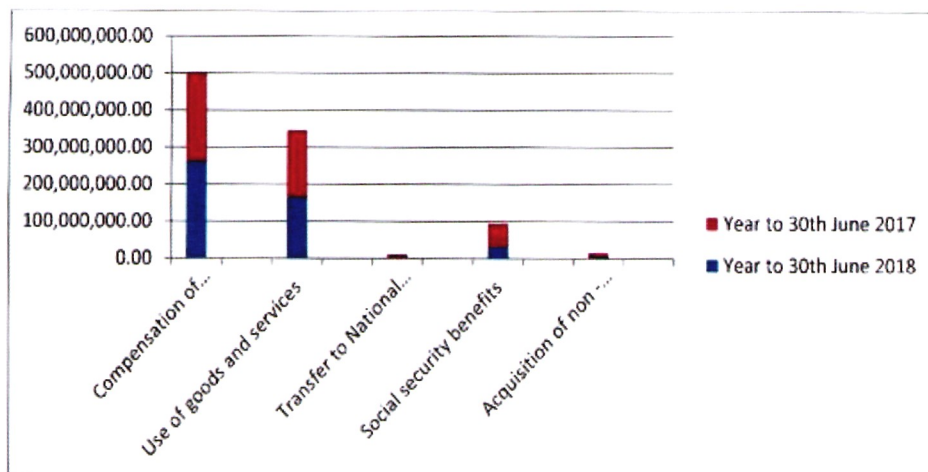
The payments mainly comprise of employee compensation, use of goods and services, social security benefits and acquisition of assets. The total payments for FY 2017/2018 stood at Kshs. 462,125,279.90 representing a 5% decrease from Kshs. 504,275,449.05 for FY 2016/17

Total Payments Breakdown

Payments	Year to 30th June 2018	Year to 30th June 2017	Change	%
Compensation of employees	260,667,954.05	240,286,212.80	20,381,741.25	8%
Use of goods and services	164,501,359.55	181,361,198.00	-16,859,838.45	-9%
Transfer to National Treasury	-	10,862,242.70	-10,862,242.70	-100%
Social security benefits	31,594,697.30	62,146,709.55	-30,552,012.25	-49%
Acquisition of non financial assets	5,361,269.00	9,619,086.00	-4,257,817.00	-44%
Total Payments	462,125,279.90	504,275,449.05	-42,150,169.15	-8%

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

Total Payments Breakdown

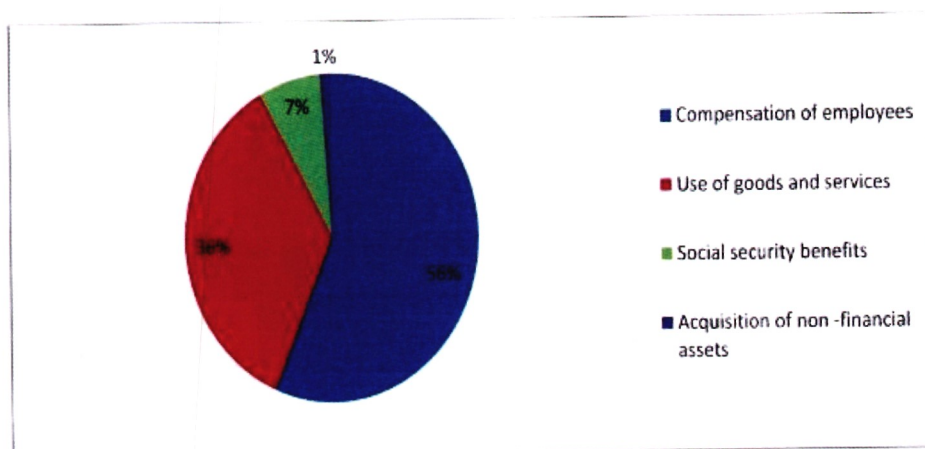


Total Payments Breakdown

The increase of 8% in compensation of employees is attributed to the annual increase of staff basic salaries and also salaries for new staffs and interns who were recruited during the financial year. The 9% decrease in use of goods and services is due to decrease in planned activities carried out during the FY 2017/2018 as a result of budgetary cuts that affected the planned activities. The significant decrease of 100 % in transfer to National Treasury payments is attributed to changes in the prior year adjustments for the unspent balance which was refunded to the National Treasury (exchequer account) during the year compared to the previous financial year as per the Public Finance Management (PFM) Act, 2015, section 45(2). Reduction in the payment of the staff gratuity by 49% is as a result of a few staff whose contracts ended within the FY 2017/18 and was paid. Budgetary cuts in the allocation for acquisition of non -financial assets affected the expenditure hence reduction by 44%.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

Total Payments



2.7 Financial Assets Summary

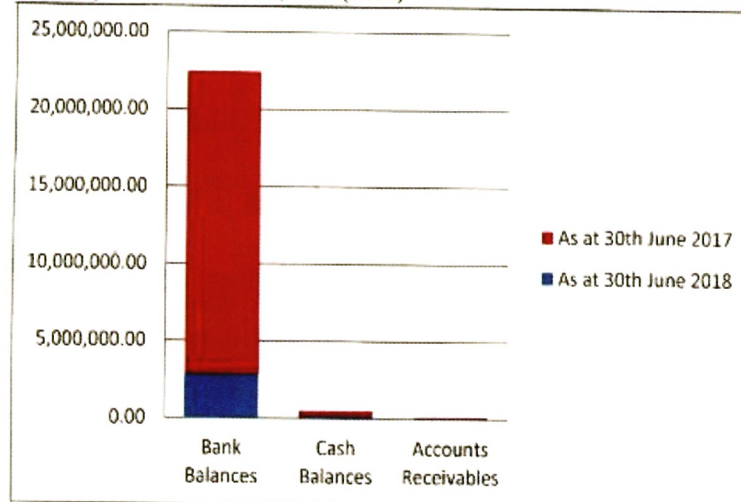
Financial Assets	As at 30 th June 2018	As at 30 th June 2017	Change	%
Bank Balances	2,851,205.45	19,559,844.40	-16,708,638.95	-85
Cash Balances	177,239.00	342,137.00	-164,898.00	-48
Accounts Receivables - Outstanding Imprest & Salary Advances	-	137,677.40	-137,677.40	-100
Total Financial Assets	3,028,444.45	20,039,658.80	-17,011,214.35	- 85

Bank balances decreased by 85% as a result of reduced budget allocation and increased spending towards year end.

Cash balances decreased by 48% due to decreased cash related transactions at the year-end.

There was also a decrease in accounts receivables by 100% as a result of advance training levy recoveries made by the Office.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)



2.8 Cash Flows and Cash Position

The cash and bank balances held as at 30th June, 2018 was **Kshs 2,851,205.45** compared to **Kshs 19,559,844.40** held as at 30th June, 2017. The breakdown of the cash and bank balances is as summarized in the table below.

Financial Assets	As at 30 th June 2018	As at 30 th June 2017	Change	%
Bank Balances	2,851,205.45	19,559,844.40	-16,708,638.95	- 85
Cash Balances	177,239.00	342,137.00	-164,898.00	- 48
Total Financial Assets	3,028,444.45	19,901,981.40	-16,873,536.95	- 85

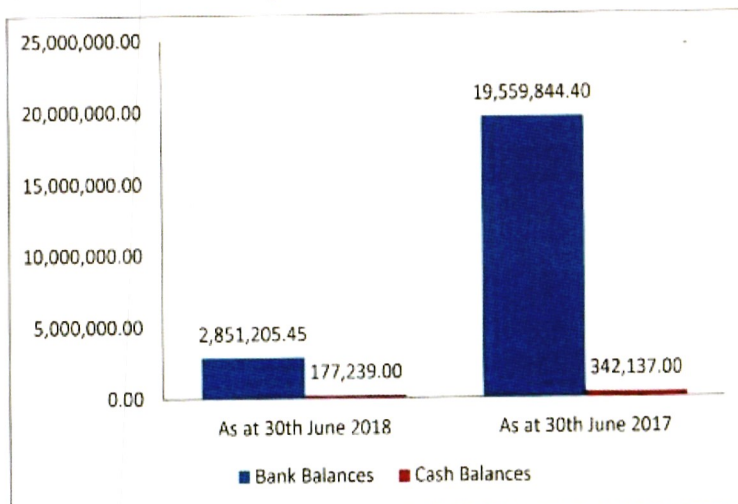
Bank balances decreased by 85% as a result of reduced budget allocation and increased spending towards year end.

OFFICE OF THE CONTROLLER OF BUDGET

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

Cash balances decreased by 48% due to decreased cash related transactions at the year-end.

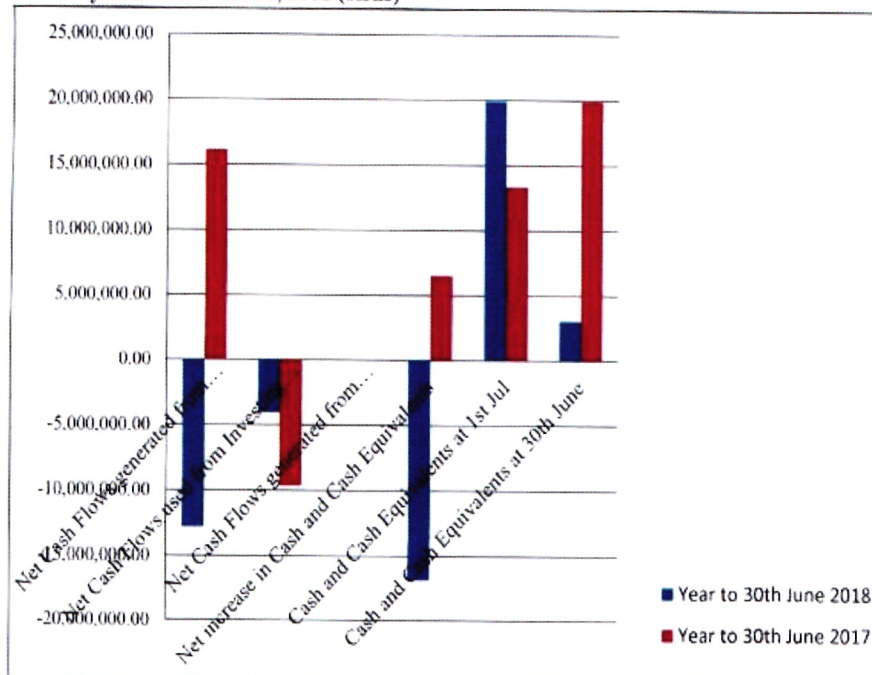


2.8 Cash Flow Activities

The table below summarizes cash flows generated and used from various activities.

Cash Flow Activities	Year to 30th June 2018	Year to 30th June 2017	Change	%
Net Cash Flows generated from Operating activities	(11,512,267.95)	16,153,275.35	(27,665,543.30)	(-171)
Net Cash Flows used from Investing activities	(5,361,269)	(9,619,086.00)	4,257,817.00	(-44)
Net Cash Flows generated from Financing activities	-	-	-	-
Net increase in Cash and Cash Equivalents	(16,873,536.95)	6,534,189.35	(23,407,726.30)	(-358)
Cash and Cash Equivalents at 1 July	19,901,981.40	13,367,792.05	6,534,189.35	49
Cash and Cash Equivalents at 30 June	3,028,444.45	19,901,981.40	(16,873,536.95)	(-85)

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)



Net cash flows in operating activities increased due to a increase from Kshs.11million to 16.6 million unspent bank balance which was refunded to the National Treasury (exchequer account) during the two financial years as per the Public Finance Management (PFM) Act, 2015, Section 45(2). Reduction in the payment of the staff gratuity from Kshs 62 million to Kshs 31.6 million as only a few staff whose contracts were ending within the FY 2017/18 were paid gratuity. Net cash flows utilized in investing activities decreased due to reduction in allocation for acquisition which affected the expenditure. The Office does not have any financing activities.

2.9 Key Achievements in the FY 2017/18

To realise its strategic objectives, the Office relied on its strategic plan to guide activities, policy formulation and work plans and made the following progress and achievements towards its targeted objectives.

The following are key activities implemented by the Office under each sub-programme:-

2.9.1 Administrative Support Services

Institutional Capacity

The Office has steadily built its capacity over the years to be able to effectively deliver on its mandate. As a result, the Office has achieved the following:

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

- Operationalization of the Office
 - a. Recruited staff using phased approach
 - b. Conducted training needs assessment
 - c. Trained and developed staff
 - d. Equipped and furnished the office
 - e. Established and operationalized county offices
- Established a Staff Pension Scheme and Welfare Scheme
- Prepared both internal and external policies and procedures manuals
- The Office runs a Medical Cover, Group Personal Accident cover (GPA)/Work Injury Benefit Act (WIBA) and Group cover for its staff. This is usually renewed every year to cater for medical expenses for the OCOB staff.

Information Communication & Technology

The OCOB developed an elaborate ICT infrastructure system to assist in delivery of information to stakeholders. Some of the key achievements in the adoption of ICT are:

- Developed an elaborate ICT infrastructure
- Developed and maintains a robust network infrastructure (LAN, WAN and Network Segments)
- Developed and maintains an interactive website, intranet and efficient email system for communication
- Launched the Budget Yetu Application, a mobile application to enable the public access budget implementation information using their mobile phones;
- Developed a library management system to enhance access to budget implementation information

Legal Framework

The Office has embarked on the development of Regulations to the COB Act 2016 to facilitate delivery of its mandate. In addition, the Office has developed policies to guide access to information, investigations and handling of complaints by the members of the Public.

Partnership and Collaborative Ventures

The Office acknowledges the important role of collaborative ventures with other stakeholders as key to formulation of sound policy framework to guide operations and improve the quality of services to the public. To this end, the Office partnered with key stakeholders such as UN Women to ensure budgets are responsive to issues affecting women and the youth. In this respect, the Office together with other Public Finance Management institutions with support from UN Women undertook a benchmarking study visit to the Kingdom of Morocco to learn more on Gender Responsive Budgeting.

During the period under review, the Office also participated in several stakeholder forums with Parliamentary Committees; Ministries, Departments and Agencies (MDAs) and private sector with a view to foster a dynamic dialogue with all stakeholders on public finance matters. Such collaborative ventures are essential in enabling the Office deliver on its mandate effectively.

Collaboration with the UN Women on Gender Responsive Budgeting

The Office of the Controller of Budget in collaboration with the UN Women Kenya Office undertook a scoping analysis of the public finance processes, programmes and funding for Gender Responsive Budgeting (GRB) in Kenya. The objective of the study was to identify the entry points for deepening Gender Responsive Budgeting within the Public Finance Management Reforms (PFMR) in Kenya.

