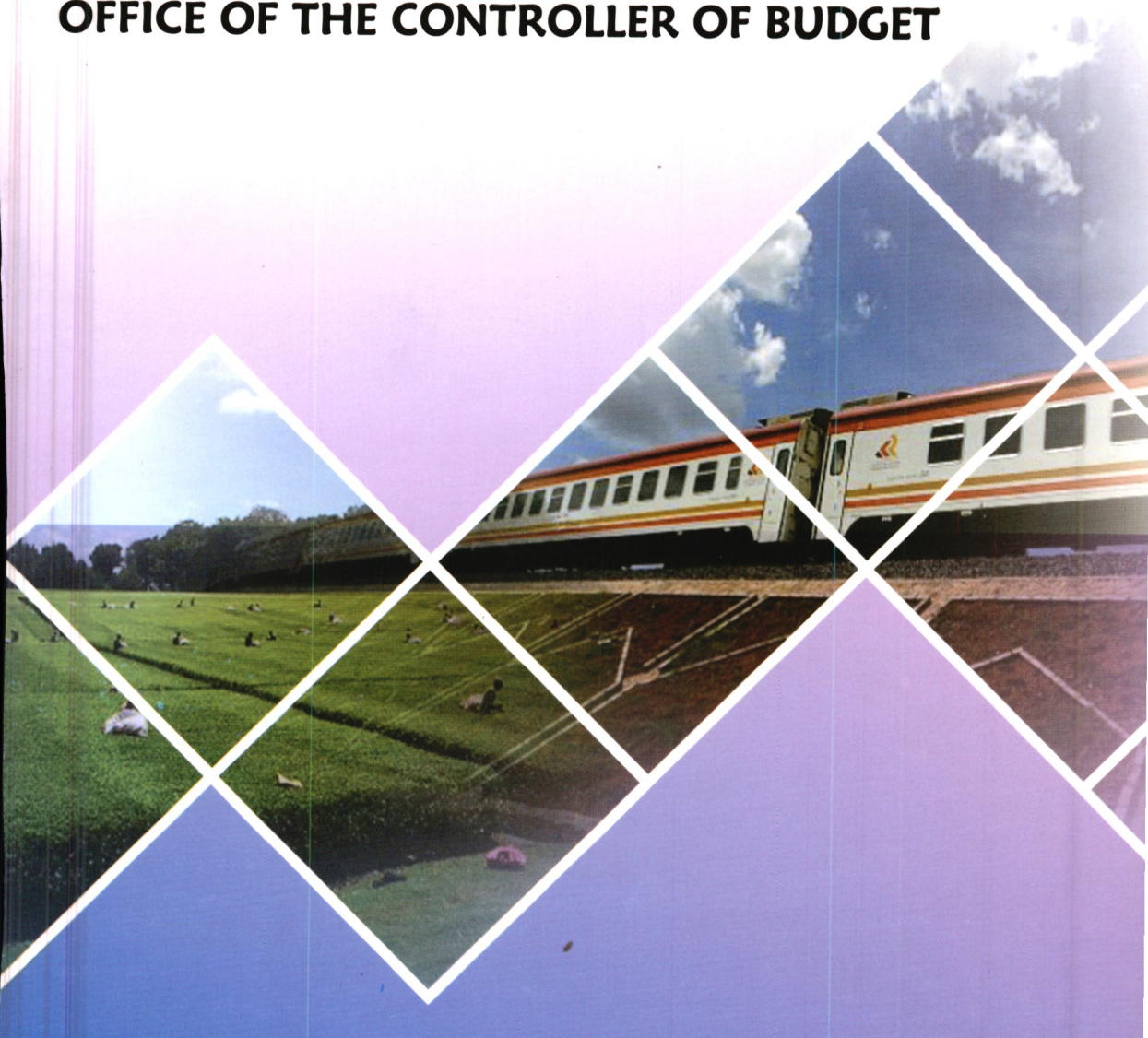




OFFICE OF THE CONTROLLER OF BUDGET
Promoting Prudent Financial Management in the Public Sector



OFFICE OF THE CONTROLLER OF BUDGET



Annual Report and Financial Statements
FY 2019/2020



OFFICE OF THE CONTROLLER OF BUDGET
Promoting Prudent Financial Management in the Public Sector



ANNUAL REPORT

AND FINANCIAL STATEMENTS

FY 2019/2020

December, 2021

 THE NATIONAL ASSEMBLY PARLIAMENTARY BUILDING			
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A country where public funds are utilised prudently

To oversee the implementation of government budgets through timely authorisation of withdrawals from Public Funds and reporting on utilisation



- Integrity
- Transparency and Accountability
- Professionalism
- Independence
- Creativity and Innovativeness
- Team Work

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ABBREVIATIONS AND ACRONYMS

BIRR	Budget Implementation Review Report
BPS	Budget Policy Statement
CBEF	County Budget and Economic Forum
CFS	Consolidated Fund Services
CFSP	County Fiscal Strategy Paper
COB	Controller of Budget
CRF	County Revenue Fund
FiRe	Financial Reporting
FY	Financial Year
GPA	Group Personal Accident
HRMAC	Human Resource Management Advisory Committee
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information Communication Technology
IFMIS	Integrated Financial Management System
IPSAS	International Public Sector Accounting Standards
MDA	Ministries Departments Agencies
NESC	National Economic and Social Council
OCOB	Office of the Controller of Budget
PSASB	Public Sector Accounting Standards Board
PPAD	Public Procurement Asset & Disposal Act
WIBA	Work Injury Benefit Act

STATEMENT FROM THE CONTROLLER OF BUDGET



The FY 2019/20 Annual report presents the activities and achievements we have made over the last year as we endeavour to entrench prudence in the management of public funds. I am grateful for the opportunity to serve the country and make a meaningful contribution towards promoting the prudent use of public resources for the benefit of all Kenyans.

Following my appointment in December 2019, I have taken time to familiarise myself with the operations of the Office of the Controller of Budget (OCOB) and would like to thank my predecessor, the first Controller of Budget in Kenya, for establishing a strong foundation on which I will endeavour to build on towards the successful implementation of our mandate.

This Annual Report has been prepared under Article 254(1) of the Constitution of Kenya, 2010 which requires each Constitutional Commission and holder of an independent office to submit a report to the President and Parliament, as soon as practicable, after the end of each financial year. The report outlines the activities carried out by this office between July 2019 and June 2020. It also highlights the key achievements and challenges experienced during the period while providing recommendations on how these challenges can be addressed to ensure seamless implementation of the office mandate. The report also presents information on the audited financial performance of the office for the FY 2019/20 showing the budget allocation for the period, budget utilisation, and an analysis of the economic activities undertaken in the preceding and current financial year.

Some of the notable activities that the Office of the Controller of Budget (OCOB) implemented during the period under review were; (Let's get these from the PPR for the MTEF budget for consistency)

- Authorisation of withdrawals from public funds.

- Preparation of budget implementation review reports that were submitted to Parliament.
- Held a public sensitisation forum in Narok County with over 300 participants drawn from Kericho, Narok, Nyamira, Bomet and Migori counties.
- Conducted a capacity building exercise for members of the Narok County Assembly on their oversight role in the budget-making process.
- Reviewed planning and budget documents for both national and county governments and provided recommendations to address the issues identified to improve budget implementation.

I would like to thank my staff for their excellent work and commitment that enabled the OCOB to successfully implement activities geared towards promoting the prudent use of resources in the public sector. Last but not least, I take this opportunity to thank the Parliament, the National and County governments, Constitutional Commissions, Development Partners, the Public and the Media, among others for their continued support as we look forward to more meaningful engagements in future.



CPA DR. MARGARET NYAKANG'O
CONTROLLER OF BUDGET

KEY HIGHLIGHTS

Approvals for withdrawals from Public Funds

**Exchequer Issues
Kshs.2.6 trillion**

Kshs.385.8 Billion

MDAs Development

Kshs. 1.03 Trillion

MDAs Recurrent

Kshs. 798.2 Billion

Consolidated Fund Services (CFS)

Kshs. 391.3 Billion

County Governments

Budget Implementation Review Reports (BIRRs) published



National Government Budget

Implementation Reports-4

County Governments Budget

Implementation Reports-4

Procurement Opportunities for Disadvantaged Groups



Kshs. 177 million - Value of total contracts awarded

Kshs.2.8 million - Value of contracts awarded to PWD

Kshs.163.2 million - Value of contracts awarded to Women

Kshs.10.9 million - Value of contracts awarded to Youth

Excellency Awards



2nd Runners up in the category of Commissions and Independent Offices on the IPSAS Cash Category

MANAGEMENT TEAM



CPA Dr Margaret Nyakang'o - Controller of Budget

Dr Nyakang'o was appointed the Controller of Budget in December 2019. She is a holder of a Doctorate in Business Administration from the University of Liverpool, UK (2016). She also holds an MBA degree in Strategic Management and a Bachelor of Commerce (Accounting), both from the University of Nairobi. She is a Certified Public Accountant and a Member of the Institute of Certified Public Accountants of Kenya.

She has undertaken training in the areas of Enterprise Risk Management, Quality Systems Management, Public Finance Management, and Corporate Governance. She is an active member of the Women on Boards Network and a member of the Association of Women Accountants of Kenya.

Dr Nyakang'o has broad experience spanning over thirty years in Finance & Accounting, Strategic Management, Auditing, Tax, and Human Resource Management gained in different organisations in the public and private sectors.

Dr Nyakang'o is an experienced Board Trustee having served in several Retirement Benefits Schemes, the latest being as a Board member in the Institute of Pension Management. She has also served at the Vet Labs Sports Club Board and been a member of the Kenya National Commission for Human Rights Audit and Risk Committee.



Mr Stephen Masha - Deputy Controller of Budget

Mr Masha is an initiative driven executive leader, manager, and strategist with over 24 years of progressive experience and a proven track record of performance turnaround in financial management.

Mr Masha has a Master of Science (Finance) degree from the University of Leicester and a Bachelor of Education from Kenyatta University. He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

Before joining the Office of the Controller of Budget, He served as Director, County Fiscal Affairs at the Commission on Revenue Allocation. Previously, he served as the Regional Chief Fiscal Analyst at USAID, as Audit Manager at Action Aid and as an Internal Auditor at Family Health Organisation.



Mr Macklin Ogolla - Director, Corporate Services

Mr Ogolla has over 28 years of professional experience in the public sector. Mr Ogolla has a Master of Business Administration from Moi University and a Bachelor of Science (Actuarial Mathematics) from the University of Nairobi. He holds a Post-graduate

Diploma in Finance from Maastricht and is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Investment and Financial Analysts (ICIFA).

He has served as an Assistant Director of Budget and Assistant Accountant General at the National Treasury and Chief Finance Officer in the Ministry of Industrialisation. He also participated in various national projects such as World Bank El-Nino and Emergency Drought Recovery Projects and the operationalisation of the IFMIS at the National Treasury.

Mr Ogolla also served on the board of the Kenya Industrial Estates Limited and as a board member of the Public Sector Accounting Standard Board (PSASB).



Ms Rhoda Ruttoh - Director, Legal Services

Ms Rutto holds a Master of Law degree in Constitutional Law and Human Rights from the University of Dar-e-salaam (Tanzania), a Postgraduate Diploma in Law from the Kenya School of Law and a Bachelors of Law from Moi University. She is a member of the Law Society of Kenya and the East Africa Law Society. She has also earned professional certificates in the areas of Constitutional Law, Human Rights, Conflict Resolution, Leadership and Company Secretarial duties.

Ms Rutto joined the Office of the Controller of Budget in November 2019. Before joining the Office of the Controller of Budget, Ms Rutto was the Deputy Director, Legal Services at the Teachers Service Commission. She previously worked at the Office of the Attorney General and Department of Justice as a State Counsel and the Judiciary where she was a Law Clerk at the Supreme Court of Kenya.



Mr Joseph Tulula - Chief Manager Internal Audit

Mr Tulula has over 25 years of professional experience in Auditing, Finance, and Management. He has served as Chief Internal Auditor at the Kenya Institute of Curriculum Development (KICD), Manager, Finance and Accounts at Kenya Bureau of Standards and as Internal Auditor at the Office of the Auditor-General.

Mr Tulula has a Master of Arts (Economics) and a Bachelor of Commerce

(Accounting), both from the University of Nairobi. He is a Certified Public Accountant and a member of both the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Internal Auditors of Kenya (IIK).



Mr Patrick Kamore - Chief Fiscal Analyst, National Government

Mr Kamore has over 17 years of professional experience in both the private and public sectors. Before joining the Office of the Controller of Budget, he served as a Branch Manager at Family Bank Limited.

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



Mr Mark Kipkoech - Chief Fiscal Analyst, County Governments

Mr Kipkoech has over 10 years of professional experience in both the private and public sectors. Before joining the Office of the Controller of Budget, he was the Finance and Compliance Manager at Amana Capital Ltd. Mr Kipkoech also worked at Lukenya Getaway Ltd and Trustmark Insurance Brokers Ltd in different capacities.

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



Ms Irene Arimi - Chief Manager, Human Resource Management

Ms Arimi has over 16 years of professional experience in both the private and public sectors. Before joining the Office of the Controller of Budget, she served as an Administrative Officer at Kenya Methodist University and earlier was the Human Resource Coordinator at the William

J. Clinton Foundation HIV/AIDS Initiative [CHAI] in Papua New Guinea.

Ms Arimi has a Master of Business Administration (MBA) from Kenya Methodist University, a Bachelor's degree in Human Resource Management from UNISA and a Certificate in Executive Human Resource Management from the Institute of Human Resource Management.



Ms Judith Muli - Chief Manager, ICT

Ms Muli has over 15 years of professional experience in ICT practice in both the private and public sectors. Before joining the Office of the Controller of Budget, she was a lecturer at Jomo Kenyatta University of Agriculture and Technology (JKUAT) and an ICT consultant specialising in ICT research, training, and project management.

Ms Muli has a Master of Science (Information Systems) from the University of Nairobi, a Master of Business Administration (Strategic Management) from Moi University, and a Bachelor of Science (Mathematics) from the University of Nairobi. She is a member of the Computer Society of Kenya (CSK), ISACA, and Internet Society of Kenya (ISOC) and a Lister with Kenya ICT Action Network (KICTANet).



Mr Stephen Wangaji - Chief Manager, Public Relations & Communications

Mr Wangaji has over 18 years of professional experience in Journalism and Public Relations in the Public, Private and Civil Society sectors in Kenya. He is a former President of the East Africa Public Relations Association (EAPRA) and former vice chairman of the Public Relations Society of Kenya (PRSK). He previously worked as Public Relations and Marketing Manager at the National Hospital Insurance Fund and at Egerton University as Public Relations and Marketing Manager, at the Pyrethrum Board of Kenya as Public Relations Manager and BAT Kenya as Corporate and Regulatory Affairs (CORA) Assistant. He currently serves in The Centre for Corporate Governance Alumni Network as a Board Member.