The study established that investment in gender equality priorities and women specific interventions is low in Kenya. A lot can be achieved if the available resources are equitably shared or distributed to ensure equity. The study recommended the need to build capacity of key players and oversight institutions including the Office of the Controller of Budget for GRB accountability.

Consequently, the Office together with other stakeholders in the public finance management including the National Treasury (Budget Department & Public Finance Management Reforms Secretariat), Ministry of Public Service, Youth and Gender Affairs (Department of Gender Affairs), Kenya School of Government, National Gender and Equality Commission, Council of Governors and; a Non-State Actor, the Institute of Economic Affairs participated in a

OFFICE OF THE CONTROLLER OF BUDGET

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

benchmarking visit to Morocco for capacity building in GRB given the success the country has made in institutionalizing GRB. The team learnt that successful institutionalization of GRB requires key drivers of the process, mainstreaming gender in PFM policies, budget and programmes as well as building capacity of key players and oversight institutions.

As a result of the above initiative among others, the National Treasury included in the 2017/18 Budget Policy Statement a requirement that all budgets be prepared using Gender Responsive Budget framework and presentation of the targets, indicators and beneficiaries should reflect gender dis-aggregated data that will be achieved during the implementation of the budget. Consequently, the Office together with Council of Governors and with support from UN Women carried out training of County officials from all the 47 Counties and OCOB's County Budget Coordinators on Gender Responsive Budgeting.

Other Collaborations

The office has partnered and collaborated with key stakeholders on public finance matters. These include;

- Participated in the development and drafting of laws and regulations such as PFMA, 2012, PFMA regulations, Public Procurement and Disposal Act, (PPADA), COB Act, Judiciary Fund regulations, and various County legislations.
- Collaborated with stakeholders and bodies on matters of public finance such as gender responsive budgeting (UN Women), templates for financial reporting (PSASB), County baseline research on local revenue (KIPRA) and caucus for the Constitutional offices and Commissions among others.
- Membership in multiagency taskforces e.g. IBEC, taskforce on anticorruption, Interagency Technical Team on County Assets and Liabilities, Committee on assumption of governor's office.

Financial Reporting (FiRe) Awards

The Financial Reporting (FiRe) Award is an initiative of the Institute of Certified Public Accountants of Kenya (ICPAK), the Capital Markets Authority (Kenya) and the Nairobi Securities Exchange (NSE). The initiative is aimed at promoting excellence in financial

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

reporting, fostering sound corporate governance practices, and enhancing both corporate social responsibility and environmental reporting. The Public Sector Accounting Standards Board issued a directive that all public sector entities shall submit their annual reports and financial statements for the FiRe Award so as to benefit from feedback provided as a way of monitoring compliance as provided under section 194 (4) of the PFMA, 2012. To this end, the OCOB will submit its accounts for the financial year 2016-2017 for the forthcoming FiRe Award exercise. In the year 2015-2016 the Office of the Controller of Budget was awarded Winner in the Independent Offices and Constitutional Commissions reporting under IPSAS CASH.

Compliance

In ensuring compliance with the Constitution of Kenya, 2010, Public Finance Management Act, 2012 and other relevant legislations, the Office undertook the following initiatives:

- In compliance with Article 228 (5) of the COK, the Office developed procedure manual to guide authorization of withdrawals from Public Funds
- Reviewed and analyzed planning documents such as SDGs, MTPs, CIDP, BROP, ADPs, DMSP, CBROP, BPS, and CFSP to ensure both national and county government budgets conform to the PFM Act, 2012.
- In compliance with other relevant public sector legislations and policies, the Office developed the following:
 - a. Human resource and administration policies and procedure manuals
 - b. ICT policy
 - c. Finance and procedures policy
 - d. Internal audit manual
 - e. Internship policy
 - f. Investigation policy
- Reviewed and analyzed laws, regulations and policies relating to public finance
- Complied with the 30 per cent rule reservation for women, youth and persons with disabilities with regard to procurement

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

- Developed an interactive websites and held several public sensitization for a in compliance with public information sharing requirement
- Trained staff in compliance with Leadership and Integrity Act, 2012, and Public Officer Ethics Act, 2003.
- To fully operationalize the Office a draft Bill was developed which was enacted as a COB Act, 2016

However the Office is in the process of finalizing the following documents:

- Regulations to COB Act, 2016
- OCOB Service Charter
- Alternative Dispute Resolution
- Complaints handling manual
- Develop a scheme of service
- Succession policy
- Reward and sanction policy for staff
- Talent management policy to ensure staff retention

2.10 Monitoring and Reporting on Budget Implementation

Quarterly Budget Implementation Review Reports

The Controller of Budget has a preventive function of overseeing spending as it happens and ensuring that money is spent only in accordance with the law. In order to achieve this, the OCOB has consistently prepared the quarterly Budget Implementation Review Reports (BIRRs) pursuant to Article 228 (4) and 228(6) of the Constitution and the Controller of Budget Act, 2016 which requires the Controller of Budget to submit to each House of Parliament a report on the implementation of the budgets of the National and County Governments every four months. These Quarterly Budget Implementation Review Reports are some of the instruments used by oversight institutions to monitor in-year execution of the budgets of MDAs and Counties. For the FY 2016/17, a total of eight BIRRS were published by the OCOB. These reports were submitted

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

to Parliament and widely publicized, and consisted of four quarterly reports for the National Government and the County Governments.

In these reports, the OCOB has highlighted the following challenges which hindered effective budget implementation:-

National Government:-

- Delay in Release of development funds.
- Delay in submission of the expenditure reports(Financial and non-financial reports)
- Low levels of expenditure
- Delay in Uploading Budgets and Annual Procurement Plans into IFMIS
- Accounting for expenditure on Capital and Recurrent Transfers

County Governments:-

- Low uptake of developments funds.
- Underperformance in local revenue collection.
- Delay by some of the entities in submission of financial reports affecting timely production of quarterly budget implementation review reports.(both financial and non-financial performance)
- Huge expenditure on Personnel Emoluments
- Lack of regulations to operationalize established County Public Funds
- Inadequate Administration and Reporting on Public Funds Established by the Counties.
- Delay in approval of key budget legislations
- High pending bills
- Delays in establishing an Internal Audit Committees
- IFMIS Connectivity Challenges and Frequent Downtown
- Delays in disbursement of equitable share of revenue raised Nationally in line with the CARA,2016 Disbursement Schedule by the National Treasury
- Establishment and operationalization of County Budget and Economic Forums(CBEF)

These reports provide information on the usage of public funds by spending entities at both levels of the government. The publication of these reports also inculcates a culture of transparency and accountability in the usage of public funds

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

Special Reports

The Office produced special reports on the request of the legislature or on own volition on issues of national interest in compliance of Article 252(1) (a). During the period under review the office prepared special reports for the Parliamentary oversight committees on various issues and on matters of policy to address budget implementation challenges and achievements and chart the way forward. The office has also prepared other reports such annual, financial statement reports, investigative reports, monitoring reports, and reports on achievement of national values espoused in Article 232 of the COK.

Advice to Government and Stakeholders

The Office held various meetings with the committees of Parliament and County Assemblies to discuss issues raised in Budget Implementation Review Reports (BIRR) and provided advice on the way forward. The Office also provided advice to the Executive on budget implementation through quarterly reports. Similarly, the Office reviewed county legislations to check for compliance with existing laws and advised accordingly. The office also reviewed draft National and County Governments budget estimates and provided advice on areas that need to be addressed.

Monitoring and Evaluation Framework

The Office has developed a Monitoring and Evaluation (M&E) framework to enable monitoring implementation of budget of the National and County Governments effectively and efficiently. The framework will enable the Office to effectively advice both Executive and the Legislature on budget implementation matters.

The Office has also undertaken a scoping analysis of the public finance process, programmes and funding for Gender Responsive Budgeting (GRB) in Kenya to determine the entry points for the deepening of gender related budgets within the Public Financial Management Reform in collaboration with UN Women and other key stakeholders.

The Office has further developed a framework to partner with key stakeholders including UNICEF to ensure budgets are responsive to issues affecting women and children.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

The OCOB recommends the need for counties to link planning to budget to ensure enhanced implementation of projects and programmes. The National and County Governments should embrace Programme Based Budgeting (PBB) which lay more emphasis on outputs and outcomes for increased benefits to the public. Further, the governments should enhance their internal M&E functions to continuously monitor their project implementation and address issues arising as the projects are being implemented with corrective actions being taken in real time. Monitoring and evaluation should be an integral part of the operations of both national and county governments and must be used as a management tool if governments are to achieve their aspirations.

2.11 Control of Withdrawals from Public Funds

Article 228 (4) of the Constitution states that;

“The Controller of Budget shall oversee the implementation of the budgets of the national and county governments by authorizing withdrawals from public funds under Articles 204,206 and 207.”

2.11.1 Exchequer Releases and Budget Absorption

In line with this mandate, the Office has continued to approve withdrawals from public funds in a timely manner in order to facilitate budget execution by both levels of government. Further, in FY 2016/17, the Office issued a Circular to enhance financial controls and exchequer issues (Reference COB Circular No.16/2017 dated 30th May, 2017) which provided clarity on the exchequer processes, documentations and timelines.

2.11.2 Exchequer Releases to National Government

In the FY 2017/18, a total of Kshs1,750.2 billion to finance National Government programmes was approved for withdrawal by the Office, and represented 87.9 per cent of the revised net estimates of Kshs1,991.0 billion.

2.11.3 Summary of exchequer issues to national government in FY 2017/18.

Table 2.1 Exchequer Issues to National Government in FY 2017/18

Types of expenditure	Revised Gross Estimate	Revised Net Estimates (Kshs.	Exchequer Issues (Kshs.	Actual Expenditure (Kshs.	Percentage of Exchequer Issues to Net	Absorption rate (Ratio of Actual
----------------------	------------------------	------------------------------	-------------------------	---------------------------	---------------------------------------	-----------------------------------

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

	s (Kshs. Billion)	Billion)	Billion)	Billion)	Estimates	expenditure to Gross Estimates)
Recurrent	1,056.6	945.6	890.7	961.9	94.2	90.3
Development	589.6	318.5	276.3	425.8	86.8	71.3
Consolidated Fund Services	726.9	726.9	583.2	582.5	80.2	80.1
Total	2,373.1	1,991.0	1,750.2	1,970.2	87.9	83.0

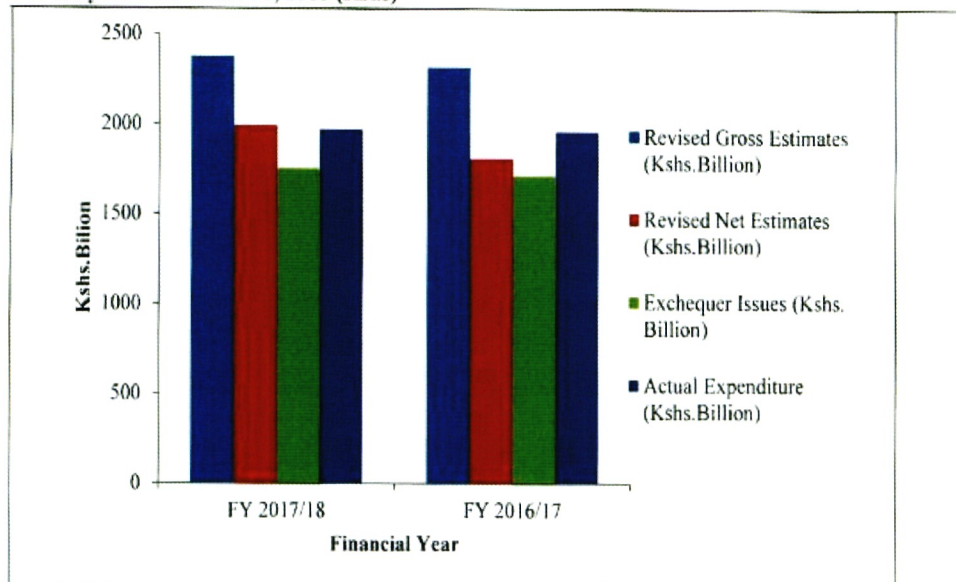
Source: OCOB

In FY 2017/18, the overall absorption rate was 83.0 per cent as total actual expenditure amounted to Kshs.1,970.2 billion against the revised gross estimates of Kshs2,373.1 billion.

Table 2.2: Exchequer Issues to National Government in FY 2016/17

Types of expenditure	Revised Gross Estimates (Kshs.Billio on)	Revised Net Estimates (Kshs.Billio n)	Excheque r Issues (Kshs. Billion)	Actual Expenditure (Kshs.Billio n)	% of Excheque r Issues to Net Estimates	Absorption rate (Ratio of Actual expenditure to Gross Estimates)
Recurrent	927.5	840.6	819.9	858.3	97.5	92.5
Development	861.2	441.8	394.2	602.3	89.2	69.9
Consolidated Fund Services	526.2	526.2	498.1	499.0	94.7	94.8
Total	2,314.9	1,808.6	1,712.2	1,959.6	94.7	84.7

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)



2.11.4. Exchequer Releases to County Governments

The COB authorised withdrawals of Kshs.328.24 billion from the County Revenue Funds to County Operational Accounts of the County Governments. The transfers comprised of Kshs.219.95 billion (67 per cent) for recurrent expenditure and Kshs.108.3 billion (33 per cent) for development expenditure.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

2.11.5 Summary of exchequer releases to the forty seven county governments in FY 2016/17.

Table 2.3: Exchequer Releases from CRF to County Operations Accounts, FY 2017/18 (Kshs. Million)