Mr Wangaji is a PhD candidate of Social Transformation in Governance at Tangaza University College, looking at public participation as a communication tool in devolved governance in Kenya. He holds a Master of Business Administration (Marketing) degree from Egerton University and a Bachelor of Arts (Geography & Economics) from the University of Nairobi. Besides, he holds a Post-graduate Diploma in Mass Communication from the University of Nairobi.



Mrs Pamela Okatch - Chief Manager, Finance and Accounts

Mrs Okatch has over 10 years of professional experience in the public sector. Previously, she served as Head of Finance and Administration at the Kenya Institute of Special Education (KISE) and as Senior Accountant at Jaribu Credit Traders Ltd.

Mrs Okatch has a Master of Business Administration from the University of Nairobi and a Bachelor of Commerce (Finance) from the Catholic University of Eastern Africa. She is a Certified Public Accountant and member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Association of Women Accountants of Kenya (AWAK).

CHAPTER ONE

ESTABLISHMENT AND MANDATE

1.1 Background Information

The Office of the Controller of Budget (OCOB) is an independent office established under Article 228 of the Constitution of Kenya 2010. The office is headed by the Controller of Budget who is nominated by the President and, with the approval of the National Assembly, appointed by the President.

1.2 Appointment of the Controller of Budget

His Excellency Honorable Uhuru Kenyatta, C.G.H, appointed CPA Dr Margaret Nyakang'o as the second Controller of Budget for the Republic of Kenya. Following her appointment, Dr Nyakang'o was sworn in by Chief Justice David Maraga as the Second Controller of Budget of the Republic of Kenya to serve for eight years.



Dr Margaret Nyakang'o after being sworn in by Chief Justice David Maraga as the Second Controller of Budget of the Republic of Kenya at the Supreme Court Building on 4th December 2019

1.3 Mandate and Roles of the Controller of Budget

The Constitution vests upon the Controller of Budget (COB) the following mandates namely;

- (i) To oversee the implementation of the budgets of the National and County governments by authorising withdrawals from public funds under Articles 204, 206 and 207;
- (ii) Not to approve any withdrawal from a public fund unless satisfied that the withdrawal is approved by law, and finally,
- (iii) To submit, every four months, a report on the implementation of the budgets of the National and County governments, to each of House of Parliament.

The public funds referred to include the Equalisation Fund (Article 204), the Consolidated Fund (Article 206), the County Revenue Funds (Article 207) and any other public fund authorised by an Act of Parliament. Withdrawals for the Consolidated Fund Services (CFS) include payments by the national government to meet Pension payments, Public Debt payments and payments of salaries and allowances for constitutional officeholders.

The Equalisation Fund is established to provide basic services including water, roads, health facilities and electricity to marginalised areas to the extent necessary to bring the quality of those services in those areas to the level generally enjoyed by the rest of the nation, so far as possible. As contained in Article 207, all monies raised or received by or on behalf of the county government, except money reasonably excluded by an Act of Parliament shall be paid into the Revenue Fund for the respective counties.

The functions of the office of the Controller of Budget as stipulated in the Constitution, Public Finance Management (PFM), Act 2012 and Controller of Budget Act, 2016 are to:

- (1) Budget Oversight:** This role involves overseeing the implementation of the budgets of both the National and County Governments. The Controller of Budget monitors the use of public funds in-year and reports to Parliament on how the funds have been utilised.

(2) Controlling Role: The controlling function involves authorising withdrawals from Public Funds. Before authorising any withdrawal from Public funds, the Controller of Budget must first be satisfied that the said withdrawal is authorised by law, as per Article 204, 206, 207 or any other written law in line with Article 228 (5) of the Constitution.

(3) Reporting Role:

(a) Budget Implementation Review Reports

This role entails the preparation of quarterly and annual reports to the Legislature and Executive on budget implementation matters of the National and County Governments as provided under Article 228 (6).

Section 9 of the Controller of Budget Act has specified additional reports as follows;

- (i) The approved budget, the total funds released by programmes,
- (ii) The absorptive capacity of funds by projects; and
- (iii) Reasons for the decline if any.

(b) Special Reports

- (i) Under Article 225(7), a report to Parliament on funds withheld by the Cabinet Secretary giving a detailed account as to why the withholding should be continued or withdrawn; Section 10 of the COB Act, 2016 requires the COB to prepare the following special reports;
- (ii) According to any investigations conducted under Article 252(1)(a), a report to Parliament, the national executive, county assemblies or county executives, or any other state agency as may be appropriate, on any matters that have come to the attention of the Controller of Budget relating to the performance of his or her functions;
- (iii) Pursuant to Article 254 (2), and upon request by the President, National Assembly, or the Senate, a report on a particular issue; and
- (iv) A report on any particular issue as may be requested by a Governor or a county assembly.

(4) Advisory Role: This function involves advising Parliament on financial matters where a Cabinet Secretary has stopped the transfer of

funds to a State organ or public entity. Article 225 (7) provides that the suspension of funds cannot be lifted or sustained before the Controller of Budget reports to Parliament.

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

(6) Conciliation, Mediation & Negotiation Role: The Controller of Budget under Article 252(1) (b) of the Constitution has powers for conciliation, mediation and negotiation. The mediation role may involve the resolution of conflicts between the national government and the county government or between county governments concerning budget implementation. This role involves conducting alternative dispute resolution mechanisms to resolve disputes relating to budget implementation.

(7) Public Sensitisation: Section 39 (8) of the Public Finance Management Act, 2012 requires the Controller of Budgets to provide information to the public on budget implementation at both levels of Government. This role is buttressed by Article 35 of the Constitution which provides that the public has the right to access any information held by the State.

(8) Monitoring, evaluation and reporting and making recommendations to the National and County governments on measures to improve budget implementation under Article 228 of the Constitution Section 5(b) of the COB Act, 2016).

(9) Enforcement of Budgetary ceilings: The Controller of Budget is required to ensure prudent and efficient use of public funds by enforcing budgetary ceilings by Parliament on national and county government expenditure (Section 5 (d) of the COB Act, 2016).

1.3 Key Result Areas

The functions and activities of the Office are derived from the Constitution of Kenya, the Public Finance Management Act, 2012, the Controller of Budget Act, 2016 and the Strategic Plan. The Strategic Plan outlines the various activities drawn from the four strategic themes. The four strategic themes are aimed at achieving the vision of the Office which is to have a country where public funds are utilised prudently. The mission of the office is to oversee the implementation of the budgets of the national and county governments through timely authorisation of withdrawals from public funds and reporting on utilisation.

We are currently implementing our second five-year Strategic Plan for the period 2018-2023. The office has identified four themes encompassing various strategic objectives to help fulfil its mandate. These are the key performance areas in which an organisation must excel to achieve its mission and vision, and deliver to its stakeholders. The strategic plan is focused on the following four key themes and corresponding objectives:

- 1. Authorisation of withdrawals from public funds** - To ensure timely approvals of withdrawals from public funds.
- 2. Advice on budgeting and budget implementation** - To ensure the provision of quality advice on budgeting and budget implementation.
- 3. Budget implementation and reporting** - To produce credible and timely budget implementation reports and to enhance public access to government budget implementation reports.
- 4. Institutional capacity** - To enhance operational efficiency, attract and retain productive and motivated human resources, strengthen the legal and regulatory framework, enhance organisational image and visibility, and enhance good governance.

CHAPTER TWO

INSTITUTIONAL AND ADMINISTRATIVE STRUCTURE OF THE OFFICE

2.1 Institutional Structures

The OCOB is headed by the Controller of Budget who is appointed as per Article 228 of the Constitution of Kenya, 2010. The Controller of Budget is responsible for ensuring effective and efficient management of the day-to-day operations of the office.

The Controller of Budget is responsible for the overall policy formulation and strategic direction of the office. To ensure the effective discharge of its mandate, the OCOB has decentralised offices in all 47 counties. Each county office is under the management of a County Budget Coordinator (CBC).

In the discharge of her duties, the Controller of Budget is assisted by a Deputy Controller of Budget who is also the head of the Budget Implementation Directorate, and three other directors. The other directorates are; the Directorate of Corporate Services, Directorate of Research and Planning and the Directorate of Legal Services.

2.1.1 Budget Implementation Directorate

The Budget Implementation Directorate is responsible for the implementation of the national and county government budgets and ensures timely preparation of budget implementation review reports. The Directorate is divided into the National Government Unit and the County Government Unit.

The Deputy Controller of Budget oversees the day-to-day operations of the Budget Implementation Directorate and reports to the Controller of Budget.

Functions of the National Government Unit

- (a) Monitoring, evaluating, reporting and making recommendations to the national governments on measures to improve budget implementation under Article 228 of the Constitution.
- (b) In consultation with the National Assembly and the Public Sector Accounting Standards Board, review the formats of requisitions and approvals of withdrawals of funds.
- (c) Monitoring and enforcing budgetary ceilings by Parliament on national and county government expenditure.
- (d) Prepare and submit to Parliament quarterly budget implementation review reports for the national government.
- (e) Prepare and submit special reports under Section 10 of the Controller of Budget Act, 2016.
- (f) Timely processing of exchequer requests for both recurrent and development expenditure of the national government.
- (g) The office of the Controller of Budget conducts investigations and reports to Parliament, National Executive, County assemblies or county executives or any other state agency.
- (h) Performing any other function that may be assigned to him or her by an Act of Parliament.

Functions of the County Government Unit

- (a) Monitoring, evaluating, reporting and making recommendations to the county governments on measures to improve budget implementation under Article 228 of the Constitution.
- (b) In consultation with the County treasuries and the Public Sector Accounting Standards Board, reviewing from time to time, the formats of requisitions and approvals of withdrawals of funds.
- (c) Monitoring and enforcing budgetary ceilings by county assemblies on county government expenditure;

- (d) Reviewing draft county government budgets to ensure compliance with the law in line with the PFMA as well as the Controller of Budget Act, 2016.
- (e) Prepare and submit to Parliament quarterly budget implementation review reports for the county governments.
- (f) Prepare and submit special reports under Section 10 of the Controller of Budget Act, 2016.
- (g) Timely processing of exchequer requests for both recurrent and development expenditure of the county governments.
- (h) The office of the Controller of Budget conducts investigations and report to Parliament, National Executive, County assemblies or County Executives or any other state agency.
- (i) Performing any other function that may be assigned to him or her by an Act of Parliament.

2.1.2 Corporate Services Directorate

The Corporate Services Directorate is headed by the Director, Corporate Services, who reports to the Controller of Budget. The directorate has five divisions namely: the Accounting division, Information Communication and Technology division, Human Resources and Administration, and the Public Relations and Corporate Communications division. The Supply Chain Management division reports to the Controller of Budget functionally, but administratively to the Director, Corporate Services.

2.1.3 Research and Planning Directorate

The Directorate of Research and Planning 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. Besides, the Directorate is charged with the responsibility of undertaking the monitoring and evaluation of the various projects undertaken at the national and county governments.

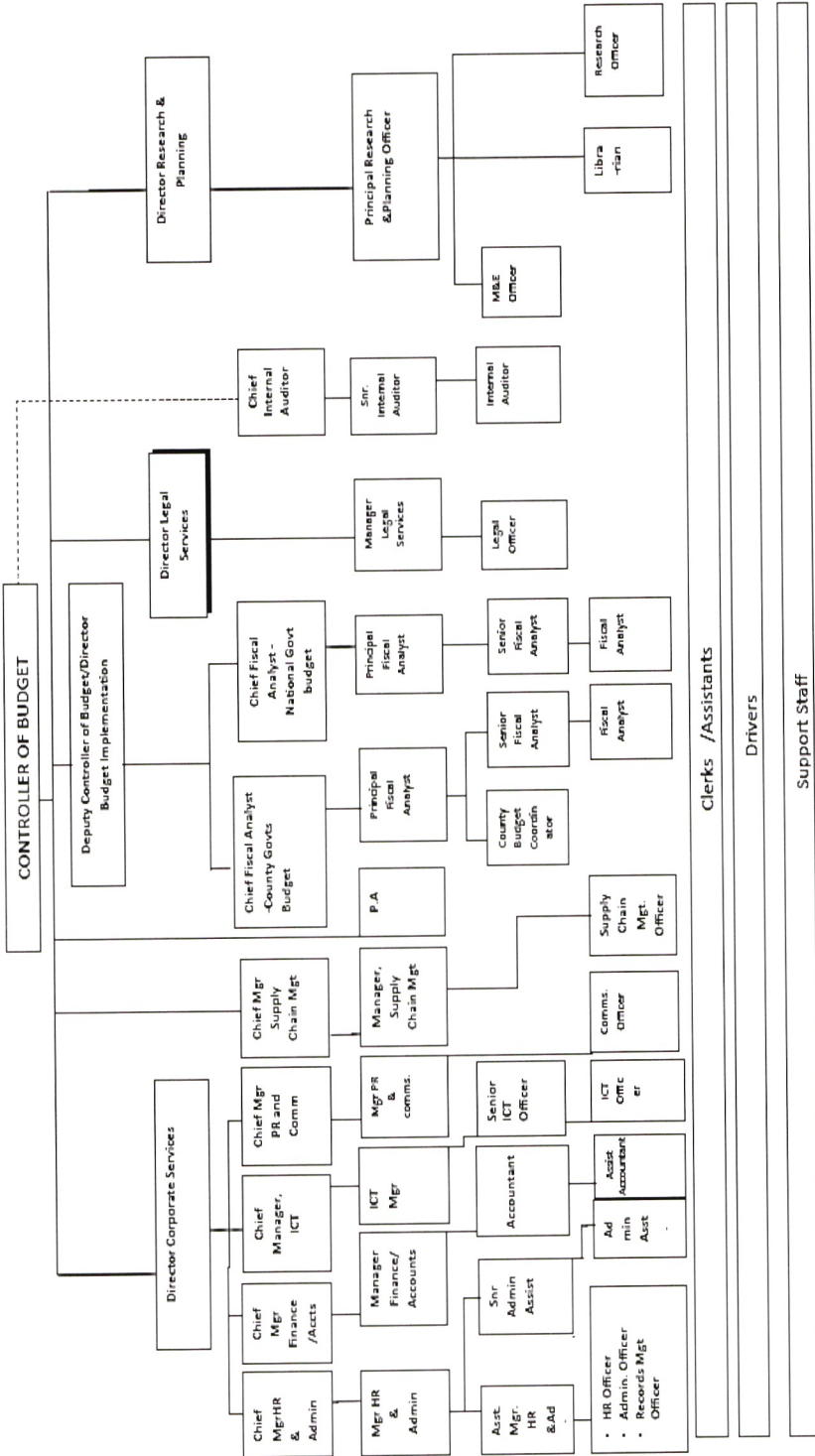
2.1.4 Legal Services Directorate

The Legal Services 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 strategic and operationalising legal frameworks and the provision of expert legal advice to the management. The directorate is also responsible for ensuring the delivery of legal services to facilitate the achievement of organisational objectives.

2.1.5 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 is responsible for implementing and reviewing internal control systems, the internal audit policies, systems and procedures in line with the Internal Audit Charter and Plans.

OCOB Organogram



2.2 Administrative Structure

To ensure the office delivers on its constitutional mandate, the Controller of Budget is assisted by various committees to monitor and implement internal operations of the office. The committees include; Executive Committee, Management Committee, Audit Committee, Budget Committee, Human Resource Management and Advisory/Training Committee, 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. The next sub-sections provide a discussion of the functions of specific committees within the Office of the Controller of Budget.

2.2.1 Executive Committee

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 a need basis. The Executive Committee is mandated to oversee the Office of the Controller of Budget's overall performance. It focuses on strategic leadership, management and direction, ensuring effective and efficient service delivery and prioritisation of resources. Further, the Committee spearheads the development and implementation of policies and the OCOB Strategic Plan.

The Executive Management Team is responsible for:

- (a) The development and monitoring of the implementation of the OCOB Strategic Plan.
- (b) Approving and monitoring the implementation of OCOB Policies and Procedures.
- (c) Approving OCOB's Organisation Structure.
- (d) Overseeing Risk Management in the organisation.
- (e) Providing direction on succession planning.
- (f) Promoting Stakeholder engagements as provided in the OCOB Strategic Plan.

During the period, the committee reported the following achievements:

- (1) Approved internal policies and procedure manuals including; Human Resources and Administration Policies and Procedures Manual, Internship Policy, ICT Policy, Complaints Handling Policy, Alternative Dispute Resolution Policy, Investigation Policy and Transport Policy.
- (2) Carried out a Job Evaluation review to establish the workload and optimum level of its human resource requirement.
- (3) Developed Strategic Plan 2018-2023 that will guide the office in the next five years.
- (4) Developed guidelines for the Staff Mortgage Scheme.

2.2.2 Management Committee

The membership of the Management Committee is comprised of the Controller of Budget, Deputy Controller of Budget, Directors and Heads of Departments. The committee is chaired by the Controller of Budget.

The roles and functions of the Management Committee include:

Planning: responsible for establishing and review of the OCOB strategic and operational plans.

Policy and decision making: responsible for establishing policies/ procedures that guide the operations of OCOB and record decisions and actions on matters concerning the office of the Controller of Budget.

Management: ensuring that members of staff properly perform their tasks according to their job descriptions and further ensuring that the OCOB mandate is properly executed.

Legal: ensuring that the OCOB establishes sound governance structures and complies with the laws of Kenya in the discharge of its mandate.

Financial: ensuring that all finances are properly managed; that financial records are audited annually and that the principles of public finance management articulated under Article 201 of the Constitution are adhered to.

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

In the execution of their functions, the Executive Committee and the Management Committee are guided by:

- The organisation's policies and procedures.
- The organisation Strategic Plan and other legislation.

Also, the Management Committee has the power to appoint sub-committees to assist in discharging the mandate of the office. The decisions of the Management Committee are subject to discussions and approval of the Executive Committee.

2.2.3 Integrity Committee

The Integrity Committee promotes a corruption-free environment by ensuring there are anti-corruption initiatives in the operations of the OCOB. The Committee comprises the Controller of Budget, who is also the chairperson of the Committee and all heads of departments as members. The mandate of the committee includes:

- Coordinating formulation and implementation of the Code of Conduct and Ethics, Anti-Corruption Policy, Corruption reporting channels, Corruption Risk Assessment and mitigation plans 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 institutional programs and activities.
- Receiving and reviewing corruption reports from the Integrity Assurance Officers and making relevant recommendations.
- Spearheading the anti-corruption public campaigns within their areas.
- Monitoring the impact of corruption prevention initiatives.
- Preparing regular progress reports before submission to the Ethics and Anti-Corruption Commission and other appropriate agencies.
- Ensuring the established internal control systems are strengthened.

During the period under review, the Committee held several meetings to ensure that anti-corruption initiatives are incorporated in the operations of the OCOB. During the financial period under review, no cases of corruption against employees of the OCOB were reported.

2.2.4 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 existing regulations. The PFM Act, 2012 Regulations (National Government) section 174(10) provides that the Public Sector Accounting Standards Board (PSASB) shall prescribe guidelines for the appointment of audit committees to be approved and gazetted by the Cabinet Secretary.

The Audit Committee is chaired by the Director of Research and Planning. Other members of the committee include; 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 complies with Standards, Laws and Regulations;
- Monitoring risk assessment and the internal controls instituted within the OCOB.
- Monitoring the establishment of appropriate risk management and internal control framework, including information management systems security and controls;
- Liaising with the external auditors and ensuring that statutory audits and reviews are conducted efficiently and effectively;
- Follow up on the implementation of the recommendations of internal and external auditors.

During the year the committee reviewed the Internal and External Auditor's reports on various OCOB's functions. Also, the Committee reviewed the OCOB Risk Register to establish the adequacy of risk identification, measurement and mitigation strategies.

2.2.5 Budget Implementation Committee

The Budget Implementation Committee 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 chaired by the Director, Corporate Services. Other members of the committee are drawn from various departments: 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:

- Reviewing and considering the cash flow plans - This involves a regular review of departmental cash plans including approving any changes to be communicated to the Treasury.
- Reviewing the utilisation of cash limits and considering any changes as may be required. This includes reviewing the actual departmental

expenditures to determine the absorption rates for the budgeted activities and identifying the reasons behind the non-utilisation 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.

2.2.6 Human Resource Management Advisory Committee

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 HRMAC Committee is chaired by the Director, Corporate Services.

The committee undertakes the following activities:

- Analysing training needs and set up a hierarchy of priorities (in terms of relevance, urgency and availability of funds) with the overall training projections;
- Assessing available training opportunities, identifying, selecting and recommending to the Controller of Budget the suitable candidates (based on identified needs) for various training programs organised locally and internationally;
- Investigating and making recommendations to the Controller of Budget on disciplinary matters.
- Discussing and making recommendations to the Controller of Budget on existing Human Resource regulations and policies.
- Discussing and making recommendations to the Controller of Budget on general staff welfare, rewards and sanctions issues among others.
- During the year, the committee provided advice to the Controller of Budget on staff training, disciplinary and welfare matters.

2.2.7 ICT Steering Committee

The ICT Steering Committee provides advice to the Controller of Budget concerning strategic decisions in Information and Communication Technology (ICT) with particular attention to ensuring efficiency, effectiveness, agility in the adoption and use of ICT, risk management, compliance and change management. The committee ensures that OCOB's ICT strategic objectives and its implementation remain aligned with the mandate and strategic objectives of the office.

The ICT steering Committee plays a key role within OCOB in organisational strategic planning and management environment. The committee is responsible for the following functions; formulation of ICT strategy, ICT project management and maintenance of ICT infrastructure among other functions. The Committee is chaired by the Director, Corporate Services.

2.2.8 Ad hoc Committees in Supply Chain Management

The Public Procurement and Assets Disposals Act, 2015 (PPAD) established several ad hoc Committees including; Tender evaluation, Disposals, Opening and Inspection and Negotiations Committees. The Supply Chain Department recommends the appointment of the committees to the Accounting Officer as required by the Act. Some of the functions of the sub-committees are outlined below:

(a) Opening Committee: The main purpose of the committee is to open both Tenders and Request for Proposals documents as outlined in sections 78 (1) & 120 of the PPADA, 2015. Among the Tenders and Request for Proposals opened during the period under review were; Job Evaluation, Logo Design Competition, Medical Cover, Staff Mortgage, Registration of Suppliers, Framework Printing Contract for Printing of Budget Implementation Review Reports, Recruitment of Staff and Team Building.

(b) Evaluation Committee: Section 80 and 121 of the PPADA, 2015 establishes Tender and Request for Proposals Evaluation Committees.

Among the Tenders and Request for Proposals evaluated during the period under review includes; Job Evaluation, Logo Design Competition, Medical Cover, Staff Mortgage, Registration of Suppliers, Framework Contract for Printing of Budget Implementation Review Reports, Recruitment of Staff and Team Building.

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

(d) Disposal Committee: Section 163 of the PPAD Act, 2015 establishes the Disposal committee for purposes of identifying assets for disposal and making recommendations to the Accounting Officer on methods of disposal through the Annual Disposal Plan. The committee has held several meetings and forwarded its recommendations to the Accounting Officer.

CHAPTER THREE

REVIEW OF OCOB PERFORMANCE AND ACHIEVEMENTS

3.1 Introduction

This chapter provides a review of the activities undertaken and the achievements recorded during the period FY 2019/20. The Annual report documents the progress made towards budget implementation at the national and county government levels. The operations of the OCOB are organised around the **control and management of public finance under the medium-term expenditure framework programme**. Within this programme, the office aims to promote prudent public financial management by overseeing budget implementation, timely authorisation of withdrawals from public funds, reporting on budget implementation for both levels of governments and enforcing budget ceilings.

The various activities performed during the period can be further categorised into four different but interdependent sub-programmes as shown:

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

3.2 Authorisation of withdrawals from Public Funds

The activities undertaken under the above sub-programme included the approval of exchequer requisitions from public funds such as the Consolidated Fund, the County Revenue Fund and the Equalisation Fund. The oversight function of the Controller of Budget on the management of public funds ensures that approvals for withdrawals are authorised by law. It also provides checks and balances in the public spending process and that the withdrawals comply with the existing legislation.

3.2.1 Total Exchequer Issued and Resource Absorption

During the period, the total exchequer issues to the MDAs, the Consolidated Fund Services (CFS) account and to County Revenue Accounts stood at Kshs.2.61 trillion, representing a 1.2 per cent growth compared to the exchequer issues of Kshs.2.50 trillion released during the FY 2018/19. During the same period, total exchequer issues comprised of Kshs.1.42 trillion advanced to MDAs, Kshs.798.2 billion to Consolidated Fund Services and Kshs.392.5 billion to County Governments compared to issues in the FY 2018/19 of Kshs. 1.26 trillion, Kshs.897.0 billion and Kshs.395.23 billion issued to MDAs, CFS and County Governments respectively. The percentage of exchequer issues to revised net estimates increased from 89.5 per cent in FY 2017/18 to 95.6 per cent in FY 2018/19.

The total exchequer issues to the MDAs to fund development and recurrent activities during the financial year 2019/20 amounted to Kshs.1.42 trillion. The exchequer issues during the period comprised of Kshs.385.8 billion for development activities which translates to 87.7 per cent of the revised net estimates and Kshs.1.03 trillion for recurrent activities translating to 95.7 per cent of the revised net recurrent estimates.

The Controller of Budget approved withdrawals of Kshs.391.32 billion from the County Revenue Funds to fund activities of the 47 county governments. The amount comprised of Kshs.108.85 billion and Kshs.282.47 billion for development and recurrent programmes/expenditures respectively. The exchequer issues to fund activities at the county governments translated to 100 per cent of the revised net estimates as shown in Table 3.1.

Table 3.1: Total Funds Released to National and County Governments in the FY 2019/20 (Kshs. billion)

Nature of Expenditure	Revised Gross Estimates	Revised Net Estimates	Cum. Exchequer Issues	Cum. Actual Expenditure	Exch. Issues to Net Estimates (%)	Absorption Rate (%)
MDAs- Recurrent	1,265.4	1,076.3	1,030.0	1,110.7	95.7	87.8
MDAs- Development	712.6	439.7	385.8*	614.3	87.7	86.2
CFS	870.5	870.5	798.2	807.3	91.7	92.7
County Governments	499.6	499.6	391.3	383.8	100	76.8
Total	3,348.1	2,886.1	2,605.1	2,916.1	90.3	89.3

Source: OCOB

The difference between development exchequer Issues of Kshs.385.6 billion and expenditure of Kshs.614.3 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.

3.2.2 Summary of the Recurrent Exchequer Issues

The total exchequer issues to fund recurrent activities at the national government level stood at Kshs. 1.83 billion, representing a decline of Kshs. 24.3 billion or 1.3 per cent of Kshs. 1.85 billion issued in FY 2018/19. The total recurrent expenditure by the national government, including expenditures under the CFS account, during the period, was Kshs.2.53 trillion which translates to an absorption rate of 88.9 per cent of the revised gross estimates.

3.2.3 Summary of Development Exchequer Issues

During the period, the MDAs received a total of Kshs. Kshs.385.6 billion as exchequer issues translating to 87.7 per cent of the revised net development

estimates to fund development programmes. From the total exchequer issues, the MDAs spent Kshs.614.3 billion representing an absorption rate of 86.2 per cent of the revised gross development budget. This performance was an improvement from an absorption rate of 79.2 per cent recorded in FY 2018/19.

3.2.4 Exchequer Issued to County Governments

The total exchequer issues from the Consolidated Fund to County Revenue Funds (CRFs) amounted to Kshs.392.5 billion comprising of issues towards recurrent activities of Kshs.285.66 billion (70.5 per cent) and Kshs.119.51 billion (29.5 per cent) for development activities. From the total issues, the total expenditure was Kshs.383.79 billion representing an absorption rate of 76.8 per cent of the revised gross estimates of the annual county governments' budget. This was a decline from the absorption rate of 77.9 per cent recorded in FY2018/19 when total expenditure was Kshs.376.43 billion.

The total recurrent expenditure in FY 2019/20 was Kshs.279.27 billion, representing 89.6 per cent of the annual recurrent budget, recording a decline from 90.4 per cent reported in FY 2018/19. Development expenditure amounted to Kshs.104.51 billion, representing an absorption rate of 55.6 per cent, a decrease from the 57.8 per cent recorded in FY 2018/19 when total development expenditure was Kshs.107.44 billion.

3.2.5 Exchequer Releases for Consolidated Fund Services

Under Article 206 of the constitution, the Controller of Budget is mandated to authorise all withdrawals from the Consolidated Fund Services (CFS). The Consolidated Fund Services account is meant to cater for;

- (i) Repayment of public and publicly guaranteed domestic and external debt (guaranteed debt represents the total loans to state corporations that are guaranteed by the national government),
- (ii) Pensions and gratuities,

- (iii) Salaries and allowances to holders of Constitutional offices and miscellaneous services, and
- (iv) Subscriptions to International Organisations.

In the period under review, total exchequer issues to CFS was Kshs 798.2 billion, a reduction of Kshs 98.8 billion issued in the FY 2018/19. The amount issued to the CFS account represented 91.7 per cent of the revised net estimates. The exchequer issues comprised of Kshs 707.89 billion to service public debt, Kshs 86.99 billion to service pensions and gratuities and Kshs 3.31 billion for salaries, allowances and miscellaneous expenses.

The overall CFS expenditure in the reporting period was Kshs 807.3 billion, a decline of Kshs 87.7 or 9.8 per cent of the amount used in FY2018/19. The total CFS expenditure represented 92.7 per cent of the revised net estimates.

3.3 Budget Implementation and Monitoring

Budget Implementation and monitoring of budget implementation is a key sub-programme within the OCOB. In line with its constitutional mandate, the main activities undertaken under this sub-programme include the preparation and submission of the quarterly, half-year and annual reports on budget implementation to each House of Parliament.