County Title	Budget Estimates (Kshs. Million)			Exchequer Issues (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E	G	H	I=G+H			
Baringo	4,245.69	2,713.70	6,959.39	4,220.92	1,060.92	5,281.84	4,214.92	987.44	5,202.36	99.3%	36.4%	71.8%
Bomet	4,377.78	1,864.11	6,241.91	4,292.24	979.34	5,271.58	4,074.41	873.54	4,947.94	93.1%	46.9%	79.3%
Burima	7,689.80	3,563.59	11,253.39	7,268.25	1,794.24	9,062.49	7,123.60	1,507.06	8,630.66	92.6%	42.3%	76.7%
Busia	5,059.61	2,189.41	7,449.02	4,797.14	1,272.99	6,070.14	4,730.26	1,078.18	5,808.44	93.5%	45.1%	78.0%
Elgeyo Marakwet	3,006.92	1,937.77	4,944.69	2,999.70	1,068.49	4,068.19	2,921.05	948.90	3,869.95	97.1%	49.0%	78.3%
Embu	4,318.08	1,847.16	6,165.24	4,295.20	1,087.02	5,382.22	3,800.21	652.24	4,452.45	88.0%	35.3%	72.2%
Garissa	5,690.12	2,368.93	7,959.05	5,508.04	1,036.28	6,544.31	5,507.07	1,012.26	6,519.33	98.3%	42.7%	81.8%
Homa Bay	5,049.12	2,519.87	7,568.99	5,468.20	1,270.25	6,738.45	4,067.27	1,078.23	5,145.50	80.6%	42.8%	68.0%
Isiolo	2,768.51	1,572.29	4,340.81	2,573.18	1,186.74	3,759.92	2,251.91	1,138.42	3,390.33	81.3%	72.4%	78.1%
Kajiado	5,003.92	3,184.06	8,188.01	5,079.41	1,285.40	6,364.81	3,936.65	1,185.16	5,121.81	78.7%	37.2%	62.6%
Kakamega	7,280.88	5,621.39	12,902.26	6,980.69	3,987.28	10,967.97	6,664.04	3,879.96	10,544.00	91.5%	69.0%	81.7%
Kericho	4,499.68	2,040.79	6,540.46	4,180.30	1,132.02	5,312.32	4,186.28	996.25	5,176.53	92.9%	48.8%	79.1%
Kiambu	9,810.82	2,774.74	12,585.56	9,711.87	2,212.88	11,924.75	8,929.99	1,833.63	10,763.62	91.0%	66.1%	85.5%
Kidiri	7,858.07	4,268.84	12,126.91	7,162.26	3,549.55	10,711.81	6,406.26	3,121.95	9,528.21	81.5%	73.1%	78.6%
Kisumu	3,985.80	1,799.20	5,695.00	3,977.26	725.94	4,703.20	3,871.06	722.27	4,593.34	97.1%	42.3%	80.7%
Kisii	7,534.27	3,363.08	10,897.35	6,749.31	1,890.72	8,640.03	6,681.75	1,901.23	8,582.98	88.7%	56.5%	78.8%

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

For the year ended June 30, 2018 (Kshs)															
County/Title	Budget Estimates (Kshs. Millions)			Expenditure Issues (Kshs. Millions)			Expenditure (Kshs. Millions)						Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev				
												A			
Kisumu	6,376.83	2,837.89	9,214.72	6,326.83	1,015.66	7,342.49	5,758.33	669.36	6,427.69	90.3%	23.6%	69.8%			
Kitui	6,688.21	4,555.14	11,243.35	6,298.15	3,514.94	9,813.10	5,845.59	3,281.01	9,126.61	87.4%	72.0%	81.2%			
Kwale	5,202.14	4,113.35	9,315.49	4,644.88	2,093.79	6,738.67	4,414.79	2,143.28	6,558.07	85.4%	52.1%	70.7%			
Lakipia	3,816.13	1,890.37	5,706.50	3,737.64	1,060.12	4,797.77	3,791.36	1,011.32	4,802.68	99.4%	53.5%	84.2%			
Lamu	2,009.12	1,099.94	3,019.06	1,910.49	445.77	2,356.26	1,699.75	361.27	2,061.02	84.6%	35.8%	68.2%			
Machakos	7,010.71	3,067.81	10,078.52	6,472.03	1,546.47	8,018.47	6,380.61	1,021.77	7,402.38	91.0%	33.3%	73.4%			
Makueni	6,095.49	3,579.50	9,674.90	5,673.37	2,301.83	7,975.19	5,591.49	1,603.40	7,194.78	91.7%	44.8%	74.4%			
Mandera	6,471.92	5,774.94	12,246.86	5,635.46	616.69	6,252.16	5,644.55	3,892.28	9,536.83	87.2%	67.4%	77.9%			
Marsabit	4,296.49	3,434.38	7,730.88	4,149.62	2,666.91	6,816.52	4,027.18	2,540.47	6,567.65	93.7%	74.0%	85.0%			
Meru	7,521.37	3,218.18	10,739.55	6,966.13	1,523.74	8,489.87	5,987.70	812.69	6,800.38	79.6%	25.3%	63.3%			
Migori	5,469.84	2,697.06	8,166.90	4,367.06	2,425.27	6,892.33	4,084.71	1,848.99	5,933.70	74.7%	68.6%	72.7%			
Mombasa	8,808.50	3,825.95	12,634.45	7,672.76	2,896.09	10,568.85	7,393.74	2,908.11	10,301.86	83.9%	76.0%	81.5%			
Muranga	5,284.32	3,033.93	8,318.24	4,285.53	2,217.12	6,502.65	4,369.13	2,199.00	6,568.13	82.7%	72.5%	79.0%			
Nairobi	25,284.30	8,365.79	33,649.69	19,910.05	1,221.20	21,131.25	22,362.22	2,179.31	24,541.53	88.4%	26.1%	72.9%			
Nakuru	9,947.60	6,151.33	16,098.93	8,703.24	1,496.42	10,199.66	7,977.11	1,576.63	9,553.74	80.2%	25.6%	59.3%			
Nandi	4,693.02	2,154.91	6,847.93	4,424.30	985.42	5,409.72	4,079.13	716.92	4,796.04	86.9%	33.3%	70.0%			
Narok	6,515.50	3,290.13	9,805.63	6,400.77	1,929.26	8,330.03	6,321.54	1,928.02	8,249.56	97.0%	58.6%	84.1%			
Nyamira	4,222.90	1,888.80	6,111.70	3,999.11	846.52	4,845.62	3,703.45	527.66	4,231.12	87.7%	27.9%	69.2%			
Nyandarua	4,079.94	2,025.24	6,105.18	3,771.43	1,038.36	4,809.80	3,649.34	895.38	4,544.72	89.4%	44.2%	74.4%			

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

County Title	Budget Estimates (Kshs Millions)				Expenditure Issues (Kshs Millions)				Expenditures (Kshs Millions)				Development Absorption Rate (%)	Resource Absorption Rate (%)	Overall Absorption Rate
	Est	Dev	Total	Est+Dev	Est	Dev	Total	Est+Dev	Est	Dev	Total	Est+Dev			
	A	B	C	D	E	F	G	H	I	J	K	L			
Nyeri	5,471.57	2,489.53	7,961.11		5,074.43	1,463.42	6,537.85		4,506.03	841.35	5,347.37		82.4%		67.2%
Samurai	3,379.31	1,453.35	4,832.66		3,380.77	582.44	3,963.21		3,038.00	549.02	3,587.02		89.9%		74.2%
Siaya	4,299.05	2,546.29	6,845.34		4,240.18	1,195.44	5,435.62		3,333.46	777.57	4,111.03		77.5%		60.1%
Taita Taveta	3,892.92	1,631.48	5,524.40		3,611.93	561.69	4,173.62		3,131.10	206.45	3,337.56		80.4%		60.4%
Tana River	3,448.14	2,524.32	5,972.47		1,211.04	62.28	1,273.32		2,258.22	918.61	3,176.83		65.5%		53.2%
Tharaka Nithi	3,036.06	1,596.18	4,632.23		2,849.44	929.99	3,779.44		2,570.41	1,080.39	3,650.80		84.7%		78.8%
Trans Nzoia	4,632.20	1,996.33	6,628.53		4,593.89	1,201.08	5,794.97		3,137.98	1,077.21	4,215.20		67.7%		63.6%
Turkana	6,799.83	4,164.92	10,964.75		5,953.82	1,454.43	7,408.25		9,171.84	1,944.93	11,116.78		134.9%		101.4%
Uasin Gishu	5,020.83	3,041.31	8,062.14		568.54	49.11	617.65		5,020.85	1,597.04	6,617.89		100.0%		82.1%
Vihiga	3,882.05	1,699.58	5,581.63		3,629.51	387.98	4,017.48		2,407.91	297.47	2,705.38		62.0%		48.5%
Wajir	5,689.22	3,673.09	9,362.31		5,573.01	977.01	6,549.02		5,572.01	842.54	6,414.55		97.9%		68.5%
West Pokot	-	-	-		-	-	-		-	-	-		-		-
Total	267,434.49	137,472.58	404,907.07		241,498.28	66,146.49	307,644.77		236,620.28	65,166.06	301,786.34		88.5%		74.5%

Source: OCOB

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

The total expenditure by County governments in FY 2017/18 was Kshs.301.79 billion representing an absorption rate of 74.5 per cent of the total annual County Government's Budgets of Kshs.404.91 billion.

2.12 County Services and Enabling Activities

2.12.1 Review of County Government Budgets for FY 2017/18

The Office received the Approved Budget and planning documents for the FY 2017/18 for all the forty seven County Governments, which were reviewed these for conformity with the Public Financial Management Framework. Our review identified the areas of non-conformity with law and best practice, which were shared with the County Governments for action. Some of the areas identified were:-

- Budget conformity with the County Allocation of Revenue Act (CARA), 2017 in terms of revenue allocation and ceilings for the County Executive and County Assembly.
- Conformity of the budgets to the Programme Based Budgeting (PBB) Requirement as provided under Section 12 of the Second Schedule of the Public Finance Management (PFM) Act, 2012.
- Whether the Set Local Revenue Target is realistic and achievable based on available data.
- Development Budget compliance with Section 107 (2(b)) of the PFM Act, 2012 which requires a County Government to allocate at least 30 per cent of the total budget to development expenditure.
- Presence of unclear budget allocation contrary to Article 201 of the Constitution which calls for openness and accountability in public financial matters.
- Link between Budgeting and the Planning Framework as provided in Section 104 (1) of the County Government Act, 2012 which stipulates that a County Government shall plan for the County and no public funds shall be appropriated outside an approved planning framework.
- Personnel Emoluments compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 which sets a ceiling on County Government expenditure on wages and benefits at 35 per cent of the County's total revenue.
- Budgeting for Pending Bills which should be a first charge on the budget as provided under Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.
- Comparison of the Approved Budget with the County Fiscal Strategy Paper (CFSP) ceilings to ascertain conformity with Regulation 32 (d) of the PFM (County Governments) Regulations, 2015.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

- Adequacy for budget allocation for Emergencies as provided in Section 110, 112 & 113 of the PFM Act, 2012 which allows Counties to establish an Emergency Fund of up to 2 per cent of its last audited revenue in a single year to cater for any unforeseen occurrences.
- Conformity of budget allocation to established County Funds as provided for under Section 116 of the PFM Act, 2012.

2.12.2 Advisories to County Governments

The office also facilitated the analysis of county budgets and provided the necessary advice to various county governments on the need to reduce unrealistic revenue projections and provisions on non-core items. Further, the Office has ensured that the county government budgets comply with the legislation.

2.12.3 County Visits

The Office has continuously carried out county visits to sensitise the county governments on the mandate of the Office and to capacity build on effective budget implementation. During the visits, the Office identified the various challenges being faced by the county governments, such as inadequate systems for budget implementation, especially with regard to revenue collection; skills gaps for budget preparation and execution among the county staff; inadequate staffing; and lack of internal audit function and audit committees. The visits also revealed that the exchequer records were not properly maintained due to capacity challenges.

2.13 Mediation

The Office under Article 252(1) (b) of the Constitution has powers for conciliation, mediation and negotiation. The office mediated several county conflicts on budgeting and ceilings enforcement issues e.g Makueni, Nyeri, Lamu, Turkana Nyeri among others.

OCOB has developed a policy for mediation conciliation and negotiation to be used in dispute resolution.

2.14 Public Information Sharing

The office collaborates with research, professional and academic institutions through sharing of budget implementation data. The office also disseminates budget implementation review reports to the public through Huduma Centers and County information dissemination centers.

In order to inform the public about their role in the budget process, the office has been conducting public sensitization fora. To this end, the office conducted five regional fora to enlighten the members of public on their role in public financial management at national and county level during the budget making process as well as in monitoring the budget implementation.

2.15 Emerging Issues/Challenges

2.15.1 Emerging Issues

With regard to budget implementation, the Office has identified a number of emerging issues and challenges which may impact on its operations. The emerging issues include:

- Inadequate Legal Framework: The COB Act, 2016 is inconsistent with the Constitution of Kenya on reporting on recent macroeconomic developments including economic development and outlook, revenue, grants and loans forecasts and receipt.
- Emerging activities e.g. authorization of pension payments and organization structural changes.
- Lack of an effective communication strategy and dealing with first cycle of devolution challenges
- Delay in submission of expenditure returns and incomplete financial statements by MDAs. This is due to lack of legislation for sanctioning late submission of financial reports by MDAs and counties
- There is lack of clear understanding on the mandate of the Controller of Budget by the stakeholders.
- The office of the Controller of Budget has held various meetings with the committees of parliament to discuss the issues raised in Quarterly Budget Implementation Review reports and provided advice. The Office has also continually provided advice to the Executive on budget implementation.

2.15.2 Incomplete/Credibility of the data submitted to the office

- Inadequate data on AIA generated by MDAs/counties
- Inadequate information on projects implemented by the National and county governments
- Gaps exist in IFMIS system to generate Programme based expenditure report
- Unbundled financial data from SAGAs
- Credibility of the accuracy of data submitted by MDAs/counties

2.16 Challenges

- The content of the county consolidated report has increased with every quarter. The report size has grown from 44 pages in FY 2012/13 to around 400 pages in the FY 2017/18. This calls for more time in compiling, editing and validating large quantity of data. Further, this process has not been automated.
- Although improvement has been noted on reports submission, MDAs are yet to observe deadline to submit the report as per Section 83(4) of PFM Act, 2012.
- Frequent IFMIS downtimes delays compilations of the report as MDAs and Counties are unable to submit the report within the timelines.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

- IFMIS challenges and Operational issues like low start of the FY 2017/18 affected OCOB and therefore affecting timely awarding of printing contracts, thereby delaying the printing and publishing of the reports.

2.16.1 IFMIS Procurement module

There are no regulations to operationalize the new Public Procurement and Assets Disposal Act, 2015. Consequently, the Office relies on the old regulations which were to expire in December 2016. Many suppliers are not conversant with IFMIS procurement module hence experience difficulties in submitting bids on-line. This has affected timely procurement of goods and services by the Office.

2.16.2 Inadequate Office Space

The Office does not have adequate space to accommodate its staff. Its current location in Bima house is strategic in its operations due to its proximity to the National Treasury with whom the Office works closely to execute its mandate. However, most of the Office space in Bima house had been occupied by other government departments before OCOB was established.

2.16.3 Inadequate staff capacity

- Inadequate staffing in various departments to enable the Office to carry out its mandate effectively e.g There is only one staff per county, the M&E unit has only one officer to coordinate monitoring exercise for both National and Counties.
- Some of the positions envisioned to be filled in various departments remain vacant.
- Conflict of interest as some audit staff work in Pension Audit.

2.16.4 Challenges in monitoring and overseeing budget implementation of national and county governments.

- Lack of database (ICT systems) for development projects.
- Ageing fleet of vehicles that are unable to support field activities in monitoring of projects
- Capital transfer
- Inadequate staff capacity to monitor implementation of development projects by both the National and County Governments.