The production of these reports involves the following activities; collating the revenue and expenditure data from the implementing agencies, analysis and evaluation of the reported data, and preparation and publication of budget implementation review reports, proper management of exchequer records, ensuring compliance with public financial management framework, sensitisation of the public on the budget implementation and a framework for tracking and monitoring the implementation of budgets.

3.3.1 Quarterly Budget Implementation Review Reports

During the FY 2019/20, the OCOB prepared and distributed eight quarterly budget implementation reports, four reports for the National Government

and four on the County Governments in line with Article 228(6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act, 2016.

The national government quarterly Budget Implementation Review Reports highlighted the following budget implementation challenges:

- (i) Delay in uploading procurement plans onto IFMIS platform,
- (ii) Poor timing of supplementary budgets,
- (iii) Failure to align budget reallocations to actual performance, and
- (iv) Delays in the submission of budget performance reports to the OCOB.

The county government Budget Implementation Review Reports highlighted the following challenges:

- (i) High expenditure on personnel emoluments,
- (ii) Delays in the submission of financial reports to the Controller of Budget,
- (iii) High expenditure on travel costs,
- (iv) Failure to establish County Budget and Economic Forums (CBEF), and
- (v) Failure to establish internal audit committees to deal with issues affecting budget implementation.

3.3.2 Public Sensitisation on Budget Implementation

Article 35 of the Constitution and Section 39(8) of the PFM Act, 20 requires the Controller of Budget to ensure that members of the public are given information on budget implementation both at the national and county government level.

In compliance with this requirement, the office held a public sensitisation forum in Narok County between 11th and 12th March 2020. The forum attracted over 300 participants from Kericho, Narok, Nyamira, Bomet and Migori counties. Participants in the two-day event were drawn from diverse

backgrounds including business communities, persons with disabilities, trade unions, youth, minorities and marginalised groups. The objectives of the forums are to;

- (a) Explain the mandate of the Controller of Budget;
- (b) Enhance public participation in the budget-making process and revenue allocation by their respective county government;
- (c) Educate the public on the budget process;
- (d) Partner with the public in monitoring the utilisation of public funds as required by law.



Dr Margaret Nyakang'o gives the key note speech during the event



A participant contributes to the forum



A section of participations following the proceeding keenly

3.3.3 Review of County Government Budgets

The Controller of Budget reviewed the Budget Estimates for both the national and county governments to ascertain compliance with the law. During the review, areas of non-conformity with the law and best practice were identified and communicated for the necessary action. Some of the recommendations implemented resulted in improved revenue performance, reduced conflicts between the County Executives and County Assemblies, whilst improving the implementation of development programmes.

3.3.4 Review of Planning and Budget Documents

Section 25 (5) and 117 (5) of the PFMA, 2012 requires the National and County Treasuries to take into account the views of the Controller of Budget in preparing the Budget Policy Statement (BPS) and County Fiscal Strategy Paper (CFSP). The BPS and CFSP contain the policies and priorities on revenues, expenditures and borrowing for the following financial year. During the FY 2019/20, the Controller of Budget reviewed planning and budget documents for both the National and county governments. The office provided input into the Budget Policy Statement (BPS), and County Fiscal Strategy Papers (CFSPs). Some of the common issues that emerged during the review were unrealistic amounts of projected revenues by County Governments; excessive expenditure allocation to non-priority areas; and low absorption of development funds and poor allocations to

the Big Four Agenda sectors. The Controller of Budget made appropriate recommendations to address the issues identified to improve budget implementation.

3.3.5 Capacity Building of Narok County Assembly

The County Assembly of Narok invited the OCOB for a capacity building training on the Budgeting Framework and Processes. The two-day conference took place in a hotel in Nairobi between 7th and 8th November 2019. Officers from OCOB sensitised members from the Narok County Assembly on their oversight role in the budget-making process, and the legal framework and timelines underpinning the budget process.

Participants were also sensitised on planning and budget documents such as the County Integrated Development Plan (CIDP), the County Budget Review and Outlook Paper (CBROP), the County Fiscal Strategy Paper (CFSP) and the Annual Development Plan (ADP). Key issues affecting budget implementation in the County Government of Narok were also discussed at length. The OCOB reiterated the need for strengthening collaboration with the County Assembly on matters relating to oversight of the budget process.



Narok County Assembly participants with OCOB staff pose for a photo at Weston Hotel, Nairobi

3.4 General Administration Planning and Support Services

The Administration and Support Services sub-programme aims at ensuring effective service delivery through the development of staff capacity and welfare. Some key activities and achievements under this sub-programme are discussed below:

3.4.1 Human Resource Development

Human resource development is an essential organisational function that provides opportunities for employees to upgrade their core competencies, knowledge, skills and attitudes at the workplace. In this regard, the OCOB implemented a staff development program in FY 2019/20 by conducting various training programmes including Budget Analysis, Monitoring and Evaluation, Report Writing, Leadership and Integrity, Fraud Prevention, Forensics & Investigations, Communication Strategic Development, Enterprise Risk Management, Library Management System, Electronic Data Recording and Management System (EDRMS) and Strategic Leadership Development Programme, among others. These training programmes have equipped staff with the necessary skills to effectively deliver on the mandate of the office.

3.4.2 Staff Appointments and Transfers

The Office of the Controller of Budget undertook a recruitment exercise during the reporting period. The positions advertised attracted both internal and external candidates. The following key positions were filled during the recruitment drive: Director, Legal Services, County Budget Coordinators, Accountant and Fiscal Analyst.

To improve and promote efficiency, effectiveness, career progression and service delivery, the following 19 County Budget Coordinators (CBCs) were transferred to new work stations during the year.

Table 3.2: Staff Appointments and Transfers

Name of Officer	Previous Work Station	Current Work Station
James Gitahi	Kirinyaga County	Murang'a County
Julius Cheche	Laikipia County	Kilifi County
Wilfred Kakucha	Lamu County	Tana River County
Soul Kasha	Kilifi County	Lamu County
Samuel Nduati Njihia	Nyandarua County	Kirinyaga County
Kipkirui Soo Selote	Kericho County	Baringo County
Edwin Cherop	Baringo County	Kericho County
Turanta Felix Koriata	Nandi County	Trans Nzoia County
Nicodemus Oyalo	Bungoma County	Kisii County
Margaret Gichini	Kwale County	Mombasa County
Norah Mogaka	Kajiado County	Machakos County
Farhiya Sheikh Ibrahim	Nairobi County	Kajiado County
Hassan Sheikh Hassan	Machakos County	Nairobi County
George Mwongo	Nyamira County	Kitui County
Mary Chumo	Trans Nzoia County	Nandi County
Nana Bwanaheri	Lamu County	Kwale County
Ismail Gurhan	Samburu County	Isiolo County
Adan Jillo	Isiolo County	Marsabit County
Abdul Bante	Secondment to Marsabit County	Laikipia County

3.4.3 Internship Program

In support of the Government policy on equipping graduates with the necessary career skills, the OCOB developed an internship policy. Through the internship policy, the office created opportunities to equip the youth with knowledge in their areas of expertise.

The OCOB recruited 9 graduate interns, comprising of 6 males and 3 females and deployed them to various departments for six months. The recruitment process was conducted competitively to ensure equity,

inclusivity, fairness and professionalism. The process was also guided by the capacity of the OCOB to accommodate interns in terms of office space, budget and mentorship capabilities.

3.4.4 Staff Insurance Covers

The OCOB has put in place a comprehensive Medical cover, Group Personal Accident (GPA), Work Injury Benefit (WIBA) and Group Life covers for its staff and their dependents to cater for the well-being of its staff and their dependents. The programme ensures improved productivity through the maintenance of a healthy workforce.

3.4.5 8th Annual Conference for Constitutional Commissions and Independent Offices

The 8th Annual Congress of the Constitutional Commissions and Independent Offices (CCIOs) was held in Kericho from 16th to 18th October 2019. The theme of the conference was “Promoting Accountability and Citizen Access to Quality Public Service.” During the conference, participants had interactive sessions with the CCIOs via plenary sessions where they deliberated on issues such as promotion of accountability, good governance and transparency; the role of financial and legal oversight in promoting accountability good governance and transparency; and performance of CCIOs in promoting accountability and transparency.

The Deputy Controller of Budget, then Acting Controller of Budget, was a panelist during the plenary session on the Role of Financial and Legal Oversight in Promoting Accountability, Good Governance and Transparency where he was tasked to enlighten the participants on what the OCOB does to promote accountability in the oversight of public funds and how the office ensures that citizen’s input is captured in the budget process.

Key among the resolutions by the CCIOs in the conference was to embrace IT platforms for better accountability and transparency in the discharge of their mandates. The CCIOs also resolved to strengthen collaboration and partnership among members in the delivery of services to the public;

protecting the sovereignty of the citizen from political interests and establishing robust feedback mechanisms at the grass-root level to enhance service delivery to the public.



Deputy Controller of Budget, Mr Stephen Masba speaking during the 8th Annual CCIOS conference

3.4.6 Financial Reporting (FiRe) Awards

The OCOB participated in the FiRe annual Award organised 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).

The FiRe Award is aimed at promoting integrated reporting through enhancing accountability, transparency and integrity in compliance with appropriate financial reporting frameworks and other disclosures on governance, social and environmental reporting by private, public and other entities domiciled in East Africa.

The OCOB emerged as the 2nd Runners up during the 2019 FiRe Award under the Independent Offices and Constitutional Commissions Reporting within the IPSAS Cash category.



The OCOB team receives the Award of the Second Runners-up for best reporting under the IPSASs Cash Category among the Independent Offices and Commissions during the 2019 FiRe Awards ceremony held at Carnivore, Nairobi on 18th November 2019

3.4.7 Engagement with Stakeholders

(a) Engagement with Parliamentarians

The OCOB has continually engaged with Parliamentary Committees to increase awareness on budget implementation and discuss issues under consideration by Parliament. 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 Executive. Specifically, key engagements were with the following committees of Parliament:

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

- The Senate Sessional Committee on County Public Accounts & Investment Committee.

(a) Engagement with Development Partners

The Controller of Budget has collaborated with several development partners who have provided support towards strengthening capacity in public finance management and promoting accountability at both levels of government. In FY 2019/20 the OCOB partnered with; the Ford Foundation, the Danish International Development Agency (DANIDA), UN Women and International Development Law Organisation (IDLO) in key areas such as gender-responsive budgeting, capacity building programs and acquisition of office equipment.

3.4.8 Procurement Opportunities for the Disadvantaged Groups

Section 155 of the Public Procurement and Asset Disposal (PPAD) 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. Further, Section 53(6), and 157(5 and 10) of the PPAD Act requires accounting officers of public entities to reserve a prescribed percentage of its procurement budget, which shall not be less than 30 per cent, to the disadvantaged groups.

The OCOB awarded 41 contracts worth Kshs.177 million to the disadvantaged groups comprising of women, youth and persons living with disabilities (PWD) against a procurement budget of Kshs.205.65 million. The total contracts awarded to this special category translated to 86.1 per cent of the total procurement budget for the office in FY 2019/20 as shown in Table 3.3.

Table 3.3: Reservations of Procurement to Disadvantage Groups

Category	No. of Contracts awarded	Total Value of contracts awarded	% of contract value per category	Procurement Budget (Kshs.)	Percentage of the contract awarded to Disadvantaged Groups
PWD	5	2,823,020	1.6	205,648,201	86.1%
Women	15	163,212,214	92.2		
Youth	21	10,932,050	6.2		
Total	41	176,967,284	100		

3.4.9 Legal Activities

The Controller of Budget was enjoined as a party to several litigations in FY 2019/20. Some of the cases handled by the office include:

(a) Litigation - Representing the COB in the numerous court cases

In the FY 2019/20 the office was listed as either a respondent or an interested party in a total of 17 cases filed across the country. The subject matter of the cases varied and included:

- (i) Lack of public participation in the budget process;
- (ii) The constitutional and legal framework underpinning the qualification and appointment of the Controller of Budget upon effluxion of time;
- (ii) The decision of the Cabinet Secretary to invoke Article 225 of the Constitution on Stoppage of funds;
- (iii) The budget implementation processes where the decision of the National Assembly to proceed to introduce, consider and pass the Appropriation Bill 2019 before the Division of Revenue Bill 2019; and on the role of the Controller of Budget in enforcing budget ceilings.

During the same period, the following judgments were delivered

- (i) Garissa High Court Petition No. 9 of 2019 Ainuhamshi Construction & Transport Ltd & 62 Others –vs- County Government of Garissa & 4 Others. The case was in respect of the non-payment of pending bills by the County Government of Garissa. Justice C. Kariuki ruled that the Petitioners did not advance a Prima facie case for the issuance

of Conservatory Orders. Further, that the matter was Sub-judice as the Petitioners had already filed Civil Case No. 7 of 2019 before abandoning the same without formal withdrawal which amounted to forum shopping. For these reasons, the case was dismissed.

- (ii) Nairobi Employment and Labour Relations Court Petition No. 235 of 2019 Okiya Omutata Okoiti & 5 Others Vs The Kenya National Executive of the Republic of Kenya & 4 Interested Parties where the Court upheld the appointment of the Controller of Budget and further held that there was a need to undertake legislative amendments to Section 7 of the Controller of Budget Act.
- (iii) Supreme Court Advisory Opinion Reference No. 3 of 2019 Council of Governors and 47 Counties where the Court in its opinion advised that first, the Appropriation Bill cannot be introduced into the National Assembly unless the estimates of revenue and expenditure have been approved and passed by that House. Secondly, that the recommendations of CRA while not binding to Parliament, must be accorded due consideration and in case of deviation, reasons must be given, before a vote takes place in either of the Houses, on the Division of Revenue Bill and the County Allocation of Revenue Bill. The Court also stated that should an impasse occur due to the failure of the mediation process, the National Assembly shall meet the expenditure necessary to carry on the services of the County Governments during that year until the Division of Revenue Act is assented to, authorise the withdrawal of money from the Consolidated Fund. Thirdly, that the money to be withdrawn shall be 50% of the total equitable share allocated to the Counties in the Division of Revenue Act of the preceding financial year. Further, the Court stated that where the two Houses of Parliament fail to agree during a second mediation under Article 113 of the Constitution, any person may petition the

High Court for a declaration to the effect that Parliament has violated the Constitution. Upon the transmittal of such declaration, the Chief Justice would advise the President to dissolve Parliament and the President would dissolve Parliament.

(a) Statutory Reporting on Stoppage of Funds

In exercise of the powers conferred under Article 225 of the Constitution as read together with Section 97 of the PFMA, the Cabinet Secretary National Treasury and Planning decided to stop the transfer of funds to 15 counties due to non-payment of pending bills. This triggered the mandate of the OCOB which resulted in the preparation of a comprehensive report on the status of the pending bills and the CS's decision to stop the transfer of funds. The pending bill's report, on the 15 counties whose funds had been earmarked for the stoppage, was presented to the National Assembly and the Senate to guide in the decision-making process regarding the matter.