2.16.5 System challenges (IFMIS, E-promise, CDRMS, Audit system)

- IFMIS- high downtime, Inactive modules (i.e. revenue module, non-capture of some expenditure items (AIA).
- E-promise- projects are not updated on regular basis
- Audit System –The Office has a manual audit system which is inadequate.

2.13.6 Records management

- Lack of an automated registry system to facilitate storage of office documents
- The Office has not digitalized the existing accountable documents for ease of access and retrieval
- Records Management policy that guides operations in the registry unit has not been adopted
- Inadequate staffing and storage space in the registry unit
- Accountable documents are not well secured
- Lack of archival system
- Lack of proper records management at the county offices

2.14 Strategic plan 2018-2022

This Strategic Plan lays the foundation for OCOB priorities for a five year period. Specifically, the plan will guide the OCOB in enhancing its performance and service delivery, stimulating strategic thinking, providing a basis for resource mobilization, and allocation as well as contributing to the attainment of the Kenya Vision 2030 and the Third Medium Term Plan.

To effectively fulfil OCOB's mandate of overseeing budget implementation and specifically monitoring, evaluating, reporting and advising MDAs, OCOB is reviewed the 2013-2017 strategic plan. The review was guided by the Constitution and other existing and emerging legislations such as the CoB Act, 2016, PFM Act, 2012, Public Procurement and Asset Disposal Act, 2015, Public Service Commission Act, 2017, Access to Information Act, 2015, Public Service Values and Principles Act 2015 and Fair Administrative Actions Act, 2015. This defines the OCOB universe in the new operational environment and charts the implementation path for projects and programmes within the next five year period.

To achieve above stated objectives, the Office has developed strategies to be pursued to ensure the goals and the overall mandate of the office is adequately executed. These strategies entail strategic budgeting to ensure activities are funded adequately during the plan period. The Office has restructured the internal risk and assurance unit to improve internal operations; and developed monitoring and evaluation systems to track the progress of implementation of the strategic plan so that corrective actions can be taken appropriately.

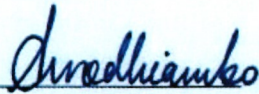
The Office is pursuing collaborations, partnerships and linkages with other external stakeholders to ensure that strategies are regular in all aspects and implemented smoothly. Annual work plans for different departments are aligned to the strategic plan to ensure that strategic plan is implemented along the fiscal years. The annual work plans have been further broken down into individual work plans and captured in

OFFICE OF THE CONTROLLER OF BUDGET

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

annual targets. Key indicators that will inform management decision making have been identified and the frequency of reporting on these indicators determined.



FCPA, Agnes Odhiambo, CBS
CONTROLLER OF BUDGET

26/09/2018

DATE

III. STATEMENT OF THE OFFICE OF THE CONTROLLER OF BUDGET 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 financial statements, which give a true and fair view of the state of affairs of the office for and as at the end of the financial year (period) ended on June 30, 2018. 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 office; (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 financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2017, and of the financial position as at that date. Controller of Budget further confirms the completeness of the accounting records maintained for the office which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

The Controller of Budget confirms that the Office has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and 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, Controller of Budget confirms that the financial statements have been prepared in a format that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)
Approval of the financial statements

The Office of the Controller of Budget financial statements were approved and signed by Controller of Budget
on 26th September, 2018.



FCPA Agnes Odhiambo CBS
CONTROLLER OF BUDGET

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON OFFICE OF THE CONTROLLER OF BUDGET FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Office of the Controller of Budget set out on pages 62 to 86, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and 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 Office of the Controller of Budget as at 30 June 2018, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012

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 in accordance with ISSAI 30 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.

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 of the Auditor-General on the Financial Statements of Office of the Controller of Budget for the year ended
30 June 2018*

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 governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. 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 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 control as management determines is necessary to enable the preparation of financial statements that are free from material

Report of the Auditor-General on the Financial Statements of Office of the Controller of Budget for the year ended

30 June 2018

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the or to cease operations, or have no realistic alternative but to do so.

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 financial reporting process, reviewing the effectiveness of how the entity 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 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 control in order to give an assurance on the effectiveness of internal controls, risk management and 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 control 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 control may not prevent or detect misstatements and instances of non-compliance. 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.

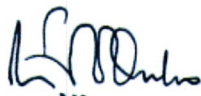
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 control.
- 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 going concern 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 ability to continue as a going concern or 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 as a going concern or 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 control 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 Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

6 February 2019

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

V. STATEMENT OF RECEIPTS AND PAYMENTS			
	Note	2017-2018	2016-2017
		Kshs	Kshs
RECEIPTS			
Exchequer releases	1	463,466,087.00	510,000,000.00
TOTAL RECEIPTS		463,466,087.00	510,000,000.00
PAYMENTS			
Compensation of Employees	2	260,667,954.05	240,286,212.80
Use of goods and Services	3	164,501,359.55	181,361,198.00
Transfer to other Government Units	4	-	10,862,242.70
Social Security Benefits	5	31,594,697.30	62,146,709.55
Acquisition of Assets	6	5,361,269.00	9,619,086.00
TOTAL PAYMENTS		462,125,279.90	504,275,449.05
SURPLUS/DEFICIT		1,340,807.10	5,724,550.95

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Office of the Controller of Budget financial statements were approved on 26th September 2018 and signed by:


Controller of Budget
Name: FCPA Agnes Odhiambo, CBS
ICPAK Member Number: 1123


Ag: Chief Manager Finance and Accounts
Name: CPA Pauline Mwagambo
ICPAK Member Number: 18402


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

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

VI STATEMENT OF ASSETS AND LIABILITIES				
	Note	2017-2018	2016-2017	
		Kshs	Kshs	
FINANCIAL ASSETS				
Cash and Cash Equivalents				
Bank Balances	7	2,851,205.45	19,559,844.40	
Cash Balances	8	177,239.00	342,137.00	
Total Cash And Cash Equivalents		3,028,444.45	19,901,981.40	
Accounts Receivables - Outstanding Imprest	9	-	137,677.40	
TOTAL FINANCIAL ASSETS		3,028,444.45	20,039,658.80	
Financial Liabilities				
Accounts Payables-Deposit and Retentions	10	1,967,559.95	3,733,984.15	
NET FINANCIAL ASSETS		1,060,884.50	16,305,674.65	
REPRESENTED BY				
Fund Balance b/fwd	11	16,305,674.65	10,581,123.70	
Prior year adjustments	14	(16,585,597.25)	-	
Surplus/Deficit for the Year		1,340,807.10	5,724,550.95	
NET FINANCIAL POSITION		1,060,884.50	16,305,674.65	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Office of the Controller of Budget financial statements were approved on 26th September 2018 and signed by:


Controller of Budget
Name: FCPA Agnes Odhiambo, CBS
ICPAK Member Number: 1123


Ag: Chief Manager Finance and Accounts
Name: CPA Pauline Mwagambo
ICPAK Member Number: 18402


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

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

VII STATEMENT OF CASH FLOW			
	Note	2017-2018	2016-2017
		Kshs	Kshs
Receipts and operating income			
Exchequer releases	1	463,466,087.00	510,000,000.00
Payments for Operating Expenses			
Compensation of Employees	2	-260,667,954.05	-240,286,212.80
Use of goods and Services	3	-164,501,359.55	-181,361,198.00
Transfer to other Government Units	4	-	-10,862,242.70
Social Security Benefits	5	-31,594,697.30	-62,146,709.55
Adjusted for :			
Changes in Receivables	12	137,677.40	164,203.60
Changes in Payables	13	-1,766,424.20	645,434.80
Adjustments during the year	14	-16,585,597.25	
Net Cash From Operating Activities(A)		-11,512,267.95	16,153,275.35
Cash Flow From Investing Activities			
Acquisition of Assets	6	-5,361,269.00	-9,619,086.00
Net Cash Flow From Investing Activities(B)		-5,361,269.00	-9,619,086.00
Cash Flow From Borrowing Activities			
		-	-
Net Cash Flow From Financing Activities(C)		-	-
Net Increase in Cash and Cash Equivalent (A+B+C)		-16,873,536.95	6,534,189.35
Cash and Cash Equivalent at Beginning of the Year		19,901,981.40	13,367,792.05
Cash and Cash Equivalent at End of the Year	7+8	3,028,444.45	19,901,981.40

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Office of the Controller of Budget financial statements were approved on 26th September 2018 and signed by:



Controller of Budget
Name: FCPA Agnes Odhiambo, CBS
ICPAK Member Number: 1123



Ag: Chief Manager Finance and Accounts
Name: CPA Pamela Okatch
ICPAK Member Number: 18402



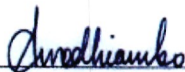
Director Corporate Services
Name: CPA Macklin Ogolla
ICPAK Member: 4077

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

VIII SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED						
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	%
RECEIPTS	a	b	c=a+b	d	e=c-d	f=d/c
Exchequer releases	575,000,000.00	-53,920,650.00	521,079,350.00	463,466,087.00	57,613,263.00	89
PAYMENTS						
Compensation of Employees	285,000,000.00	-9,340,000.00	275,660,000.00	-260,667,954.05	14,992,045.95	95
Use of goods and services	230,731,702.00	-37,419,700.00	193,312,002.00	-164,501,359.55	28,810,642.45	85
Social Security Benefits	38,943,698.00	-	38,943,698.00	-31,594,697.30	7,349,000.70	81
Acquisition of Assets	20,324,600.00	-7,160,950.00	13,163,650.00	-5,361,269.00	7,802,381.00	41
TOTALS	575,000,000.00	-53,920,650.00	521,079,350.00	-462,125,279.90	58,954,070.10	89
GRAND TOTALS	575,000,000.00	-53,920,650.00	521,079,350.00	1,340,807.10	-1,340,807.10	89%

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

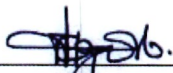
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Office of the Controller of Budget financial statements were approved on 26th September 2018 and signed by:



Controller of Budget
Name: FCPA Agnes Odhiambo, CBS
ICPAK Member Number: 1123



Ag. Chief Manager Finance and Accounts
Name: CPA Pauline Mwangambo
ICPAK Member Number: 18402



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

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

IX SUMMARY STATEMENT OF APPROPRIATION: RECURRENT						
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	%
RECEIPTS	a	b	c=a+b	d	e=c-d	f=d/c
Exchequer releases	575,000,000.00	-53,920,650.00	521,079,350.00	463,466,087.00	57,613,263.00	89%
PAYMENTS						
Compensation of Employees	285,000,000.00	-9,340,000.00	275,660,000.00	-260,667,954.05	14,992,045.95	95%
Use of goods and services	230,731,702.00	-37,419,700.00	193,312,002.00	-164,501,359.55	28,810,642.45	85%
Social Security Benefits	38,943,698.00	-	38,943,698.00	-31,594,697.30	7,349,000.70	81%
Acquisition of Assets	20,324,600.00	-7,160,950.00	13,163,650.00	-5,361,269.00	7,802,381.00	41%
TOTALS	575,000,000.00	-53,920,650.00	521,079,350.00	-462,125,279.90	58,954,070.10	89%
GRAND TOTALS	575,000,000.00	-53,920,650.00	521,079,350.00	1,340,807.10	-1,340,807.10	89%

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Office of the Controller of Budget financial statements were approved on 26th September 2018 and signed by



Controller of Budget
Name: FCPA Agnes Odhiambo, CBS
ICPAK Member Number: 1123



Ag: Chief Manager, Finance and Accounts
Name: CPA Pauline Mwagambo
ICPAK Member Number: 18402



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

Notes

- Under-utilization in acquisition of assets of 41% was due to underfunding of exchequer to enable the office to pay for an ICT Asset - (Electronic Documents and Records Management System) procured and delivered which resulted to pending bills during the year under review.
- The changes between the original budget and the final budget of Kshs. 53,920,650.00 were due to austerity measures by Treasury which affected all MDAs during the period under review.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

X SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

The Office does not have any development hence there is no summary statement of appropriation.

The Office of the Controller of Budget financial statements were approved on 26th September 2018 and signed by:


Controller of Budget
Name: FCPA Agnes Odhiambo, CBS
ICPAK Member Number: 1123


Ag: Chief Manager Finance and Accounts
Name: CPA Pauline Mwagambo
ICPAK Member Number: 18402


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

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

XI BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES							
Head	Programme/Sub-Programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
		Kshs	Kshs	Kshs	Kshs	Kshs	
2121000100	Control and Management of Public finances	304,488,415.00	-25,058,043.00	279,430,372.00	245,151,783.00	34,278,589.00	
	Sub-Programme 1: Administration Support Services	304,488,415.00	-25,058,043.00	279,430,372.00	245,151,783.00	34,278,589.00	88
2121000200	Control and Management of Public finances	21,387,320.00	-2,191,700.00	19,195,620.00	14,984,716.00	4,210,904.00	
	Sub-Programme 2: Research and Planning	21,387,320.00	-2,191,700.00	19,195,620.00	14,984,716.00	4,210,904.00	78
2121000300	Control and Management of Public finances	40,135,722.00	-5,689,852.00	34,445,870.00	32,190,746.65	2,255,123.35	
	Sub-Programme 3: Budget Review and Analysis	40,135,722.00	-5,689,852.00	34,445,870.00	32,190,746.65	2,255,123.35	93
2121000400	Control and Management of Public finances	208,988,543.00	-20,981,055.00	188,007,488.00	169,798,034.25	18,209,453.75	
	Sub-Programme 4: County Services	208,988,543.00	-20,981,055.00	188,007,488.00	169,798,034.25	18,209,453.75	90
	GRAND TOTAL	575,000,000.00	- 53,920,650.00	521,079,350.00	462,125,279.90	58,954,070.10	0.89

II SIGNIFICANT ACCOUNTING POLICIES

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

11.1 Going Concern Principle

The Office is an independent office established under Article 228 of the Constitution of Kenya, 2010 to oversee the implementation of budgets of both the National and County Governments by authorizing withdrawal from public funds.

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

11.2 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Office. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

11.3 Recognition of revenue and expenses

The office of the controller of budget recognises all revenues from the various sources when the event occurs and the related cash has actually been received. In addition, the Office recognises all expenses when the event occurs and the related cash has actually been paid out.

11.4 In-kind contributions

In-kind contributions are donations that are made to the Office *in* the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Office includes such value in the statement of receipts and

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded. During the period under review, the Office did not have any in-kind contributions.

11.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at 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 insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

11.6 Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure 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.

11.7 Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties has been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending 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.

11.8 Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum

OFFICE OF THE CONTROLLER OF BUDGET

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

to these financial statements. The office of the controller of budget recognises the fixed assets at cost value.

11.9 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 recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Office 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 Office had pending bills of Kshs. 3,781,600.00 (Three million seven hundred and eighty one six hundred only).