(b) Automation of the Exchequer Process

The OCOB reviewed the proposed Exchequer Automation System and prepared a report giving recommendations on how to improve the automation system to ensure the independence and mandate of the office are upheld before the roll-out. The report was shared with the specific stakeholders namely the National Treasury and the Central Bank of Kenya.

3.5 Research and Planning

The activities under the Research and Planning sub-programme include the provision of support to the budget implementation directorate through the undertaking of research-related activities within the organisation. The following are some of the key activities and achievements under the Research and Planning sub-programme.

3.5.1 Launch of OCOB Strategic Plan 2018-2022

During the FY 2019/20, the office launched the Second Strategic Plan (2018 – 2022) that will guide OCOB in the next five years. The Second Strategic

Plan builds on lessons learnt over the past implementation of the first one. Also, the strategic plan is aligned to Vision 2030, the Medium Term Plan III and Big Four Agenda. The Strategic Plan will also facilitate prioritisation and allocation of resources during the plan period. In addition, the Strategic Plan will facilitate monitoring, evaluation and reporting of OCOB performance.

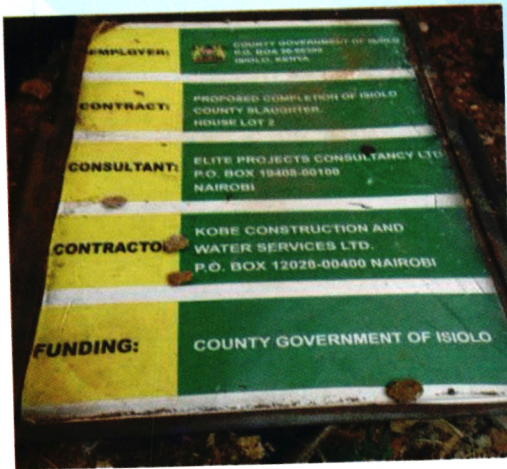
The Strategic Plan is anchored on four (4) strategic themes; Authorisation of Withdrawals from Public Funds, Advice on Budgeting and Budget Implementation, Budget Implementation Reporting and the Institutional Capacity. The Plan is intended to improve OCOB's impact and effectiveness in promoting prudent financial management in the public sector and contribute towards the achievement of Kenya's development plan, including the Big Four agenda.

3.5.2 Advice on Budget Implementation

During FY 2019/20, the OCOB developed guidelines/templates to guide the review of planning and budget documents. The office also produced several discussion papers meant to inform budget implementation at both levels of government. During the same period, some of the office staff members facilitated workshops and conferences as panelists and discussants on the budget-making process and other budget implementation issues.

3.5.3 Monitoring and Evaluation Activities

The OCOB has continuously carried out county visits to monitor development projects being implemented by the county governments. The objective is to discuss with the County officials some of the mechanisms put in place to enhance budget execution and the skill gaps for budget implementations among others. During the FY 2019/20 period, the OCOB paid a visit to Makueni, Isiolo and West Pokot Counties among others and inspected several projects that were under implementation.



A section of the completed Isiolo county slaughter house

3.5.4 Library Services

The OCOB 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 & administrative information and updates for the staff. These services will enhance access to a wide pool of information resources for use in our decision-making processes.

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

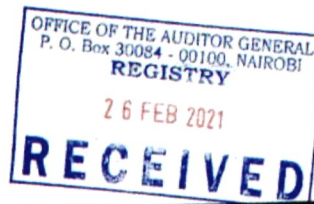
**OFFICE OF THE CONTROLLER OF
BUDGET**

**FOR THE YEAR ENDED
30 JUNE, 2020**

THE REPUBLIC OF KENYA
OFFICE OF THE CONTROLLER OF BUDGET



Tel: 020 2211068, 0738466721, 0709910000
Email: cob@cob.go.ke / info@cob.go.ke
Website: www.cob.go.ke



Bima House, 12th Floor
Harambee Avenue
P.O. Box 35616-00100
Nairobi Kenya

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

SEPTEMBER, 2020

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

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

Bankers

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

Independent Auditors

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

Principal Legal Adviser

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

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

3 KEY PERFORMANCE HIGHLIGHTS

3.1 Statement of Budget Execution

During the period under review, the OCOB was allocated budget estimates of **Kshs.703, 100,000**. This was revised down to **Kshs.678, 100,000** as part of the austerity measures undertaken during the year and the outbreak of COVID-19 which affected the flow of operations. The exchequer issues amounted to **Kshs.599, 472,929**. The OCOB incurred recurrent expenditure amounting to **Kshs. 597,910,867** representing an absorption rate of **88%**. Utilization of the budget was carried out through the main Programme of 'Control and Management of Public Finances' in four sub-programmes and various activities (economic classifications) as shown in Table 9 and Table 10 respectively

Table 3.1: Budget Execution by Sub-Programme

Sub-Programme	Approved Budget	Actual Payments	Variance	Absorption Rate
	Kshs.	Kshs.	Kshs.	(%)
Authorization of withdrawal from public funds (County Services)	192,630,755	172,370,776	20,259,979	89
Budget Review and Analysis	44,223,759	36,198,945	8,024,814	82
Administrative Support Services	426,902,186	379,954,317	46,947,869	89
Research and Planning	14,343,300	9,386,829	4,965,471	65
TOTAL	678,100,000	597,910,867	80,189,133	88

❖ **Sub-Programme 1: Authorization 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.192, 630,755** representing **28%** of the overall budget. A total of **Kshs.172, 370,776** was spent recording an absorption rate of **89%**.

❖ **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.44, 223,759** representing

OFFICE OF THE CONTROLLER OF BUDGET
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For the year ended June 30, 2020

7% of the overall budget. A total of **Kshs.36, 198,945** was spent recording an absorption rate of **82%**.

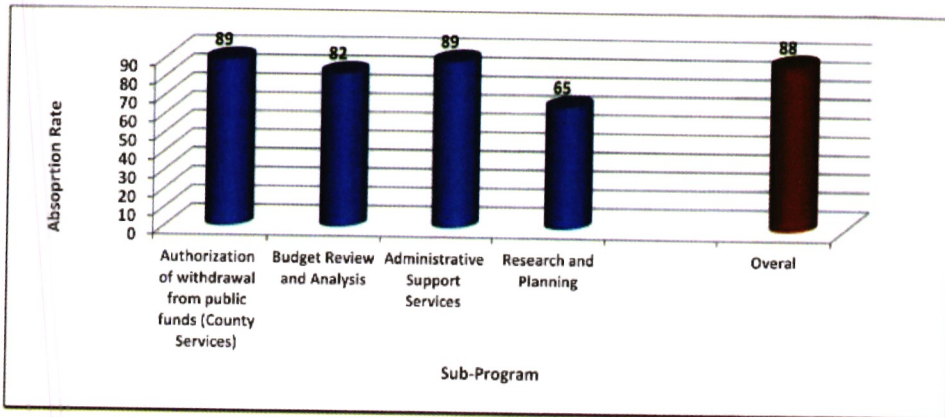
Sub-Programme 3: Administrative Support Services

The objective of this sub-programme is to enhance openness, accountability and public participation in prudent financial management. This sub-programme was allocated **Kshs.426, 902,186** representing **63%** of the overall budget. A total of **Kshs.379, 954,317** was spent recording an absorption rate of **89%**.

❖ **Sub-Programme 4: Research and Planning**

The objective of this sub-programme is to carry out research and provide evidence-based advice on planning and budgeting process. This sub-programme was allocated **Kshs. 14,343,300** representing **2%** of the overall budget. A total of **Kshs9, 386,829** was spent recording an absorption rate of **65%**.

Figure 1 Shows budget absorption by Sub-Programme;



OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

3.2 Budget Execution by Economic Classification

Budget Execution by Economic Classification in the FY 2019/20 as shown in Table 10

Table 3.2: Budget Execution by economic classification

Economic Classification	Approved Budget	Actual Payments	Variance	Absorption Rate
	Kshs	Kshs	Kshs	%
Compensation of employees	336,408,408	304,234,494	32,173,915	90
Use of goods and services	206,339,397	159,148,964	47,190,433	77
Social security benefits	11,265,600	10,793,555	472,045	96
Acquisition of assets(non-financial)	24,086,595	23,733,854	352,741	99
Acquisition of assets(financial)	100,000,000	100,000,000	-	100
TOTAL	678,100,000	597,910,867	80,189,133	88

❖ **Compensation to Employees**

Compensation to employees included; basic salaries for permanent employees, basic wages for temporary employees, personal allowances paid as part of salary, employer contribution to compulsory national social security schemes and pension schemes. The budget allocated was Kshs. **336,408,408** representing **50%** of the overall budget. This recorded the highest expenditure of **Kshs.304, 234,494** representing an absorption rate of **90%**

❖ **Use of goods and services**

This category includes: domestic and foreign travel, printing and advertising, rentals and rates for non-residential, training, hospitality, legal fees, and maintenance expenses for motor vehicles and other assets among other expenses. The budget allocated was Kshs.**206, 339,397** representing **30%** of the overall budget. This recorded expenditure of **Kshs.159, 148,964** representing an absorption rate of **77%**

❖ **Social Security Benefits**

This category includes: Gratuity for civil servants and government pension and retirement benefits. The budget allocated was Kshs.**11, 265,600** representing **2%** of the overall budget. This recorded expenditure of **Kshs.10, 793,555** representing an absorption rate of **96%**

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

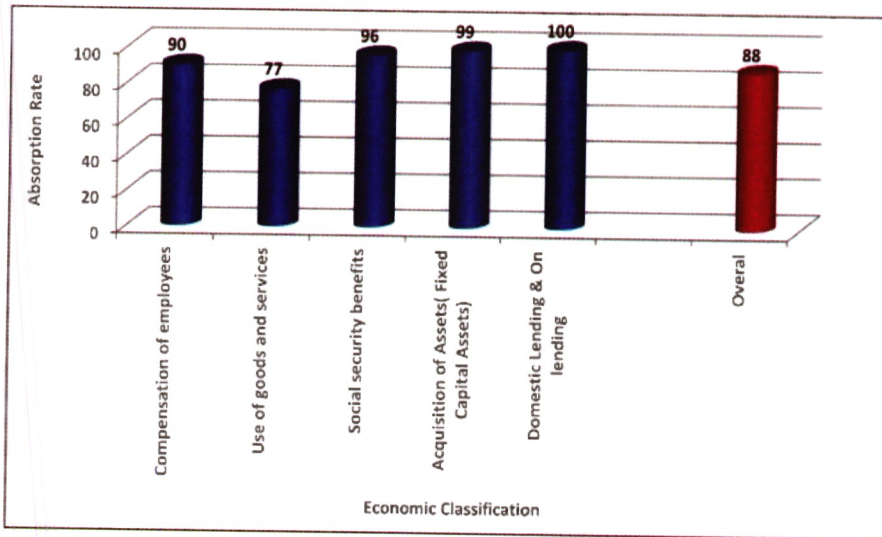
❖ **Acquisition of Assets-Non Financial**

This category includes; purchase of motor vehicles, purchase of OCOB furniture and equipment, purchase of specialised plant, equipment and machinery. The budget allocated was **Kshs. 24,086,595** representing 4% of the overall budget. This recorded expenditure of **Kshs. 23,733,854** representing an absorption rate 99%.

❖ **Acquisition of Assets- Financial**

This category includes Mortgage loan to public servants. The budget allocation was **Kshs.100, 000,000** representing 15% of the overall budget. The total expenditure was **Kshs.100, 000,000** representing an absorption rate of 100%.

Figure 2 Shows Budget Absorption by economic classification.

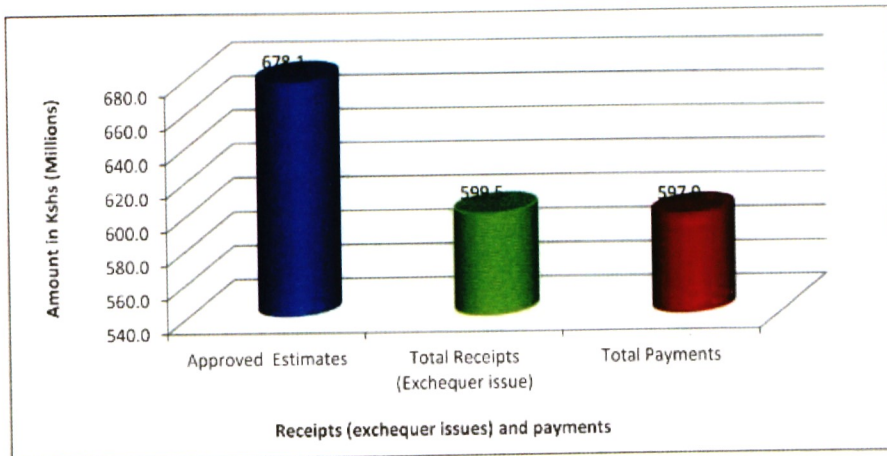


OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

Analysis of Receipts (exchequer issues) and payments

Financial Performance	Approved Estimates	Actual	Variance	% Variance
	Kshs	Kshs	Kshs	
Total Receipts(Exchequer issue)	678,100,000	599,472,929	78,627,071	12
Total Payments	678,100,000	597,910,867	80,189,133	12
Surplus for the year		1,562,062	(1,562,062)	

Actual receipts stood at 12% below the budget while actual payments 12% below the budget. This is attributed to under receipt of exchequer and under-utilization of budget allocation for the programme. Figure 3 shows receipts and payments in the FY 2019/20.



3.3 Performance for Two consecutive years

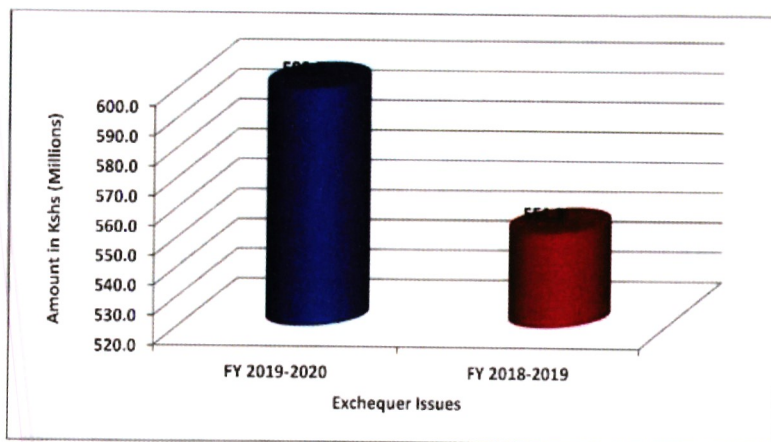
2.1.3.1 Receipts

The OCOB receipts mainly comprise of exchequer releases from the National Treasury & Planning. The total receipts for FY 2019/20 were **Kshs. 599,472,929** representing a 9% increase compared to **Kshs. 551,332,300** recorded in the FY 2018/19. Table 4 shows a comparison of actual receipts in the FY 2018/19 and FY 2019/20.