11.10 Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Office of the Controller of Budget's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Office actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

11.11 Comparative figures

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

11.12 Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

12 NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM NATIONAL TREASURY

The following are the amounts transferred from the exchequer to the office on a quarterly basis:

Item Description	Item Code	2017-2018	2016-2017
		Kshs	Kshs
Total Exchequer Releases for quarter 1	9910201	80,658,372.00	80,000,000.00
Total Exchequer Releases for quarter 2	9910201	100,457,815.00	100,000,000.00
Total Exchequer Releases for quarter 3	9910201	109,400,000.00	100,000,000.00
Total Exchequer Releases for quarter 4	9910201	172,949,900.00	230,000,000.00
TOTAL		463,466,087.00	510,000,000.00

During the year under review the office was to receive Kshs. 521,079,350.00. However it received Kshs. 463,466,087.00 falling short by Kshs 57,613,263.00

2. COMPENSATION OF EMPLOYEES

Compensation of employees comprise of remuneration paid to employees in return for the work done. It includes the contributions made by the office on behalf of its employees.

Item Description	Item Code	2017-2018	2016-2017
		Kshs	Kshs
Basic Salaries - Permanent Employees	2110100	181,997,044.15	168,309,526.20
Basic Salaries - Temporary Employees	2110200	1,246,180.60	72,163.00
Personal Allowances paid as part of Salary	2110300	77,191,329.30	71,675,323.60
Employer Contributions to Compulsory National Social Security Schemes	2120100	233,400.00	229,200.00
TOTAL		260,667,954.05	240,286,212.80

There was an increase in compensation of employees as result annual salary increment and increase of staff and interns who were recruited during the financial year.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

3. USE OF GOODS AND SERVICES

These comprise the total value of goods and services consumed.

Item Description	Item Code	2017-2018	2016-2017
		Kshs	Kshs
Utilities, Supplies and Services	2210100	14,210.00	10,460.00
Communication, Supplies and Services	2210200	9,648,664.35	10,277,745.20
Domestic Travel and Subsistence, and Other Transportation Costs	2210300	13,477,430.00	14,886,718.00
Foreign Travel and Subsistence, and other transportation costs	2210400	1,979,850.75	3,722,775.00
Printing, Advertising and Information Supplies and Services	2210500	64,159,629.00	62,128,980.25
Rentals of Produced Assets	2210600	2,030,814.00	1,850,340.00
Training Expenses	2210700	8,492,091.00	15,898,038.40
Hospitality Supplies and Services	2210800	10,696,291.00	12,807,349.00
Insurance Costs	2210900	35,714,970.15	34,849,059.65
Specialized Materials and Supplies	2211000	1,129,056.00	1,711,681.00
Office and General Supplies and Services	2211100	5,293,526.50	7,764,750.60
Fuel Oil and Lubricants	2211200	609,110.00	3,629,465.00
Other Operating Expenses	2211300	4,621,081.20	5,704,065.00
Routine Maintenance - Vehicles	2220100	4,773,958.00	4,551,963.00
Routine Maintenance - Other Assets	2220200	1,860,677.60	1,567,807.90
TOTAL		164,501,359.55	181,361,198.00

There was a decrease in use of goods and services as a result of budget reduction during the financial year 2017/18

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

4. TRANSFER TO OTHER GOVERNMENT UNITS

These amounts were transferred to National Treasury (Exchequer Account)

Item Description	Item Code	2017-2018	2016-2017
		Kshs	Kshs
Exchequer Provisions-FY 2016/17 Recurrent Bank opening Balance Transferred to The National Treasury	9910200	-	10,484,987.70
Exchequer Provisions - FY 2016/17 Recurrent Additional Cash opening Balance Transferred to The National Treasury	9910200	-	377,255.00
TOTAL		-	10,862,242.70

The amount transferred as opening balance FY 2017/18 which relates to the unspent bank and cash balance for the FY 2016/17

5. SOCIAL SECURITY BENEFITS

Item Description	Item Code	2017-2018	2016-2017
		Kshs	Kshs
Government Pension and Retirement Benefits	2710100	31,594,697.30	62,146,709.55
TOTAL		31,594,697.30	62,146,709.55

The social security benefit relates to the pension payments to seconded staff and gratuity for staff whose contracts ended during the year.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

6. ACQUISITION OF ASSETS

These represent payments made for the purchase general office equipment during the year which have been fully expensed in the year of purchase in line with the accounting policies.

Item Description	Item Code	2017-2018	2016-2017
		Kshs	Kshs
Refurbishment of Buildings	3110300	-	328,200.00
Purchase of Office Furniture and General Equipment	3111000	3,362,644.00	4,996,694.80
Purchase of Specialized Plant, Equipment and Machinery	3111100	1,998,625.00	4,294,191.20
TOTAL		5,361,269.00	9,619,086.00

7. BANK ACCOUNTS

Name of Bank, Account Number & Currency	Amount in Bank account currency	Account Type	Item Code	2017-2018	2016-2017
	Kshs			Kshs	Kshs
Central Bank of Kenya Bank, A/C 1000181338,Kshs	883,645.50	Recurrent	6530000	883,645.50	16,243,460.25
Central Bank of Kenya Bank ,A/C 1000182369,Kshs	1,967,559.95	Deposit	6550000	1,967,559.95	3,316,384.15
TOTAL	2,851,205.45			2,851,205.45	19,559,844.40

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

8. CASH IN HAND

Item Description	Item Code	2017-2018	2016-2017
		Kshs	Kshs
Cash in Hand-Held in domestic currency Headquarters, Bima House Building, 12 th floor cash office	6580000	177,239.00	342,137.00
TOTAL		177,239.00	342,137.00

NB: Cash Count certificates (F.O 51) for the above amount has been provided as an attachment to the financial statements

9. ACCOUNTS RECEIVABLES - OUTSTANDING IMPREST

Item Description	Item Code	2017-2018	2016-2017
Other Debtors & Pre-payments	6740000	-	93,937.00
Other Debtors & Pre-payments	6740000	-	43,740.40
TOTAL		-	137,677.40

NB: There were no outstanding Imprest as at June 30th 2018

10. ACCOUNTS PAYABLE

Item Description	Item Code	Bank Account Type	2017-2018	2016-2017
			Kshs	Kshs
Deposits	7320000	Deposit	970,787.00	2,560,061.55
Other Liabilities	7310000	Deposit	996,772.95	756,322.60
Kenya Institute of Management	7310000	Recurrent	-	417,600.00
TOTAL			1,967,559.95	3,733,984.15

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

11. FUND BALANCES BROUGHT FORWARD

Item Description	Item Code	2017-2018	2016-2017
		Kshs	Kshs
Opening Balance Bank-Recurrent	9990100	19,559,844.40	12,990,537.05
Opening Balance Cash	9990200	342,137.00	377,255.00
Opening Balance Receivables - Imprest and Clearance Accounts	9990300	137,677.40	301,881.00
Opening Balance Bank – Deposit	9990100	-3,733,984.15	-3,088,549.35
TOTAL		16,305,674.65	10,581,123.70

12. CHANGES IN RECEIVABLES

Item Description	Item Code	2017-2018	2016-2017
		Kshs	Kshs
Receivables at the beginning of the Year	6740000	137,677.40	301,881.00
Receivables at the end of the Year	6740000	-	137,677.40
TOTAL		137,677.40	164,203.60

13. CHANGES IN PAYABLES

Item Description	Item Code	2017-2018	2016-2017
		Kshs	Kshs
Payables at the beginning of the Year	7320000	3,733,984.15	3,088,549.35
Payables at the end of the Year	7320000	1,967,559.95	3,733,984.15
TOTAL		-1,766,424.20	645,434.80

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

14. PRIOR YEAR ADJUSTMENTS

Item Description	2017-2018	2016-2017
	Kshs	Kshs
Adjustments on bank account balances-Remittances to Exchequer-Recurrent Bank Balance-The National Treasury (FY 2016/17 Balances)	16,243,460.25	-
Adjustments on cash in hand-Remittances to Exchequer-Cash Balance-The National Treasury (FY 2016/17 Balances)	342,137.00	-
TOTAL	16,585,597.25	-

15. RELATED PARTY DISCLOSURES

The office had no related parties as the compensation for the Accounting Officer is made direct from the Consolidated Fund Services

16. OTHER IMPORTANT DISCLOSURES

PENDING ACCOUNTS PAYABLE (See Annex I)

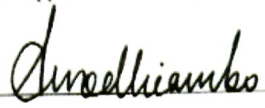
Item Description	Item Code	2017-2018	2016-2017
		Kshs	Kshs
Amount due to National Government entity(National Treasury)	7310100	140,332.95	297,382.80
Amount due to Office	7310100	456,440.00	456,440.00
Amount due to third parties	7310100	400,000.00	2,500.00
Amount due to third parties	7320200	970,787.00	2,560,061.55
TOTAL		1,967,559.95	3,316,384.15

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

17. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
During the previous audit of the Office, there were no issues raised by the External Auditor.					

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Office of the Controller of Budget financial statements were approved on 26th September, 2018 and signed by:


 Controller of Budget
 Name: FCPA Agnes Odhiambo, CBS
 ICPAK Member Number: 1123


 Chief Manager Finance and Accounts
 Name: CPA Pauline Mwagambo
 ICPAK Member Number: 18402


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

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

ANNEX 1- ANALYSIS OF PENDING ACCOUNTS PAYABLE (DEPOSIT
ACCOUNT)

Item Description	Item Code	2017-2018	2016-2017
		Kshs	Kshs
Retention - Fine Tops Enterprises	7320200	-	229,511.80
Retention - Pong Agencies	7320200	1,256.50	1,256.50
Retention -Specicom Technologies Ltd	7320200	497,000.00	497,000.00
Retention -Africa Management Solutions Ltd	7320200	-	132,600.00
Retention-Pekals Ltd	7320200	272,530.50	1,499,693.25
Tender Bond-Real Insurance	7320200	200,000.00	200,000.00
Compensation - Losagi Insurance Broker	7310100	145,500.00	145,500.00
Commissions(payroll)	7310100	87,832.95	72,162.70
Staff Recoveries	7310100	52,500.00	225,219.90
Insurance Refund	7310100	310,940.00	310,940.00
KCB Leadership Centre	7310100	385,000.00	2,500.00
Cooperative Bank	7310100	15,000.00	-
TOTAL		1,967,559.95	3,316,384.15

OFFICE OF THE CONTROLLER OF BUDGET

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

ANNEX 2-SUMMARY OF FIXED ASSET REGISTER

Asset class	Item Code	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Disposals during the year Kshs.	Historical Cost b/f (Kshs)
Refurbishment of buildings	3110300	2,328,000.00	-	-	2,328,000.00
Vehicles and Other Transport Equipment	3110700	26,799,000	-	-	26,799,000.00
Office Furniture and General Equipment	3111000	69,285,838.80	3,362,644.00	-	72,648,482.80
Specialised Plant, Equipment and Machinery	3111100	17,134,810.55	1,998,625.00	-	19,133,435.55
Total		115,547,649.35	5,361,269.00	-	120,908,918.35

The balance as at the end of the year is the cumulative cost of all assets bought by the office. Additions during the year amounting to Kshs. 5,361,269.00 are assets acquired during the year (see note 6). However the amount of figures in the above table does not include the vehicles which were earlier bought through treasury funding before the office had accounting vote. These vehicles at cost are valued Kshs 45,484,472.00. There were no disposals during the year.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

ANNEX 3-LIST OF PROJECTS IMPLEMENTED BY THE OFFICE

Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements(yes/no)
The Office does not have development vote to cater for projects			

ANNEX 4- REPORTS GENERATED FROM IFMIS

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes



Trial Balance
 Entity: 2121-Controller of Budget
 Current Period: JUL-17 To JUN-18
 Compare With: JUL-16 To ADJ2-17

Account No and Description	Current Period		Previous period	
	Debit Kshs	Credit Kshs	Debit Kshs	Credit Kshs
1420600 Receipts from Sale of Incidental Goods	0.00	0.00	0.00	0.00
1420000 Sales of Goods and Services	0.00	0.00	0.00	0.00
2110100 Basic Salaries - Permanent Employees	181,997,044.15	0.00	168,309,526.20	0.00
2110200 Basic Wages - Temporary Employees	1,246,180.60	0.00	72,185.00	0.00
2110300 Personal Allowances paid as part of Salary	77,191,329.30	0.00	71,675,323.60	0.00
2110000 Wages and Salary Contributions	260,434,554.05	0.00	240,057,012.80	0.00
2120100 Employer Contributions to Compulsory National Social Security Schemes	233,400.00	0.00	229,203.00	0.00
2120000 Social Contributions	233,400.00	0.00	229,200.00	0.00
2210100 Utilities, Supplies and Services	14,210.00	0.00	10,460.00	0.00
2210200 Communication, Supplies and Services	9,648,664.35	0.00	10,277,745.20	0.00
2210300 Domestic Travel and Subsistence, and Other Transportation Costs	13,477,430.00	0.00	14,886,719.00	0.00
2210400 Foreign Travel and Subsistence, and other transportation costs	1,979,850.75	0.00	3,722,775.00	0.00
2210500 Printing, Advertising and Information Supplies and Services	64,156,629.00	0.00	62,128,590.25	0.00
2210600 Rentals of Produced Assets	2,030,814.00	0.00	1,850,340.00	0.00
2210700 Training Expenses	8,492,091.00	0.00	15,698,638.40	0.00
2210800 Hospitality Supplies and Services	10,696,291.00	0.00	12,607,349.00	0.00
2210900 Insurance Costs	35,714,970.15	0.00	34,849,059.65	0.00
2211000 Specialised Materials and Supplies	1,129,056.00	0.00	1,711,681.00	0.00
2211100 Office and General Supplies and Services	5,293,526.60	0.00	7,764,750.60	0.00
2211200 Fuel Oil and Lubricants	609,110.00	0.00	3,629,465.00	0.00
2211300 Other Operating Expenses	4,621,081.20	0.00	5,704,065.00	0.00
2210000 Goods and Services	167,566,723.95	0.00	175,241,427.10	0.00
2220100 Routine Maintenance - Vehicles	4,773,958.00	0.00	4,551,963.00	0.00
2220200 Routine Maintenance - Other Assets	1,860,677.60	0.00	1,567,807.90	0.00
2220000 Routine Maintenance	6,634,635.60	0.00	6,119,770.90	0.00
2710100 Government Pension and Retirement Benefits	31,594,697.30	0.00	62,146,709.55	0.00
2710000 Social Security Benefits	31,594,697.30	0.00	62,146,709.55	0.00
3110300 Refurbishment of Buildings	0.00	0.00	328,200.00	0.00
3111000 Purchase of Office Furniture and General Equipment	3,352,644.00	0.00	4,996,694.80	0.00
3111100 Purchase of Specialised Plant, Equipment and Machinery	1,936,525.00	0.00	4,294,191.20	0.00
3110000 Acquisition of Fixed Capital Assets	5,361,269.00	0.00	9,619,086.00	0.00
6520100 Treasury Bank Accounts	0.00	0.00	0.00	0.00
6520000 Treasury Bank Accounts (Exchequer and CRF Accounts)	0.00	0.00	0.00	0.00
6530100 Recurrent Bank Accounts	883,645.50	0.00	16,243,460.25	0.00
6530000 Recurrent Bank Accounts	883,645.50	0.00	16,243,460.25	0.00
6550100 Deposit Bank Accounts	1,967,559.95	0.00	3,316,384.15	0.00
6550000 Deposit Bank Account	1,967,559.95	0.00	3,316,384.15	0.00
6580100 Cash in Hand	177,239.00	0.00	342,137.00	0.00
6580000 Cash in Hand	177,239.00	0.00	342,137.00	0.00
6710100 Debtors & Advances - Employees	0.00	0.00	0.00	0.00
6710000 Domestic Debtors & Advances	0.00	0.00	0.00	0.00
6740100 Other Debtors & Pre-payments	0.00	0.00	137,677.40	417,600.00
6740000 Other Debtors & Pre-payments	0.00	0.00	137,677.40	417,600.00

Account No and Description	Current Period		Previous period	
	Debit	Credit	Debit	Credit
6760100 Imprests	0.00	0.00	0.00	0.00
6760000 Government Imprests	0.00	0.00	0.00	0.00
6790100 Other Current System A/c's	0.00	0.00	0.00	0.00
6790000 Other Current Assets (System	0.00	0.00	0.00	0.00
7310100 General Deposits Items	0.00	996,772.95	0.00	756,322.60
7310000 Deposits	0.00	996,772.95	0.00	756,322.60
7320000 Other Liabilities	0.00	0.00	0.00	0.00
7320100 Salary Deductions	0.00	0.00	0.00	0.00
7320200 Other General Liabilities	0.00	970,767.00	0.00	2,560,061.55
7320000 Other Liabilities	0.00	970,767.00	0.00	2,560,061.55
7380100	0.00	0.00	0.00	0.00
7380000 Withholding Taxes	0.00	0.00	0.00	0.00
7390100 System Required Liabilities	0.00	0.00	0.00	0.00
7390000 System Required Liabilities	0.00	0.00	0.00	0.00
9910100 General Provisions	63,116,414.60	1,415,003,347.00	46,530,817.35	951,537,260.00
9910200 Exchequer Provisions	63,116,414.60	1,415,003,347.00	46,530,817.35	951,537,260.00
9910000 Provisions	0.00	64,872,141.05	0.00	64,872,141.05
9990100 Opening Balance Bank	0.00	392,236.00	0.00	392,236.00
9990200 Opening Balance Cash	0.00	657,769.00	0.00	657,769.00
9990300 Opening Balance Receivables - Imprest and Clearance Accounts	0.00	0.00	0.00	0.00
9990400 Opening Balance - Deposits	2,493,091.70	0.00	2,493,091.70	0.00
9999900	1,348,092,562.35	395,962,740.00	854,679,356.00	395,962,740.00
9990000 Opening Balance Reserves	1,350,585,654.05	461,884,886.05	857,172,447.70	461,884,886.05
Total	463,984,477.05	463,984,477.05	1,815,739,378.40	1,815,739,378.40

The Statement has been prepared, reviewed and approved by the following:

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____

REPUBLIC OF KENYA
BANK RECONCILIATION

From Date : 01-JUL-17 To : 30-JUN-18

DEP-CONTROLLER OF BUDGET

Bank : Central Bank of Kenya , Branch : Haile Selassie , Account Number : 1000182369

Balance as per bank certificate	1,967,559.95
Less --	
1. Payment in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)	
2. Receipts in Bank Statement not yet recorded in Cash Book	
Add --	
3. Payment in Bank Statement not yet recorded in Cash Book	
4. Receipts in Cash Book not yet Recorded in Bank Statement	
Bank Balance as per Cash Book	1,967,559.95

Reconciled by: Signature: Date:

Reviewed by : Signature: Date:

Approved by: Signature: Date:

REPUBLIC OF KENYA
BANK RECONCILIATION

From Date : 01-JUL-17 To : 30-JUN-18

DEP-CONTROLLER OF BUDGET

Bank : Central Bank of Kenya , Branch : Haile Selassie , Account Number : 1000182369

1. PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT (UNPRESENTED CHEQUES)			
Cheque		Payee	Amount
No	Date		
Total :			
2. RECEIPTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK			
Receipts			Amount
No	Date		
Total :			
3. PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK			
Cheque			Amount
No	Date		
Total :			
4. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT			
Receipts			Amount
No	Date		
Total :			

REPUBLIC OF KENYA
BANK RECONCILIATION

From Date : 01-JUL-17 To : 30-JUN-18

REC-CONTROLLER OF BUDGET

Bank : Central Bank of Kenya , Branch : Haile Selassie , Account Number : 1000181338

Balance as per bank certificate	883,645.50
Less --	
1. Payment in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)	
2. Receipts in Bank Statement not yet recorded in Cash Book	
Add --	
3. Payment in Bank Statement not yet recorded in Cash Book	
4. Receipts in Cash Book not yet Recorded in Bank Statement	
Bank Balance as per Cash Book	883,645.50

Reconciled by: Signature: Date:

Reviewed by : Signature: Date:

Approved by: Signature: Date:

REPUBLIC OF KENYA
BANK RECONCILIATION

Page 2 of 2

F.O. 30

From Date : 01-JUL-17 To : 30-JUN-18

REC-CONTROLLER OF BUDGET

Bank : Central Bank of Kenya , Branch : Haile Selassie , Account Number : 1000181338

1. PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT (UNPRESENTED CHEQUES)		
Cheque		Amount
No	Date	
Total :		
2. RECEIPTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK		
Receipts		Amount
No	Date	
Total :		
3. PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK		
Cheque		Amount
No	Date	
Total :		
4. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT		
Receipts		Amount
No	Date	
Total :		

**STATEMENT OF RECEIPTS AND PAYMENTS**

Entity: 212-1-Controller of Budget

Current Period: JUL-17 To JUN-18

Compare With: JUL-16 To JUN-17

	Note	Current Period	Previous Period
RECEIPTS			
Tax Receipts	1	0.00	0.00
Social Security Contribution	2	0.00	0.00
Proceeds from Domestic and Foreign Grants	3	0.00	0.00
Exchequer releases	4	463,466,087.00	510,000,000.00
Transfers from Other Government Entities	5	0.00	0.00
Proceeds from Domestic Borrowings	6	0.00	0.00
Proceeds from Foreign Borrowings	7	0.00	0.00
Proceeds from Sales of Assets	8	0.00	0.00
Reimbursements and Refunds	9	0.00	0.00
Returns of Equity Holdings	10	0.00	0.00
Other Receipts	11	0.00	0.00
TOTAL RECEIPTS		463,466,087.00	510,000,000.00
PAYMENTS			
Compensation of Employees	12	250,667,954.05	240,286,212.80
Use of goods and Services	13	154,501,359.55	181,361,198.00
Subsidies	14	0.00	0.00
Transfers to Other Government Units	15	0.00	0.00
Other Grants and Transfers	16	0.00	0.00
Social Security Benefits	17	31,594,697.30	62,146,709.55
Acquisition of Assets	18	5,361,269.00	9,619,086.00
Finance Costs, including Loan Interest	19	0.00	0.00
Repayment of Principal on Domestic and Foreign Borrowing	20	0.00	0.00
Other payments	21	0.00	0.00
TOTAL PAYMENTS		462,125,279.90	493,413,206.35
SURPLUS/DEFICIT		1,340,807.10	16,586,793.65

The Statement has been prepared, reviewed and approved by the following:

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____

**Statement of Financial Position**

Entity - 2121: Controller of Budget

Current Period: JUL-17 To JUN-18

Compare With: JUL-16 To JUN-17

	Note	Current Period	Previous Period
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	2,851,205.45	19,559,844.40
Cash Balances	22B	177,239.00	342,137.00
Total Cash And Cash Equivalents		3,028,444.45	19,901,981.40
Accounts Receivables - Outstanding Imprest and Clearance Accounts	23	0.00	(279,922.60)
TOTAL FINANCIAL ASSETS		3,028,444.45	19,622,058.80
Financial Liabilities			
Accounts Payables - Deposits	24	1,967,559.95	3,316,384.15
NET FINANCIAL ASSETS		1,060,884.50	16,305,674.65
REPRESENTED BY			
Fund Balance b/fwd	25	16,305,674.65	10,581,123.70
Prior Year Adjustment	25	(16,585,597.25)	(10,862,242.70)
Surplus/Deficit for the Year		1,340,807.10	16,586,793.65
NET FINANCIAL POSITION		1,060,884.50	16,305,674.65

The Statement has been prepared, reviewed and approved by the following:

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____



STATEMENT OF CASH FLOW

Entity: 2121-Controller of Budget

Current Period: JUL-17 To JUN-18

Compare With: JUL-16 To JUN-17

	Note	Current Period	Previous Period
		Kshs	Kshs
Receipts and operating income			
Tax Receipts	1	0.00	0.00
Social Security Contribution	2	0.00	0.00
Proceeds from Domestic and Foreign Grants	3	0.00	0.00
Exchequer releases	4	463,466,087.00	510,000,000.00
Transfers from Other Government Entities	5	0.00	0.00
Reimbursements and Refunds	9	0.00	0.00
Returns of Equity Holdings	10	0.00	0.00
Other Receipts	11	0.00	0.00
Payments for Operating Expenses			
Compensation of Employees	12	260,667,954.05	240,286,212.60
Use of goods and Services	13	164,501,359.55	181,361,198.00
Subsidies	14	0.00	0.00
Transfers to Other Government Units	15	0.00	0.00
Other Grants and Transfers	16	0.00	0.00
Social Security Benefits	17	31,594,697.30	62,146,709.55
Finance Costs, including Loan Interest	19	0.00	0.00
Other payments	21	0.00	0.00
Adjusted for:			
Adjustments during the year		(1,628,746.80)	809,638.40
Prior year adjustments		(16,585,597.25)	(10,862,242.70)
Net Cash From Operating Activities	A	(11,512,267.95)	16,153,275.35
Cash Flow From Investing Activities			
Proceeds from Sales of Assets	8	0.00	0.00
Acquisition of Assets	18	5,361,269.00	9,619,086.00
Net Cash Flow From Investing Activities	B	(5,361,269.00)	(9,619,086.00)
Cash Flow From Borrowing Activities			
Proceeds from Domestic Borrowings	6	0.00	0.00
Proceeds from Foreign Borrowings	7	0.00	0.00
Repayment of Principal on Domestic and Foreign Borrowing	20	0.00	0.00
Net Cash Flow From Financing Activities	C	0.00	0.00
NET INCREASE IN CASH AND CASH EQUIVALENT	A+B+C	(16,873,536.95)	6,534,189.35
Cash and Cash Equivalent at BEGINNING of The Year		19,901,981.40	13,367,792.05
Cash and Cash Equivalent at END of The Year	22A+22B	3,028,444.45	19,901,981.40

The Statement has been prepared, reviewed and approved by the following:

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____



NOTES TO THE FINANCIAL STATEMENTS

Entity: 2121-Controller of Budget
 Current Period: JUL-17 To JUN-18
 Compare With: JUL-16 To JUN-17

1 Tax Receipts

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Taxes on Income, Profits and Capital Gains	1110000	0.00	0.00
Taxes on Payroll and Workforce	1120000	0.00	0.00
Taxes on Property	1130000	0.00	0.00
Taxes on Goods and Services	1140000	0.00	0.00
Taxes on International Trade and Transactions	1150000	0.00	0.00
Other Taxes (not elsewhere classified)	1160000	0.00	0.00
TOTAL		0.00	0.00

2 Social Security Contribution

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Health Insurance Contribution	1210100	0.00	0.00
NHIF Health Insurance Contributions	1210200	0.00	0.00
Contributions from Govt. Employees for Social & Welfare Schemes	1210300	0.00	0.00
TOTAL		0.00	0.00

3 Proceeds from Domestic and Foreign Grants

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Grants from Foreign Governments	1310000	0.00	0.00
Grants from International Organisations	1320000	0.00	0.00
TOTAL		0.00	0.00

4 Exchequer releases

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Exchequer Releases/ Provisioning Account	9910201	453,456,667.00	510,000,000.00
TOTAL		453,456,667.00	510,000,000.00

5 Transfers from Other Government Entities

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Grants received by Central Govt from General Govt units	1330100	0.00	0.00
Grants Received from General Govt units by Local Authorities	1330200	0.00	0.00
Grants to Fund Accounts from Central Govt Budget	1330300	0.00	0.00
Grants to other General Govt units from General Govt units	1330400	0.00	0.00
TOTAL		0.00	0.00

6 Proceeds from Domestic Borrowings

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Borrowing within General Government	5110100	0.00	0.00
Borrowing from Monetary Authorities (Central Bank)	5110200	0.00	0.00
Other Domestic Depository Corporations (Commercial Banks)	5110300	0.00	0.00
Borrowing from Other Domestic Financial Institutions	5110400	0.00	0.00
Borrowing from Other Domestic Creditors	5110500	0.00	0.00
TOTAL		0.00	0.00

7 Proceeds from Foreign Borrowings

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Foreign Borrowings - Drawdowns through Exchequer	5120100	0.00	0.00
Foreign Borrowing-Direct Payments	5120200	0.00	0.00
Foreign Currency and Foreign Deposits	5120300	0.00	0.00
Other Foreign Accounts Payable	5120400	0.00	0.00
TOTAL		0.00	0.00