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Table 3.3: Comparison of Receipts for between FY 2019/20 and FY 2018/19

Receipts	2019-2020	2018-2019	Change	% change
Exchequer Issues	599,472,929	551,332,300	48,140,629	9%
Total Receipts	599,472,929	551,332,300	48,140,629	9%



3.4 Payments

The payments mainly comprise of employee compensation, use of goods and services, social security benefits and acquisition of fixed capital assets and staff mortgage. The total payments for FY 2019/20 stood at **Kshs. 597,910,867** representing a 9% increase compared to **Kshs. 549,163,234** recorded in the FY 2018/19. Table 5 shows a comparison in FY 2018/19 and FY 2019/20.

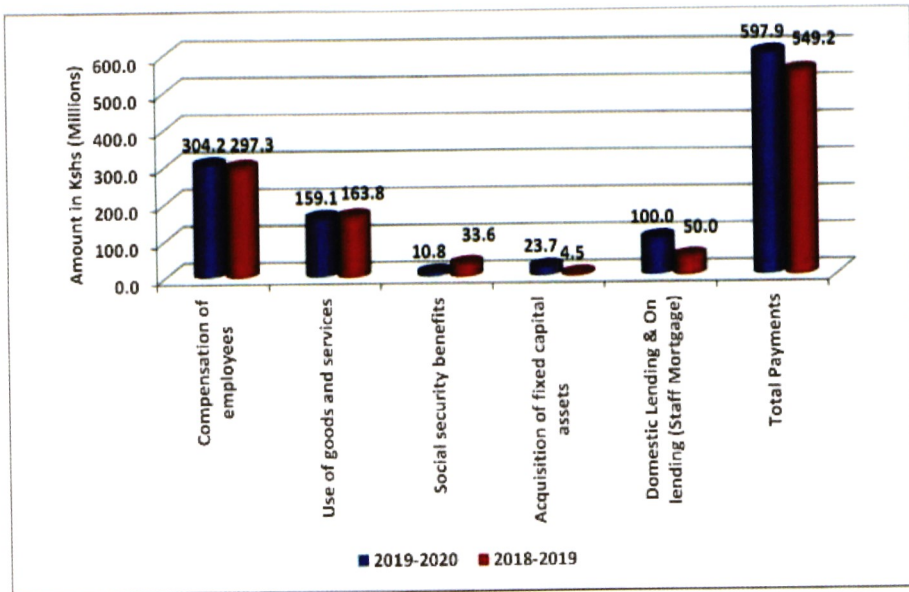
Table 3.4: Payments for Two Consecutive Years

Payments	2019-2020	2018-2019	Change	% change
Compensation of employees	304,234,494	297,281,360	6,953,134	2%
Use of goods and services	159,148,964	163,806,927	(4,657,963)	(3%)
Social security benefits	10,793,555	33,561,152	(22,767,597)	(68%)
Acquisition of assets(non- financial)	23,733,854	4,513,795	19,220,059	426%
Acquisition of assets(financial)	100,000,000	50,000,000	50,000,000	100%
Total Payments	597,910,867	549,163,234	48,747,633	9%

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
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The increase of **2%** in compensation to employees is attributed to the annual increase of staff basic salaries, salaries for new staff, and interns who were recruited during the financial year; and employer contributions to the staff pension scheme at 20% upon the conversion of staff from contract terms to permanent and pensionable terms. The decrease of **3%** in the use of goods and services is due to scaling down in planned activities during the FY 2019/20 as a result of budgetary cuts and the effects of COVID-19 pandemic.

A decrease of **68%** on social security benefits was due to the reduction on the gratuity payment of the number of staff whose contracts ended within the financial year under review as compared to FY 2018/19. A significant increase of **426 %** on the acquisition of fixed capital assets is attributed to the purchase of motor vehicles during the FY. Payment of staff mortgage scheme during the financial year was made at **100%** in line with the Big 4 Agenda. Table 6 shows a comparison between total receipts and total payments for the last two consecutive years.



OFFICE OF THE CONTROLLER OF BUDGET
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Table 3.5: Comparison between total receipts and total payments for the last two consecutive years

Receipts & Payments	2019-2020	2018-2019	Change	%
Total Receipts	599,472,929	551,332,300	48,140,629	9%
Total Payments	597,910,867	549,163,234	48,747,633	9%

The overall total receipts and payments increased by 9% as a result of increased activities carried out during the financial year compared to FY 2018/19. The increase is mainly due to the implementation of planned activities during the period under review

Table 3.6: Financial Assets and Liabilities

Financial Assets	As at 30th June 2020	As at 30th June 2019	Change	%
Bank Balances	3,039,898	7,597,705	(4,557,807)	(60%)
Cash Balances	329,439	666,815	(337,376)	(51%)
Total	3,369,337	8,264,520	(4,895,183)	(59%)

Bank balances comprise of recurrent account and deposit account amounting to **Kshs 1,181,292** and **Kshs.1,858,587** respectively. The decrease of 60% is as a result of refund of the contractor's retention monies held in the deposit account and payments of activities planned during the year.

Cash balances decreased by 51 % due to the reduction of cash-related transactions at the year-end.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

Table 3.7: Cash Flow Activities

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

Cash Flow Activities	2019-2020	2018-2019	Change	%
Net Cash Flows generated from Operating activities	118,838,651	59,749,870	59,088,781	99%
Net Cash Flows used from Investing activities	(123,733,854)	(54,513,795)	(69,220,059)	127%
Net Cash Flows generated from Financing activities	-	-	-	-
Net increase in Cash and Cash Equivalents	(4,895,203)	5,236,075	10,131,278	(193%)
Cash and Cash Equivalents at 1 July	8,264,520	3,028,444	(16,873,537)	173%
Cash and Cash Equivalents at 30 June	3,369,317	8,264,520	5,236,075	(59%)

- ❖ Net cash flows in operating activities increased from **Kshs.59 million** to **Kshs.119 million** mainly due to payment of employer contribution to the staff pension scheme.
- ❖ Net cash flows from investing activities increased from Kshs.54 million to Ksh 123 million as a result of the purchase of motor vehicles and increased fund allocation for the staff mortgage scheme
- ❖ The OCOB does not have any financing activities.

3.5 Key Achievements

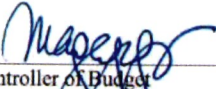
To realise its strategic objectives, the OCOB relied on its strategic plan 2018-2022 to guide activities, policy formulation and work plans and made the following progress and achievements towards its targeted objectives during FY 2019/20.


OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

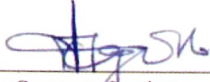
8. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019-2020	2018-2019
		Kshs	Kshs
RECEIPTS			
Exchequer releases	16.1	599,472,929	551,332,300
Proceeds from Domestic and Foreign Grants	16.2	4,765,000	5,712,290
TOTAL RECEIPTS		604,237,929	557,044,590
PAYMENTS			
Compensation of Employees	16.3	304,234,493	297,281,360
Use of goods and services	16.4	159,148,964	163,806,927
Social Security Benefits	16.5	10,793,555	33,561,152
Acquisition of Assets-Non-Financial	16.6	23,733,854	4,513,795
Acquisition of Assets-Financial	16.7	100,000,000	50,000,000
Expenditure from Domestic and Foreign Grants	16.8	4,765,000	5,712,290
TOTAL PAYMENTS		602,675,866	554,875,524
SURPLUS/DEFICIT		1,562,063	2,169,066

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th September 2020 and signed by:


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


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

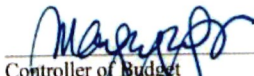

 Director Corporate Services
 Name: CPA Macklin Ogolla
 ICPAK Member: 4077


OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

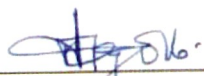
9. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020	2018-2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	16.9A	3,039,878	7,597,705
Cash Balances	16.9B	329,439	666,815
Total Cash and cash equivalent		3,369,317	8,264,520
Accounts Receivables - Outstanding Imprest and Clearance Accounts	16.10	51,333	-
TOTAL FINANCIAL ASSETS		3,420,650	8,264,520
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	16.11	(1,858,587)	(6,095,454)
NET FINANCIAL ASSETS		1,562,063	2,169,066
REPRESENTED BY			
Fund balance b/fwd	16.12	2,169,066	1,060,885
Prior year adjustment	16.15	(2,169,066)	(1,060,885)
Surplus/Deficit for the year		1,562,063	2,169,066
NET FINANCIAL POSITION		1,562,063	2,169,066

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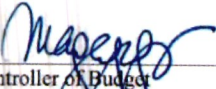

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OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

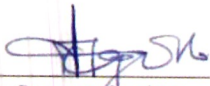
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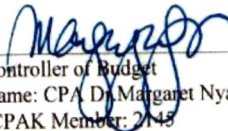

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OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

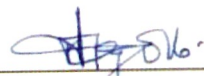
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TOTAL FINANCIAL ASSETS		3,420,650	8,264,520
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	16.11	(1,858,587)	(6,095,454)
NET FINANCIAL ASSETS		1,562,063	2,169,066
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Prior year adjustment	16.15	(2,169,066)	(1,060,885)
Surplus/Deficit for the year		1,562,063	2,169,066
NET FINANCIAL POSITION		1,562,063	2,169,066

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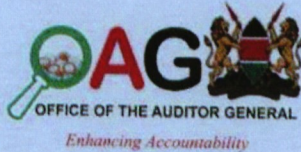

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 Name: CPA Macklin Ogolla
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REPUBLIC OF KENYA

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NAIROBI

**REPORT OF THE AUDITOR-GENERAL ON OFFICE OF THE CONTROLLER OF
BUDGET FOR THE YEAR ENDED 30 JUNE, 2020**

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Office of the Controller of Budget set out on pages 81 to 107, which comprise the statement of assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Controller of Budget as at 30 June, 2020, and of 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 Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 Office of the Controller of Budget for the year ended 30 June, 2020

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS, OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

Report of the Auditor-General on Office of the Controller of Budget for the year ended 30 June, 2020

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

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

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

Those charged with governance are responsible for overseeing the Office of the Controller of Budget's 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and

Report of the Auditor-General on Office of the Controller of Budget for the year ended 30 June, 2020

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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Office of the Controller of Budget 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 of the Office of the Controller of Budget 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 of the Controller of Budget 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.

Report of the Auditor-General on Office of the Controller of Budget for the year ended 30 June, 2020

- 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

17 May, 2021

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

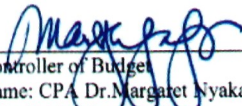
10. STATEMENT OF CASH FLOWS


	Note	2019-2020	2018-2019
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Exchequer releases	16.1	599,472,929	551,332,300
Proceeds from Domestic and Foreign Grants	16.2	4,765,000	5,712,290
		604,237,929	557,044,590
Payments for operating expenses			
Compensation of Employees	16.3	304,234,493	297,281,360
Use of goods and Services	16.4	159,148,964	163,806,927
Social Security Benefits	16.5	10,793,555	33,561,152
Expenditure from Domestic and Foreign Grants	16.8	4,765,000	5,712,290
		478,942,012	500,361,729
Adjusted for:			
Changes in receivables	16.13	(51,333)	-
Changes in payables	16.14	(4,236,867)	4,127,894
Adjustments during the Year	16.15	(2,169,066)	(1,060,885)
Net cash flow from operating activities(A)		118,838,651	59,749,870
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets-Non-Financial	16.6	(23,733,854)	(4,513,795)
Acquisition of Assets- Financial	16.7	(100,000,000)	(50,000,000)
Net cash flows from Investing Activities(B)		(123,733,854)	(54,513,795)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings		-	-
Proceeds from Foreign Borrowings		-	-


OFFICE OF THE CONTROLLER OF BUDGET
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Repayment of principal on Domestic and Foreign borrowing		-	-
Net cash flow from financing activities(C)		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT(A+B+C)		(4,895,203)	5,236,075
Cash and cash equivalent at BEGINNING of the Year		8,264,520	3,028,444
Cash and cash equivalent at END of the Year	16.9A+16.9B	3,369,317	8,264,520

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th September 2020 and signed by:


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


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


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

II. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Revenue/Expense Item	Approved Budget	Adjustments	Final Budget	Actual on comparable basis	Budget Utilization Difference	% of Utilization Difference to Final Budget
	Kshs	Kshs	Kshs	Kshs	Kshs	
RECEIPTS	a	b	e=a+b	d	e-c-d	f=d/c
Exchequer releases	703,100,000	(25,000,000)	678,100,000	599,472,929	78,627,071	88%
Proceeds from Domestic and Foreign Grants	-	-	-	4,765,000	-	-
Total Receipts	703,100,000	(25,000,000)	678,100,000	604,237,929	78,627,071	88%
PAYMENTS						
Compensation of Employees	350,599,999	(14,191,591)	336,408,408	304,234,493	32,173,914	90%
Use of goods and services	235,239,401	(28,900,004)	206,339,397	159,148,964	47,190,433	77%
Social Security Benefits	10,565,600	700,000	11,265,600	10,793,555	472,045	96%
Acquisition of Assets-Non-Financial	6,695,000	17,391,595	24,086,595	23,733,854	352,741	99%
Acquisition of Assets- Financial	100,000,000	-	100,000,000	100,000,000	-	100%
Expenditure from Domestic and Foreign Grants	-	-	-	4,765,000	-	-
Grand Total	703,100,000	(25,000,000)	678,100,000	602,675,866	80,189,133	88%

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Detailed explanation of underutilization of budget and actual on the exchequer releases and use goods and services

Title	Actual Expenditure	Current Budget Year	Difference between actual and budget (actual less Budgeted Amount)	% difference	Comments
Exchequer Releases	599,472,929	678,100,000	-78,627,071	-12%	The under-issue of exchequer was due to the reduced implementation of the planned activities as a result of budget austerity measures instituted by NT hence affecting the operations
Use of Good and Services	159,148,964	206,339,397	-47,190,433	-23%	The significant utilization of economic classification of the use of goods and services was as a result of budget austerity measures instituted by the National Treasury coupled with under expenditure of the training vote due to low capacity building of staff during the COVID 19 period.