8 Proceeds from Sales of Assets

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Receipts from the Sale of Buildings - Paid to Exchequer	3510100	0.00	0.00
Receipts from the Sale of Buildings	3510200	0.00	0.00
Receipts from sale of other st	3510300	0.00	0.00
Receipts from sale of other st	3510400	0.00	0.00
Receipts from the Sale of Vehicles and Transport Equipment - Paid to Exchequer	3510500	0.00	0.00
Receipts from the Sale of Vehicles and Transport Equipment	3510600	0.00	0.00
Receipts from the Sale of Plant Machinery and Equipment - Paid to Exchequer	3510700	0.00	0.00
Receipts from the Sale Plant Machinery and Equipment	3510800	0.00	0.00
Receipts from Sale of Certified Seeds and Breeding Stock - Paid to Exchequer	3510900	0.00	0.00
Receipts from Sale of Certified Seeds and Breeding Stock	3511000	0.00	0.00
Receipts from the Sale of Strategic Reserves Stocks	3520100	0.00	0.00
Receipts from the Sale of Other Inventories, Stocks, and Commodities	3520200	0.00	0.00
Receipts from the Sale of Inventories, Stocks and Commodities	3520300	0.00	0.00
Receipts from the Sale of Land	3540100	0.00	0.00
Receipts from the Sale of Other Naturally Occurring Non-Produced Assets	3540200	0.00	0.00
Receipts from the Sale of Intangible Non-Produced Assets	3540300	0.00	0.00
Receipts from the Sale of Non-Produced Assets Collected as AIA	3540400	0.00	0.00
Repayments from Loans to Government Agencies and Other Levels of Government	4510100	0.00	0.00
Loans to Non-Financial Public Enterprises	4510200	0.00	0.00
Loans to Financial Institutions	4510300	0.00	0.00
Repayments from Domestic Loans to Individuals and Households	4510400	0.00	0.00
Repayments from lending to Foreign Govts	4520100	0.00	0.00
Repayments from lending to International Orgns.	4520200	0.00	0.00
Repayments from lending to Foreign Non - Financial Enterps. & Financial Instns.	4520300	0.00	0.00
Repayments from Other Foreign Lending	4520400	0.00	0.00
Sales and Disposals of Equity Holdings in Domestic Public Non - Financial Enterprises	4530100	0.00	0.00
Sales and Disposals of Equity Holdings in Domestic Public Financial Institutions	4530200	0.00	0.00
Sales and Disposals of Other Equity Holdings	4530300	0.00	0.00
Sales and Disposals of Equity Holdings in Foreign Financial Instns. and Domestic Financial Instns. operating abroad	4530400	0.00	0.00
Sales and Disposals of Equity Holdings in Foreign Enterps. Financial instns. and Domestic Financial Instns. operating abroad	4530500	0.00	0.00
Redemption/ Disposal of Other Financial Assets	4530600	0.00	0.00
Refund of Bonds paid as Deposits for Guarantees	4530700	0.00	0.00
TOTAL		0.00	0.00

9 Reimbursements and Refunds

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Refund from World Food Programme (WFP)	4540101	0.00	0.00
Reimbursement of Audit Fees	4540102	0.00	0.00
Reimbursement on Messing Charges (UNICEF)	4540103	0.00	0.00
Reimbursement from World Bank - ECD	4540104	0.00	0.00
Reimbursement from Individuals and Private Organizations	4540105	0.00	0.00

Item Description	Item Code	Current Period	Previous Period
Reimbursement from Local Government Authorities	4540106	0.00	0.00
Reimbursement from Statutory Organizations	4540107	0.00	0.00
Reimbursement within Central Government	4540108	0.00	0.00
Reimbursement Using Bonds	4540109	0.00	0.00
Reimbursements and Refunds - Other (Budget)	4540199	0.00	0.00
TOTAL		0.00	0.00

10 Returns of Equity Holdings

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Returns of Equity Holdings	4550000	0.00	0.00
Returns of Equity Holdings	4610000	0.00	0.00
TOTAL		0.00	0.00

11 Other Receipts

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Interest Received	1410100	0.00	0.00
Profits and Dividends	1410200	0.00	0.00
Withdrawals from Income of Quasi-corporations	1410300	0.00	0.00
Rents on land, houses and buildings	1410400	0.00	0.00
Other Property Income collected as AIA	1410500	0.00	0.00
	1415000	0.00	0.00
Sales of Market Establishment	1420100	0.00	0.00
Administrative Fees and Charges	1420200	0.00	0.00
Administrative Fees and Charges collected as AIA	1420300	0.00	0.00
Incidental Sales by Non-Market Establishments	1420400	0.00	0.00
Incidental Sales by Non-Market Establishments Collected as AIA	1420500	0.00	0.00
Receipts from Sale of Incidental Goods	1420600	0.00	0.00
Fines, Penalties, Forfeitures and other Charges	1430100	0.00	0.00
Current Grants from International NGOs paid through Exchequer	1440100	0.00	0.00
Capital Grants from International NGOs paid through Exchequer	1440200	0.00	0.00
Current Grants from International NGOs collected as AIA	1440300	0.00	0.00
Capital Grants from International NGOs collected as AIA	1440400	0.00	0.00
Other Voluntary Transfers for Current purposes	1440500	0.00	0.00
Other Voluntary Transfers for Capital purposes	1440600	0.00	0.00
Paid to Exchequer	1450100	0.00	0.00
Receipts Not Classified Elsewhere	1450200	0.00	0.00
	1510200	0.00	0.00
	1510300	0.00	0.00
	1520100	0.00	0.00
Business Permits	1520200	0.00	0.00
Cesses	1520300	0.00	0.00
Poll Rates	1520400	0.00	0.00
Plot Rents	1520500	0.00	0.00
Other Local Levies	1520600	0.00	0.00
Administrative Services Fees	1530100	0.00	0.00
Various Fees	1530200	0.00	0.00
Council's Natural Resources Exploitation	1530300	0.00	0.00
Sales Of Council Assets	1530400	0.00	0.00
Lease / Rental Of Council's Infrastructure Assets	1530500	0.00	0.00
Other Miscellaneous Revenues	1530600	0.00	0.00
Other Miscellaneous Revenues	1540100	0.00	0.00
Insurance Claims Recovery	1540200	0.00	0.00
Medium Term Loans (1-3 Yr Repayment)	1540300	0.00	0.00
Long Term Loans (Over 3 Yr Repayment)	1540400	0.00	0.00
Transfers From Reserve Funds	1540500	0.00	0.00
Donations	1540600	0.00	0.00
Fund Raising Events	1540700	0.00	0.00
Other Revenues From Financial Assets Loan	1540800	0.00	0.00
	1541000	0.00	0.00
Market/Trade Centre Fee	1550100	0.00	0.00
Vehicle Parking Fees	1550200	0.00	0.00
Housing	1560100	0.00	0.00
Social Premises Use Charges	1560200	0.00	0.00
School Fees	1570100	0.00	0.00
Other Education-Related Fees	1570200	0.00	0.00
Other Education Revenues	1570300	0.00	0.00
Public Health Services	1580100	0.00	0.00

Item Description	Item Code	Current Period	Previous Period
Public Health Facilities Operations	1580200	0.00	0.00
Environment & Conservancy Administration	1580300	0.00	0.00
Slaughter Houses Administration	1580400	0.00	0.00
Water Supply Administration	1580500	0.00	0.00
Sewerage Administration	1580600	0.00	0.00
Other Health & Sanitation Revenues	1580700	0.00	0.00
Technical Services Fees	1590100	0.00	0.00
External Services Fees	1590200	0.00	0.00
	1930100	0.00	0.00
System Required Revenue A/c's	1990100	0.00	0.00
TOTAL		0.00	0.00

12 Compensation of Employees

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Basic Salaries - Permanent Employees	2110100	181,697,044.15	168,309,526.20
Basic Wages - Temporary Employees	2110200	1,246,180.80	72,163.00
Personal Allowances paid as part of Salary	2110300	77,191,329.30	71,675,323.50
Personal Allowances paid as Reimbursements	2110400	0.00	0.00
Personal Allowances provided in Kind	2110500	0.00	0.00
Employer Contributions to Compulsory National Social Security Schemes	2120100	233,400.00	229,230.00
Employer Contributions to Compulsory Health Insurance Schemes	2120200	0.00	0.00
USE OF GOODS AND SERVICES	2120300	0.00	0.00
TOTAL		260,557,954.05	240,286,212.80

13 Use of goods and Services

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Utilities, Supplies and Services	2210100	14,210.00	10,450.00
Communication, Supplies and Services	2210200	8,648,664.35	10,277,745.20
Domestic Travel and Subsistence, and Other Transportation Costs	2210300	13,477,430.00	14,886,718.00
Foreign Travel and Subsistence, and other transportation costs	2210400	1,979,850.75	3,722,775.00
Printing, Advertising and Information Supplies and Services	2210500	64,159,629.00	52,128,980.25
Rentals of Produced Assets	2210600	2,030,814.00	1,850,340.00
Training Expenses	2210700	8,492,091.00	15,898,038.40
Hospitality Supplies and Servi	2210800	10,666,291.00	12,907,349.00
Insurance Costs	2210900	35,714,970.15	34,849,059.05
Specialised Materials and Supp	2211000	1,129,056.00	1,711,681.00
Office and General Supplies and Services	2211100	5,283,526.50	7,764,750.60
Fuel Oil and Lubricants	2211200	609,110.00	3,629,465.00
Other Operating Expenses	2211300	4,621,081.20	5,704,065.00
Routine Maintenance - Vehicles	2220100	4,773,958.00	4,551,963.00
Routine Maintenance - Other Assets	2220200	1,860,577.50	1,567,807.90
Exchange Rate Losses	2230100	0.00	0.00
TOTAL		164,501,359.55	181,361,758.00

14 Subsidies

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Subsidies to Public Corporations	2510000	0.00	0.00
Subsidies to Private Enterprises	2520000	0.00	0.00
TOTAL		0.00	0.00

15 Transfers to Other Government Units

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Current Grants to Government Agencies and other Levels of Government	2630100	0.00	0.00
Capital Grants to Government Agencies and other Levels of Government	2630200	0.00	0.00
Other Current Transfers, Grants and Subsidies	2640400	0.00	0.00
Other Capital Grants and Trans	2640500	0.00	0.00
TOTAL		0.00	0.00

16 Other Grants and Transfers

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Grants and Transfers to Foreign Governments	2610100	0.00	0.00
Membership Fees and Dues and Subscriptions to International Organizations	2620100	0.00	0.00
Membership Fees and Dues and Subscriptions to International Organizations (Continued)	2620200	0.00	0.00
Scholarships and other Educational Benefits	2640100	0.00	0.00
Emergency Relief and Refugee Assistance	2640200	0.00	0.00
Grants to Small Businesses, Cooperatives, and Self Employed	2640300	0.00	0.00
	2649900	0.00	0.00
TOTAL		0.00	0.00

17 Social Security Benefits

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Government Pension and Retirement Benefits	2710100	31,594,697.30	62,146,709.55
Social Security Benefits	2710200	0.00	0.00
Employer Social Benefits	2710300	0.00	0.00
Refund of Pension to UK Government	2720100	0.00	0.00
	2720200	0.00	0.00
TOTAL		31,594,697.30	62,146,709.55

18 Acquisition of Assets

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Purchase of Buildings	3110100	0.00	0.00
Construction of Building	3110200	0.00	0.00
Refurbishment of Buildings	3110300	0.00	328,200.00
Construction of Roads	3110400	0.00	0.00
Construction and Civil Works	3110500	0.00	0.00
Overhaul and Refurbishment of Construction and Civil Works	3110600	0.00	0.00
Purchase of Vehicles and Other Transport Equipment	3110700	0.00	0.00
Overhaul of Vehicles and Other Transport Equipment	3110800	0.00	0.00
Purchase of Household Furniture and Institutional Equipment	3110900	0.00	0.00
Purchase of Office Furniture and General Equipment	3111000	3,362,644.00	4,996,694.80
Purchase of Specialised Plant, Equipment and Machinery	3111100	1,998,625.00	4,294,151.20
Rehabilitation and Renovation of Plant, Machinery and Equipment	3111200	0.00	0.00
Purchase of Certified Seeds, Breeding Stock and Live Animals	3111300	0.00	0.00
Research, Feasibility Studies, Project Preparation and Design, Project Supervision	3111400	0.00	0.00
Rehabilitation of Civil Works	3111500	0.00	0.00
Purchase of Specialised Plant	3112200	0.00	0.00
Acquisition of Strategic Stocks	3120100	0.00	0.00
Acquisition of Other Inventories	3120200	0.00	0.00
Acquisition of Land	3130100	0.00	0.00
Acquisition of Other Intangible Assets	3130200	0.00	0.00
Domestic Lending and On-lending	4110000	0.00	0.00
Domestic Equity Participation	4120000	0.00	0.00
Other Domestic Accounts Receivable	4130000	0.00	0.00
Foreign Lending and On-Lending	4140000	0.00	0.00
Foreign Equity Participation	4150000	0.00	0.00
Other Foreign Accounts Receivable	4160000	0.00	0.00
TOTAL		5,361,269.00	9,618,086.00

19 Finance Costs, including Loan Interest

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Interest Payments on Foreign Borrowing	2410100	0.00	0.00
Interest Payments on Guaranteed Debt	2410200	0.00	0.00
Interest on Domestic Borrowing	2420000	0.00	0.00
Interest on Borrowing From Other Government Units	2430000	0.00	0.00
TOTAL		0.00	0.00

20 Repayment of Principal on Domestic and Foreign Borrowing

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Repayments on Borrowings from General Government	5510100	0.00	0.00
Repayments on Borrowings from Monetary Authorities (Central Bank)	5510200	0.00	0.00
Repayments on Borrowings from Other Domestic Depository Corporations (Commercial Banks)	5510300	0.00	0.00
Repayments on Borrowings from Other Domestic Financial Institutions	5510400	0.00	0.00
Repayments on Borrowings from Other Domestic Creditors	5510500	0.00	0.00
Principal Repayments on Foreign Borrowing	5510600	0.00	0.00
Principal Repayments on Guaranteed Debt Taken over by Government	5520000	0.00	0.00
Principal Repayments on Guaranteed Domestic Debt Taken over by Government	5520100	0.00	0.00
Principal Repayments on Guaranteed Foreign Debt Taken over by Government	5520200	0.00	0.00
Repayments on Borrowings from Other Domestic Creditors	5610000	0.00	0.00
Repayments on Borrowings from Other Domestic Creditors - Private Enterprises	5610500	0.00	0.00
	5620000	0.00	0.00
Repayments on Borrowings from Other Domestic Creditors - Public Enterprises	5620100	0.00	0.00
TOTAL		0.00	0.00

21 Other payments

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Budget Reserves	2810100	0.00	0.00
Civil Contingency Reserves	2810200	0.00	0.00
Capital Transfer to Non Financial Public Enterprises	2820100	0.00	0.00
Capital Transfer to Public Financial Institutions and Enterprises	2820200	0.00	0.00
Capital Transfer to Private Non-Financial Enterprises	2820300	0.00	0.00
System Required Expenses	2990100	0.00	0.00
	2999900	0.00	0.00
TOTAL		0.00	0.00

22A Bank Balances

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Special Accounts	6510000	0.00	0.00
Treasury Bank Accounts (Exchequer and CRF Accounts)	6520000	0.00	0.00
Recurrent Bank Accounts	6530000	883,645.50	16,243,460.25
Development Bank Accounts	6540000	0.00	0.00
Deposit Bank Account	6550000	1,967,559.95	3,318,384.15
Project Specific Bank Accounts	6570000	0.00	0.00
Foreign Currency and Foreign D	6590101	0.00	0.00
TOTAL		2,851,205.45	19,559,844.40

22B Cash Balances

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Cash in Hand	6580000	177,239.00	342,137.00
Foreign Currency and Foreign D	6590201	0.00	0.00
TOTAL		177,239.00	342,137.00

23 Accounts Receivables - Outstanding Imprest and Clearance Accounts

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Domestic Debtors & Advances	6710000	0.00	0.00
Debtors & Advances - Govt Owne	6720000	0.00	0.00
Foreign Debtors & Advances	6730000	0.00	0.00
Other Debtors & Pre-payments	6740000	0.00	279,922.80
Government Imprests	6760000	0.00	0.00
Agency Accounts	6770000	0.00	0.00
Suspense & Clearance Account	6780000	0.00	0.00
Other Current Assets (System r	6790000	0.00	0.00

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
TOTAL		0.00	279,922.60

24. ACCOUNTS PAYABLE

Item Description	Item code	Current Period	Previous Period
		Kshs	Kshs
Other Liabilities	7320000	970,787.00	2,560,061.55
Deposits	7310000	996,772.95	756,322.60
Withholding Taxes	7380000	0.00	0.00
System Required Liabilities A/c's	7390000	0.00	0.00
TOTAL		1,967,559.95	3,316,384.15

25. FUND BALANCES BROUGHT FORWARD

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Opening Balance Bank	22A	19,559,844.40	12,990,537.05
Opening Balance Cash	22B	342,137.00	377,255.00
Opening Balance Receivables - Imprest and Clearance Accounts	23	(279,922.60)	301,881.00
Opening Balance - Deposits	24	(3,316,384.15)	(3,088,549.35)
TOTAL		16,305,674.65	10,581,123.70

26. PRIOR YEAR ADJUSTMENTS

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
County Transfers	9910300	0.00	0.00
Exchequer Provisions	9910200	16,585,597.25	10,862,242.70
TOTAL		16,585,597.25	10,862,242.70



Statement of Budget Execution
 Entity: 2121-Controller of Budget
 Current Period: JUL-17 To JUN-18

	Note	Printed Estimate	Reallocation / Transfer	Supplementary Estimates	Final Approved Estimate (Net)	Actual	Budget Utilization Differences	% of Utilization
		a	b	c	D=a+b+c	e	f=d-e	g=f/d%
RECEIPTS								
Tax Receipts	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Social Security Contribution	2	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Proceeds from Domestic and Foreign Grants	3	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Exchange releases	4	0.00	0.00	0.00	0.00	463,466,087.00	(463,466,087.00)	0.00%
Transfers from Other Government Entities	5	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Proceeds from Domestic Borrowings	6	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Proceeds from Foreign Borrowings	7	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Proceeds from Sales of Assets	8	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Reimbursements and Refunds	9	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Returns of Equity Holdings	10	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Other Receipts	11	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Total		0.00	0.00	0.00	0.00	463,466,087.00	(463,466,087.00)	0.00%
PAYMENTS								
Compensation of Employees	12	142,503,000.00	0.00	133,160,000.00	275,660,000.00	260,667,954.05	14,992,045.95	94.56%
Use of goods and Services	13	124,625,762.50	0.00	68,796,239.50	193,312,002.00	164,501,359.55	28,810,642.45	85.10%
Subsidies	14	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Transfers to Other Government Units	15	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Other Grants and Transfers	16	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Social Security Benefits	17	20,633,863.00	0.00	18,309,635.00	38,943,698.00	31,594,697.30	7,349,000.70	81.13%
Acquisition of Assets	18	11,490,950.00	0.00	1,672,700.00	13,163,650.00	5,361,269.00	7,802,381.00	40.73%
Finance Costs, including Loan Interest	19	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Repayment of Principal on Domestic and Foreign Borrowing	20	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Other payments	21	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Total		299,150,575.50	0.00	221,928,774.50	521,079,350.00	462,125,278.90	(162,974,704.40)	154.48%



Statement of Budget Execution

Entity: 2121-Controller of Budget

Current Period: JUE-17 To JUN-18

The Statement has been prepared, reviewed and approved by the following:

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____



Current Period: JUL-17 To JUN-18

Compare With: JUL-16 To JUN-17

The Statement has been prepared, reviewed and approved by the following:

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____

**Budget Execution by Programme and Economic Classification**

Entity: 2121: Controller of Budget

Period: JUL-17 To JUN-18

Program	Item	Description	Approved Budget	Actual Payments	Variance
0000000000		Default - Non Programmatic	0.00	0.00	0.00
	2990000	System Required Expense A/c's	0.00	0.00	0.00
0730000000		Control and Management of Public finances	521,079,350.00	462,125,279.90	58,954,070.10
	2110000	Wages and Salary Contributions	275,023,380.00	260,434,554.05	14,588,805.95
	2120000	Social Contributions	638,840.00	233,400.00	403,240.00
	2210000	Goods and Services	182,393,502.00	157,866,723.95	24,526,778.05
	2220000	Routine Maintenance	10,918,500.00	8,634,635.60	4,283,864.40
	2710000	Social Security Benefits	38,943,698.00	31,594,697.30	7,349,000.70
	3110000	Acquisition of Fixed Capital Assets	13,763,650.00	5,361,269.00	7,802,381.00
		Grand Total	521,079,350.00	462,125,279.90	58,954,070.10

The Statement has been prepared, reviewed and approved by the following:

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____

**Budget Execution by Heads and Programmes**

Entity: 2121-Controller of Budget

Period: JUL-17 To JUN-18

Head	Program	Description	Approved Budget	Actual Payments	Variance
0000000000		Default Value (Non-Departmental)	0.00	0.00	0.00
	0000000000	Default - Non Programmatic	0.00	0.00	0.00
2121000100		Administration Support Services	279,430,372.00	245,151,783.00	34,278,589.00
	0730000000	Control and Management of Public finances	279,430,372.00	245,151,783.00	34,278,589.00
2121000200		Research and Planning	19,195,620.00	14,984,716.00	4,210,904.00
	0730000000	Control and Management of Public finances	19,195,620.00	14,984,716.00	4,210,904.00
2121000300		Budget Review and Analysis	34,445,870.00	32,190,746.65	2,255,123.35
	0730000000	Control and Management of Public finances	34,445,870.00	32,190,746.65	2,255,123.35
2121000400		County Services	188,007,488.00	169,798,034.25	18,209,453.75
	0730000000	Control and Management of Public finances	188,007,488.00	169,798,034.25	18,209,453.75
		Grand Total	521,079,350.00	462,125,279.90	58,954,070.10

The Statement has been prepared, reviewed and approved by the following:

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____

Date 10/07/2018

Report of the Board of Survey on the Cash and Bank Balances of CONTROLLER OF BUDGET RECURRENT ACCOUNT as at the close of business on 20

The Board, consisting of—(Names and official titles)

PATRICK KAMORE - CHAIRMAN

MUSA KIZUGA - MEMBER

NEWTON WILINGA - MEMBER

assembled at the office of CONTROLLER OF BUDGET

at 11-00 A.M (time) on the 10/07/2018, 20

and the following cash was produced:—

Notes	Sh. <u>177,100</u>
Silver	Sh. <u>139</u>
Copper	Sh. <u>2</u>
Cheques (as per details on reverse)	Sh. <u>177,239</u>

It was observed that cheques amounting to Sh. — cts. had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the

Cash on hand	Sh. <u>177,239</u>
Bank Balance	Sh. <u>883,645.50</u>

The Bank Certificate of Balance showed a sum of Sh. TWENTY EIGHT MILLION FIVE HUNDRED AND SIX THOUSAND ONE HUNDRED AND TWENTY cts. (Sh. 28,506,120 = cts. —)

standing to the credit of the account on 30/06/2018, 20

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

Patrick Kamore
Chairman.

Date 10/07/2018

Musa Kizuga Newton Wilinga
Members of the Board.

REPUBLIC OF KENYA

F.O. 51

Date 10/7/2018

Report of the Board of Survey on the Cash and Bank Balances of
CONTROLLER OF BUDGET - DEPOSIT ACCOUNT as at the close of
business on 30/6/2018, 19

The Board, consisting of (Names and official titles) —

Patrick Kamore — Chairman

MUSA KIDZUGA — member.

Newton Kilinga — Member

assembled at the office of CONTROLLER OF BUDGET

at 11:00 AM (time) on the 10/7/2018, 19

and the following cash was produced:

Notes	Sh. <u>7</u>
Silver	Sh. <u>0</u>
Copper	Sh. <u>0</u>
Cheques (as per details on reverse) ..	Sh. <u>0</u>

It was observed that cheques amounting to Sh. _____ cts. had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the _____, 19 _____:

Cash on hand	Sh. <u>0</u>
Bank Balance	Sh. <u>1967559.95</u>
	<u>1967559.95</u>

The Bank Certificate of Balance showed a sum of Sh. One million, Nine Hundred sixty seven thousand, Five Hundred Fifty Nine cts. 95 (Sh. 1967559.95 cts. 95)

standing to the credit of the account on 30/6/2018, 19

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

Patrick Kamore

Chairman

MUSA KIDZUGA
Newton Kilinga

Members of the Board

Date 10th July, 2018

BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

4th July, 2018

Haile Selassie Avenue
P.O. Box 60000 - 00200 Nairobi, Kenya
Telephone: 2860000, Fax: 340192

CERTIFICATE OF BALANCES

120382 CONTROLLER OF BUDGET

Balance Date: 30-Jun-18

Account No.	Account Name	Currency	Balance
1000181338	REC-CONTROLLER OF BUDGET	KES	28,326,181.00
1000182369	DEP-CONTROLLER OF BUDGET	KES	1,967,559.95
1000182628	CBK165-CONTROLLER OF BUDGET	KES	0

L. K. RWERIA
AUTHORISED SIGNATORY
BANKING DIVISION

P. S. LENKUME
AUTHORISED SIGNATORY
BANKING DIVISION

64 F.O. 26 (Small)

148

RECEIPTS

JUNE Date	From whom Received	Description of Receipt	Allocation	Voucher No.	Receipt No.	Sh.	cts.	Sh.	cts.
2018									
		BAL BIF							
20		TRES. COMMISSIONS - PAYROLL MAY							
22		TRES. COMMISSIONS - PAYROLL JUNE							
22	FT1813FM120-	IRENE ARIMI	501472						
22	FT18132PC36-	SELMA ISELE	5014720						
22	FT181350045-	JOSHUA N. SYLVI	5014721						
28	FT181809DLS-	JOSEPH NDOUNDA	501672F						
29	FT181804FV12-	SHADRACK CHAMPA							
29	FT18180F93V1-	JUDITH MUYI	5016722						
DEPOSIT CASHBOOK									
Deposit Bank A/C Summary 30.06.2018									
SUMMARY									
	RETENTION	7320200	770,772.00						
	BID BOND	7320200	200,000.00						
	COMPENSATION	7310100	456,440.00						
	CONFERENCE	7310100	2,500.00						
	COMMISSIONS	2017-2018 7310100	87,832.95						
	CONFERENCE (CC)	7310100	397,500.00						
	KIA-RECOVERIES	7310100	52,500.00						
			1,967,539.95						
ANALYSIS OF DEPOSIT A/C 30.06.2018									
	RETENTION - PONS A SERVICES		1,256.50						
	RETENTION - SPECIOM TECHNOLOGIES LTD		477,000.00						
	RETENTION - PEKINS LTD		272,530.50						
	TENDER BOND - KPMG INSURANCE		200,000.00						
	TENDER BOND - LASAKI INSURANCE BROKER		145,500.00						
	COMMISSIONS (PAYROLL)		87,832.95						
	SINAP RECOVERIES		52,500.00						
	INSURANCE REFUND		316,940.00						
	KCB HANDOVER SHARE		35,000.00						
	CO-OPERATIVE BANK		15,000.00						
			1,967,539.95						

Checked
30/6/18

REPUBLIC OF KENYA

BANK RECONCILIATION

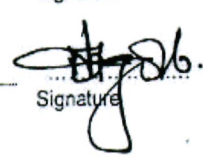
A/C NO. 1000181338

AS AT 30th JUNE, 2018

THE OFFICE OF THE CONTROLLER OF BUDGET

	Shs.	Shs.
Balance as per Bank Statement		28,326,181.00
<u>Less</u>		
1. Payments in Cash Book not yet recorded in Bank Statement (Unpresented chqs)	42,651,016.50	
2. Receipts in Bank Statement not yet recorded in Cash Book		<u>42,651,016.50</u> <u>(14,324,835.50)</u>
<u>Add</u>		
3 Payments in bank Statement not yet recorded in Cash Book		
4 Receipts in Cash Book not yet recorded in Bank Statement	<u>15,208,481.00</u>	<u>15,208,481.00</u>
Balance per Cash Book		<u><u>883,645.50</u></u>

I certify that I have verified the Bank Balance in the Cash Book with the Bank Statement and the above Reconciliation is correct.

<u>PATRIC KEBIRO</u> Prepared by	<u>ACCOUNTS ASSISTANT</u> Designation	 Signature	<u>31.08.2018</u> Date
<u>PAULINE MWAGAMBO</u> Checked by	<u>for CMFA</u> Designation	 Signature	<u>31.08.2018</u> Date
<u>MACKLIN OGOLLA</u> Approved by	<u>D.C.S</u> Designation	 Signature	<u>31/08/18</u> Date

REPUBLIC OF KENYA

BANK RECONCILIATION

A/C NO. 1000182369

AS AT 30TH JUNE, 2018

THE OFFICE OF THE CONTROLLER OF BUDGET

	Shs.	Shs.
Balance as per Bank Statement		1,967,559.95
<u>Less</u>		
1. Payments in Cash Book not yet recorded in Bank Statement (Unpresented chqs)	-	
2. Receipts in Bank Statement not yet recorded in Cash Book	-	1,967,559.95
<u>Add</u>		
3 Payments in bank Statement not yet recorded in Cash Book	-	
4 Receipts in Cash Book not yet recorded in Bank Statement	-	
Balance per Cash Book		1,967,559.95

I certify that I have verified the Bank Balance in the Cash Book with the Bank Statement and the above Reconciliation is correct.

PATRIC KEBIRO
Prepared by

ACCOUNTS ASSISTANT
Designation

Signature

Date

31/08/2018

PAULINE MWAGAMBC
Checked by

Ag. CMFA
Designation

Signature

Date

31/08/2018

MACKLIN OGOLLA
Approved by

DCS
Designation

Signature

Date

31/8/18

Bima House, 12th Floor, Harambee Avenue
P.O. Box 35616-00100 Nairobi, Kenya
Tel: +254 (0) 20 318939, 2211056
Fax: +254 (0) 20 2211920
Email: cob@cob.go.ke Website: www.cob.go.ke