Analysis of budget underutilization of sub-components of use goods and services

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For the year ended June 30, 2020

EXPENDITURE ANALYSIS -USE OF GOODS AND SERVICES AS AT 30 TH JUNE, 2020						
Economic Item	Title	Approved Estimates	Actual Expenditure	Difference between actual and budget amount	% difference(actual less budgeted amount)	Comments
2210 100	Utilities Supplies and Services	30,000	1,500	(28,500)	95	Budget Austerity and Covid-19
2210 200	Communication, Supplies and Services	11,933,790	8,756,747	(3,177,043)	27	Budget Austerity and Covid-19
2210 300	Domestic Travel and Subsistence, and Other Transportation Costs	27,458,914	9,311,993	(18,146,921)	66	Budget Austerity and Covid-19
2210 400	Foreign Travel and Subsistence, and other transportation costs	15,735	8,135	(7,600)	48	Budget Austerity and Covid-19
2210 500	Printing, Advertising and Information Supplies and Services	68,225,000	60,716,379	(7,508,621)	11	Budget Austerity and Covid-19
2210 600	Rentals of Produced Assets	2,540,000	2,103,249	(436,751)	17	Budget Austerity and Covid-19
2210 700	Training Expenses	8,323,492	2,873,076	(5,450,416)	65	Budget Austerity and Covid-19
2210 800	Hospitality Supplies and Services	11,498,824	8,824,520	(2,674,304)	23	Budget Austerity and Covid-19
2210 900	Insurance Costs	44,360,600	41,063,261	(3,297,339)	7	Budget Austerity and Covid-19

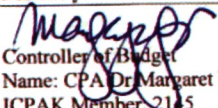
OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020


2211 000	Specialised Materials and Supplies	1,175,000	1,151,538	(23,462)	2	Budget Austerity and Covid-19
2211 100	Office and General Supplies and Services	8,152,441	7,973,551	(178,890)	2	Budget Austerity and Covid-19
2211 200	Fuel Oil and Lubricants	2,753,000	2,570,083	(182,917)	7	Budget Austerity and Covid-19
2211 300	Other Operating Expenses	8,935,800	6,626,964	(2,308,836)	26	Budget Austerity and Covid-19
2220 100	Routine Maintenance - Vehicles and Other Transport Equipment	8,700,000	5,471,397	(3,228,603)	37	Budget Austerity and Covid-19
2220 200	Routine Maintenance - Other Assets	2,236,801	1,696,573	(540,228)	24	Budget Austerity and Covid-19
		206,339,397	159,148,966	(47,190,431)	23	Budget Austerity and Covid-19

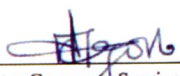
The OCOB does not have AIA hence the receipts is only exchequer issues during the period.

- The changes between the original budget and the final budget of **Kshs. 25,000,000** was due to austerity measures undertaken during the Supplementary Budget Estimate which affected all Ministries, Departments and Agencies during the period under review and the effect of COVID-19 during the 4th quarter.
- The under the issue of exchequer was due to the reduced implementation of the planned activities as a result of budget austerity which affected the operations.
- The significant underutilization of economic classification of the use of good and services was the under-expenditure of the budget allocated to the training vote due to low capacity building for staff during the period under review.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020


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


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


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

OCOB OF THE CONTROL OF BUDGET

Reports and Financial Statements

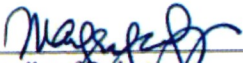
For the year ended June 30, 2020

12. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT


Revenue/Expense Item	Approved Budget	Adjustments	Final Budget	Actual on comparable basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	Kshs	Kshs	Kshs	Kshs	Kshs	
RECEIPTS	a	b	c=a+b	d	e=c-d	f=d/c
Exchequer releases	703,100,000	(25,000,000)	678,100,000	599,472,929	78,627,071	88%
Proceeds from Domestic and Foreign Grants	-	-	-	4,765,000	-	-
Total Receipts	703,100,000	(25,000,000)	678,100,000	604,237,929	78,627,071	88%
PAYMENTS						
Compensation of Employees	350,599,999	(14,191,591)	336,408,408	304,234,494	32,173,914	90%
Use of goods and services	235,239,401	(28,900,004)	206,339,397	159,148,964	47,190,433	77%
Social Security Benefits	10,565,600	700,000	11,265,600	10,793,555	472,045	96%
Acquisition of Assets-Non-Financial	6,695,000	17,391,595	24,086,595	23,733,854	352,741	99%
Acquisition of Assets-Financial	100,000,000	-	100,000,000	100,000,000	-	100%
Expenditure from Domestic and Foreign Grants	-	-	-	4,765,000	-	-
Grand Total	703,100,000	(25,000,000)	678,100,000	602,675,866	80,189,133	88%

OCOB OF THE CONTROL OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

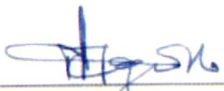
- The changes between the original budget and the final budget of **Kshs. 25,000,000** was due to austerity measures undertaken during the Supplementary Budget Estimate which affected all Ministries, Departments and Agencies during the period under review and the effect of COVID-19 during the 4th quarter.
- The under the issue of exchequer was due to the reduced implementation of the planned activities as a result of budget austerity which affected the operations.
- The significant underutilization of economic classification of the use of good and services was the under-expenditure of the budget allocated to the training vote due to low capacity building for staff during the period under review.



Controller of Budget
Name: CPA D. Margaret Nyakang'o
ICPAK Member: 2145



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



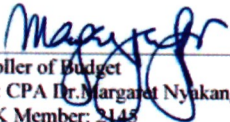
Director Corporate Services
Name: CPA Macklin Ogolla
ICPAK Member: 4077

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020


13. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

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

The OCOB Financial statements were approved on 28th September 2020 and signed by:



Controller of Budget
Name: CPA Dr. Margaret Nyakang'o
ICPAK Member: 2143



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



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, 2020

Head	Programme/S sub- Programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilizati on
		Kshs	Kshs	Kshs	Kshs	Kshs	
	Control and Management of Public finances	703,100,000	- 25,000,000	678,100,000	597,910,867	80,189,133	88
212100 0100	Sub- Programme 1: Administration Support Services	414,317,679	12,584,507	426,902,186	379,954,317	46,947,869	89
212100 0200	Sub- Programme 2: Research and Planning	21,556,516	(7,213,216)	14,343,300	9,386,829	4,956,471	65
212100 0300	Sub- Programme3: Budget Review and Analysis	47,775,804	(3,552,045)	44,223,759	36,198,945	8,024,814	82
212100 0400	Sub- Programme 4: County Services	219,450,001	(26,819,246)	192,630,755	172,370,776	20,259,979	89
	GRAND TOTAL	703,100,000	(25,000,000)	678,100,000	597,910,867	80,189,133	88

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based. This document is completed to enable consolidation by the National Treasury)

15. SIGNIFICANT ACCOUNTING POLICIES

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

a) Going Concern Principle

The OCOB is an independent OCOB 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 a withdrawal from public funds and reporting on the utilization. The financial statements are prepared on assumption that the OCOB is a going concern and will continue in operation and meet its statutory obligations for the foreseeable future.

b) Statement of compliance and Basis of Preparation

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

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

c) Reporting Entity

The financial statements are for the Office of the Controller of Budget. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012. This does not include any development projects implemented as the OCOB does not have any projects.

d) Reporting Currency

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

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

e) Recognition of Receipts

The OCOB recognises all receipts from the various sources when the event occurs and the related cash has been received by the OCOB.

❖ **Exchequer Receipts**

Exchequer receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of exchequer remittance is received.

❖ **External Assistance**

External assistance is received through grants from development partners such as Ford Foundation and PFMR/DANIDA. During the period under review, The OCOB received a grant from Ford Foundation to support the end of term activities. The financial assistance received under PFMR/DANIDA was mainly for capacity building for the County officials on their role in the budget-making process and review of budget planning documents.

During the year ended 30th June 2020, there were no instances of non-compliance with terms and conditions which have resulted in the cancellation of external assistance grants.

❖ **Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from the disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received. During the FY 2019/20, the OCOB disposed of items worth **Kshs.86, 859**. This amount has since been refunded to the exchequer account.

❖ **Interest Earned**

Interest earned includes interest recognized as receipts in the period in which they are earned. The OCOB earned interest amounting to **Kshs.5,077,387.42** on staff mortgage at the rate of 91 day Treasury bills minus one. This is reported in a separate financial statement (Annex 6)

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

f) Recognition of payments

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

❖ **Compensation of Employees**

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

❖ **Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

❖ **Acquisition of Assets-Non Financial**

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

A fixed asset register is maintained by the OCOB and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements (Annex 4)

❖ **Acquisition of Assets- Financial (Domestic Lending and On Lending)**

The OCOB received **Kshs.100 million** to cater for staff mortgage funds. This amount was transferred to the fund Manager (Housing Finance Corporation). This is reported in a separate financial statement (Annex 6)

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

g) In-kind contributions

In-kind contributions are donations that are made to the Entity 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 Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded. . During the period under review, the OCOB did not receive any contributions in-kind.

h) Third-Party Payments

Included in the receipts and payments, are payments made on behalf of third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign grants.

i) 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 an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and various commercial banks at the end of the financial year.

j) Restriction on Cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2020, this amounted to **Kshs 1,858,587** compared to **Kshs 6,095,454** in the prior period as indicated on note 16.11

There were no other restrictions on cash during the year.

OFFICE OF THE CONTROLLER OF BUDGET
Reports and Financial Statements
For the year ended June 30, 2020

k) Accounts Receivable

For 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 are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements. During the period under review, the OCOB had issued a salary advance amounting to **Kshs.110,000** to a member of staff. The recovery during the period amounted to **Kshs.58,667** hence an outstanding balance of **Kshs. 51, 333**. There was no outstanding imprest issued as at the close of the financial year.

l) Accounts Payable

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

m) 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 Entity at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made. During the period under review, the OCOB did not have any pending bills.

n) Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by

OFFICE OF THE CONTROLLER OF BUDGET
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Parliament on June 2019 for the period 1st July 2019 to 30th June 2020 as required by Law and there were three supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

o) Comparative Figures

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

p) Subsequent Events

There have been no events after the financial year-end with a significant impact on the financial statements for the year ended 30th June 2020.

q) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by i. restating the comparative amounts for the prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented. During the year, no errors that have been corrected

r) Related Party Transactions

Related party relationships are a normal feature of commerce. The OCOB had no related party to disclose as the compensation for the Accounting Officer is made directly from the Consolidated Fund Services (CFS)

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16. NOTES TO THE FINANCIAL STATEMENTS

16.1 EXCHEQUER RELEASES

Item Description	Item Code	2019-2020	2018-2019
		Kshs	Kshs
Total Exchequer Releases for Quarter 1	9910201	116,267,200	97,548,100
Total Exchequer Releases for Quarter 2	9910201	106,945,660	101,465,600
Total Exchequer Releases for Quarter 3	9910201	160,213,379	123,000,000
Total Exchequer Releases for quarter 4	9910201	216,046,690	229,318,600
TOTAL		599,472,929	551,332,300

The OCOB budgeted exchequer amount was Kshs. **Kshs.703, 100,000**. This was revised downwards to **Kshs.678, 100,000** during Supplementary Budget Estimate. The OCOB received exchequer amounting to **Kshs. 599,472,929** in FY 2019/20 compared to **Kshs. 551,332,300** recorded in the FY 2018/19. This is representing a 9% increase in the two consecutive periods.

16.2 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Item Description	Item Code	2019-2020	2018-2019
		Kshs	Kshs
Grant Received from Multilateral Donors(International Organizations)			
Ford Foundation	7310000	4,765,000	5,712,290
TOTAL		4,765,000	5,712,290

During the year under review, the OCOB received a grant of **Kshs. 4,765,000** from Ford Foundation to support the end of year term activities.

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16.3 COMPENSATION OF EMPLOYEES

Item Description	Item Code	2019-2020	2018-2019
		Kshs	Kshs
Basic Salaries - Permanent Employees	2110100	193,499,877	185,901,807
Basic Wages - Temporary Employees	2110200	1,692,001	2,460,193
Personal Allowances paid as part of Salary	2110300	78,529,810	77,373,477
Employer Contributions to Compulsory National Social Security Schemes, Staff Pension Scheme	2120100	30,512,806	31,545,884
TOTAL		304,234,494	297,281,360

The total payment for the compensation of employees for FY 2019/20 stood at **Kshs. 304,234,494** representing a 2% increase compared to **Kshs. 297,281,360** recorded in the FY 2018/19. This is attributed to the annual increase of staff basic salaries, salaries for new staff, and interns who were recruited during the financial year; and employer contributions to the staff pension scheme at 20% upon the conversion of staff from contract terms to permanent and pensionable terms.

16.4 USE OF GOODS AND SERVICES

Item Description	Item Code	2019-2020	2018-2019
		Kshs	Kshs
Utilities, Supplies and Services	2110100	1,500	12,300
Communication, Supplies and Services	2110200	8,756,746	9,727,058
Domestic Travel and Subsistence, and Other Transportation Costs	2210300	9,311,993	12,475,079
Foreign Travel and Subsistence, and other transportation costs	2210400	8,135	3,519,355
Printing, Advertising and Information Supplies and	2210500	60,716,379	54,581,230

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Services			
Rentals of Produced Assets	2210600	2,103,249	2,101,239
Training Expenses	2210700	2,873,076	10,445,359
Hospitality Supplies and Servi	2210800	8,824,519	10,338,421
Insurance Costs	2210900	41,063,261	34,001,301
Specialized Materials and Supp	2211000	1,151,538	876,150
OCOB and General Supplies and Services	2211100	7,973,551	7,179,996
Fuel Oil and Lubricants	2211200	2,570,083	3,192,000
Other Operating Expenses	2211300	6,626,964	7,596,334
Routine Maintenance - Vehicles	2220100	5,471,397	5,918,122
Routine Maintenance - Other Assets	2220200	1,696,573	1,842,983
TOTAL		159,148,964	163,806,927

The total payment for the use of goods and services for FY 2019/20 stood at **Kshs. 159,148,964** representing a 3% decrease compared to **Kshs. 163,806,927** recorded in the FY 2018/19. This decrease is due to scaling down of planned activities during the FY 2019/20 as a result of budgetary cuts and the effects of COVID-19 pandemic.

16.5 SOCIAL SECURITY BENEFITS

Item Description	Item Code	2019-2020	2018-2019
		Kshs	Kshs
Government Pension and Retirement Benefits	2710100	10,793,555	33,561,152
TOTAL		10,793,555	33,561,152

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

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The total payment for the social security benefits for FY 2019/20 stood at **Kshs. 10,793,555** representing a 68% decrease compared to **Kshs. 33,561,152** recorded in the FY 2018/19. This was due to the reduction in the number of staff whose contracts ended within the financial year under review.

16.6 ACQUISITION OF ASSETS-NON- FINANCIAL

Item Description	Item Code	2019-2020	2018-2019
		Kshs	Kshs
Purchase of Motor Vehicles	3110700	21,987,259	-
Purchase of OCOB Furniture and General Equipment	3111000	1,746,595	732,195
Purchase of Specialized Plant, Equipment and Machinery	3111100	-	3,781,600
TOTAL		23,733,854	4,513,795

The total payment for the acquisition of assets for FY 2019/20 stood at **Kshs. 23,733,854** representing a 426% increase compared to **Kshs. 4,513,795** recorded in the FY 2018/19. The significant increase is attributed to the purchase of motor vehicles during the financial year under review

16.7 ACQUISITION OF ASSETS- FINANCIAL

Item Description	Item Code	2019-2020	2018-2019
		Kshs	Kshs
Domestic Lending and On-lending(Mortgage Scheme)	4110000	100,000,000	50,000,000
TOTAL		100,000,000	50,000,000

During the year under review, the mortgage fund stood at **Kshs.100,000,000** which was a 100% increment from the FY 2018-19 to cater for implementation of the Big 4 Agenda projects and enablers as contained in Medium Term Plan II 2018-2022(Affordable Housing) for staff mortgage scheme paid to Housing Finance Corporation.

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16.8 EXPENDITURE FROM DOMESTIC AND FOREIGN GRANTS

Item Description	Item Code	2019-2020	2018-2019
Expenditure from Multilateral Donors(International Organizations)		Kshs	Kshs
Ford Foundation	7310000	4,765,000	5,712,290
TOTAL		4,765,000	5,712,290

During the year under review, the OCOB made payments amounting to **Kshs. 4,765,000** from Ford Foundation grant to cater for the end of year term activities.

16.9 A: BANK ACCOUNTS

Name of Bank, Account Number & Currency	Amount in Bank account currency	Account Type	Item Code	2019-2020	2018-2019
	Kshs			Kshs	Kshs
Central Bank of Kenya Bank, A/C 1000181338, Kshs	1,181,291	Recurrent	6530000	1,181,291	1,502,251
Central Bank of Kenya Bank ,A/C 1000182369,Kshs	1,858,587	Deposit	6550000	1,858,587	6,095,454
TOTAL	3,039,878			3,039,878	7,597,705

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16.9 B: CASH IN HAND

Item Description	Item Code	2019-2020	2018-2019
		Kshs	Kshs
Cash in Hand-Held in domestic currency Headquarters, Bima House Building, 12th-floor cash office	6580000	329,439	666,815
TOTAL		329,439	666,815

Cash in hand should also be analyzed as follows:

Item Description	Item Code	2019-2020	2018-2019
		Kshs.	Kshs
Location: Headquarters, Bima House Building, 12th-floor cash office	6580000	329,439	666,815
TOTAL		329,439	666,815

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

16.10 ACCOUNTS RECEIVABLES

Item Description	Item Code	Bank Account Type	2019-2020	2018-2019
			Kshs	Kshs
Salary Advance	6740000	Recurrent	51,333	-
TOTAL			51,333	-

The amount relates to salary advance given to a member of staff during the financial year under review.

Name of Officer	Date taken	Amount Taken	Amount Recovered	Balance
		Kshs	Kshs	Kshs
Sarah Sakha	30.11.2019	110,000	58,667	51,333
TOTAL		110,000	58,667	51,333

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16.11 ACCOUNTS PAYABLE

Item Description	Item Code	Bank Account Type	2019-2020	2018-2019
			Kshs	Kshs
Retention	7320000	Deposit	200,000	698,256
Other Liabilities(deposit)	7310000	Deposit	1,658,587	5,397,198
TOTAL			1,858,587	6,095,454

This amount includes retention on bid bond fees paid by Losagi Insurance forbidding insurance services and Ford Foundation grant given to conduct capacity building exercise for county officials on matters of budget-making process and planning.

16.12 FUND BALANCE BROUGHT FORWARD

Item Description	Item Code	2019-2020	2018-2019
		Kshs	Kshs
Opening Balance Bank	9990100	7,597,705	2,851,205
Opening Balance Cash	9990200	666,815	177,239
Opening Balance Receivables - Imprest and Clearance Accounts	9990300	-	-
Opening Balance - Deposits	9990100	(6,095,454)	(1,967,560)
TOTAL		2,169,066	1,060,885

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

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16.13 CHANGES IN RECEIVABLES –SALARY ADVANCE

Item Description	Item Code	2019-2020	2018-2019
		Kshs	Kshs
Payables at the beginning of the Year	7320000	-	-
Payables at the end of the Year	7320000	51,333	-
TOTAL		(51,333)	-

16.14 CHANGES IN PAYABLES -DEPOSITS AND RETENTIONS

Item Description	Item Code	2019-2020	2018-2019
		Kshs	Kshs
Payables at the beginning of the Year	7320000	6,095,454	1,967,560
Payables at the end of the Year	7320000	1,858,587	6,095,454
TOTAL		(4,236,867)	4,127,894

16.15 PRIOR YEAR ADJUSTMENTS

Item Description	2019-2020	2018-2019
	Kshs	Kshs
Adjustments on bank account balances-Remittances to Exchequer-Recurrent Bank Balance-The National Treasury (FY 2018/19 Balances)	1,502,251	883,646
Adjustments on cash in hand-Remittances to Exchequer-Cash Balance-The National Treasury (FY 2018/19 Balances)	666,815	177,239
TOTAL	2,169,066	1,060,885

Prior year adjustments relate to the fund balances brought forward which were refunded to the exchequer hence adjusted by a reduction on the bank and cash balances during the year.

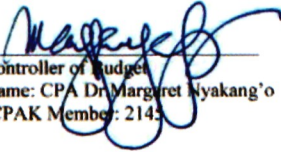
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16.16 ANALYSIS OF THE DEPOSIT ACCOUNT

Description	2019-2020	2018-2019
	Kshs	Kshs
Retention-Fine Tops Enterprises	-	1,257
Retention-Specicom Technologies Ltd	-	497,000
Bid Bond-Losagi Insurance	200,000	200,000
The National Treasury - Commissions(payroll)	16,867	77,998
Insurance Refund	82,540	310,940
Tender Bond-Losagi Insurance	-	145,500
Ford Foundation	1,164,620	4,372,710
EFT Collections	-	490,049
CIC Insurance Medical Refund	394,560	-
TOTAL	1,858,587	6,095,454

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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The OCOB financial statements was approved on 28th September 2020 and signed by:



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



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



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

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) i) Background information

The Office of the Controller of Budget (OCOB) was established under Article 228(1) of the Constitution of Kenya (COK) 2010. The OCOB was further operationalized through the enactment of the Controller of Budget Act, 2016.

The rationale for the creation of the OCOB as an independent office under the Constitution of Kenya, 2010 was to address the demand by the public for separation of financial management functions; that is; controlling, monitoring, evaluating and reporting on budget implementation from the auditing function. The OCOB seeks among other issues, to promote prudent financial management, fiscal discipline and equitable allocation of available resources to improve transparency and accountability in the budget implementation process, particularly with the inception of the devolved system of government, which requires stringent budgetary control.

Prudent financial management will ensure that the country fast tracks the implementation of the programs and flagship projects envisaged in Kenya's vision 2030. The OCOB is headed by the Controller of Budget who is responsible for the policy and strategic leadership of the organization.

ii) OCOB Mortgage Scheme Fund

The OCOB Mortgage Scheme Fund is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December 2014. Further, the fund was established and administered as provided under Section 24 (4) (5) (6) (7) of the PFM Act, 2012 and section 127 (1) (2) of the PFM (National Government) Regulations, 2015.

Section 84 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the fund and as advised by the SRC in the circular under the reference, the Office of the Controller of Budget developed Staff Mortgage Scheme

Guidelines, 2018 and adopted the PFM Act, 2012 and PFM Regulations, 2015 to guide in the operationalization of the fund.

The fund is under the management of the Housing Finance Corporation-Kenya (HFCK). The role of the bank is to provide administration services for the fund.

The SRC in its circular reference SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. Arising therefrom, the Office of the Controller of Budget approved and adopted the OCOB Mortgage Scheme Guidelines, 2018 on 1st March, 2019.

The fund is wholly owned by the Office of the Controller of Budget and is domiciled in Kenya.

b) Principal Activities

The principal activity of the fund is to provide mortgage loans to OCOB staff.

Vision

OCOB Vision envisages a country where public funds are utilized prudently.

The OCOB Mortgage Fund envisages being a Fund of Choice for Staff.

Mission

OCOB Mission is to oversee implementation of Government budgets through timely authorization of withdrawals from Public Funds and reporting on utilization.

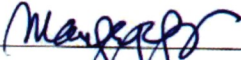
The Fund's Mission is to provide affordable, accessible and sustainable mortgage loans to staff in line with the Big Four and Vision, 2030.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the national government, development partners, stakeholders, management, staff and fund committee members for their continued support which made us achieve these results.

I look forward to your continued support in the year 2020/2021.

Signed: _____



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

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3.2 Budget Execution by Economic Classification

Budget Execution by Economic Classification in the FY 2019/20 as shown in Table 10

Table 3.2: Budget Execution by economic classification

Economic Classification	Approved Budget	Actual Payments	Variance	Absorption Rate
	Kshs	Kshs	Kshs	%
Compensation of employees	336,408,408	304,234,494	32,173,915	90
Use of goods and services	206,339,397	159,148,964	47,190,433	77
Social security benefits	11,265,600	10,793,555	472,045	96
Acquisition of assets(non-financial)	24,086,595	23,733,854	352,741	99
Acquisition of assets(financial)	100,000,000	100,000,000	-	100
TOTAL	678,100,000	597,910,867	80,189,133	88

❖ **Compensation to Employees**

Compensation to employees included; basic salaries for permanent employees, basic wages for temporary employees, personal allowances paid as part of salary, employer contribution to compulsory national social security schemes and pension schemes. The budget allocated was Kshs. **336,408,408** representing **50%** of the overall budget. This recorded the highest expenditure of **Kshs.304, 234,494** representing an absorption rate of **90%**

❖ **Use of goods and services**

This category includes: domestic and foreign travel, printing and advertising, rentals and rates for non-residential, training, hospitality, legal fees, and maintenance expenses for motor vehicles and other assets among other expenses. The budget allocated was Kshs.**206, 339,397** representing **30%** of the overall budget. This recorded expenditure of **Kshs.159, 148,964** representing an absorption rate of **77%**

❖ **Social Security Benefits**

This category includes: Gratuity for civil servants and government pension and retirement benefits. The budget allocated was Kshs.**11, 265,600** representing **2%** of the overall budget. This recorded expenditure of **Kshs.10, 793,555** representing an absorption rate of **96%**

3. CORPORATE GOVERNANCE STATEMENT

THE MORTGAGE FUND

The OCOB Mortgage Fund scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December 2014 and Section 24 (4)(5)(6)(7) of the Public Finance Management (PFM) Act 2012 and 127 (1)(2) of the PFM (National Government) Regulations, 2015. Its mandate is to provide car loans to members of staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the committee at its apex. The operations of the fund are governed by OCOB Staff Mortgage Scheme Guidelines, 2018 approved on 1st March, 2019 and PFM Act, 2012, PFM Regulations, SRC Circulars, National Treasury Circulars and any other government legislations.

THE FUND MANAGEMENT COMMITTEE

Section 6 & 8 of the OCOB Staff Mortgage Guidelines of 2018 provides for appointment of committee and administrator of the fund. The committee is made up of seven members including the chairperson and a secretary. The committee is responsible for the long-term strategic direction of the fund. The committee exercises leadership, enterprise, integrity and judgment in directing the Fund.

The committee members are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund administrator but the committee is responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate.

COMMITTEE MEETINGS

The committee meets quarterly or as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets. The committee also plays an oversight role over all other financial and operational issues.

STATEMENT OF COMPLIANCE

The committee confirms that the fund has throughout the FY2019/2020 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

The committee is responsible for reviewing the effectiveness of the fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Management Team

The management team headed by the Fund Administrator implements the committee decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the committee's objectives are achieved effectively and efficiently.

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Corporate social responsibility is an integral part of our culture. As a responsible organisation, we respect the interests of our stakeholders – our employees, customers, suppliers and the wider community and we actively seek opportunities both to improve the environment and to contribute to the well-being of the communities around us.

During the financial year 2019/20, the fund did not carry-out any CSR due to the instability brought about by Covid-19 pandemic and the adherence to the measures put in place by the government thereon to curb the pandemic. We are looking forward to getting involved more in CSR activities in FY 2020/21, and the management team has been tasked with coming up with more CSR ideas.

5. REPORT OF THE COMMITTEE

The committee submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the fund affairs.

Principal activities

The principal activity of the fund is to provide financing to the members of staff to purchase, develop or renovate residential property.

Results

The results of the Fund for the year ended June 30, 2020 are set out on pages 16 to 21

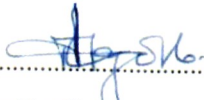
Committee

The members of the committee who served during the year are as shown on page 5. There were no changes in the committee during the FY 2019/20.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Committee



.....
Committee Chair
Name: CPA Macklin Ogolla
ICPAK Member: 4077
Date: 28th September 2020.

6. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 84 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a National Public Fund established under the constitution or an act of parliament shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the National Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2020. 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 Fund; (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 Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the National Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2020, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the National Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Committee on 28th September 2020 and signed on its behalf by:



Mortgage Fund Administrator
CPA Pamela Okatch
ICPAK Member Number: 7884

7. REPORT OF THE INDEPENDENT AUDITOR

8. FINANCIAL STATEMENTS

8.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2020

	Note	2019/2020	2018/2019
		(\$)	(\$)
Revenue from non-exchange transactions			
Transfers from the National Government	1	100,000,000	50,000,000
		100,000,000	50,000,000
Revenue from exchange transactions			
Interest income	2	5,077,387.42	-
		5,077,387.42	-
Total revenue		105,077,387.42	50,000,000
Expenses			
Finance costs	3	761,608.11	-
Total expenses		(761,608.11)	-
		104,315,779.31	50,000,000
Other gains/(losses)			
Gain/(loss) on disposal of assets	4	-	-
Surplus/(Deficit) for the period		4,315,779.31	-

The notes set out on page 27 to 33 form an integral part of these Financial Statements

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8.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	FY2019/2020 KShs	FY2017/2018 KShs
Assets			
Current assets			
Cash and cash equivalents	11	154,315,779.31	50,000,000
		154,315,779.31	50,000,000
Non-current assets		-	-
Total assets		154,315,779.31	50,000,000
Liabilities			
Current liabilities		-	-
Non-current liabilities		-	-
Total liabilities		-	-
Net assets		154,315,779.31	50,000,000
Revolving Fund		150,000,000	50,000,000
Reserves		-	-
Accumulated surplus		4,315,779.31	-
Total Equity		154,315,779.31	50,000,000

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th September 2020 and signed by:



Name: CPA Macklin Ogolla
ICPAK Member: 4077
Committee Chair



CPA Pamela Okatch
ICPAK Member Number: 7884
Mortgage Fund Administrator

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8.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020

	Revolving Fund	Revaluati- on Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2018	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	50,000,000	-	-	50,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	50,000,000	-	-	50,000,000
Balance as at 1 July 2019	50,000,000	-	-	50,000,000
Surplus/(deficit) for the period	-	-	4,315,779.31	4,315,779.31
Funds received during the year	100,000,000	-	-	100,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	100,000,000	-	4,315,779.31	154,315,779.31

5.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	FY2019/2020	FY2018/2019
		KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from the National Government		100,000,000	50,000,000
Interest received		5,077,387.42	
Receipts from other operating activities			
Total Receipts		105,077,387.42	50,000,000
Payments			
Finance cost		761,608.11	
Total Payments		761,608.11	
Net cash flows from operating activities	21	104,315,779.31	50,000,000
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts			
Additional borrowings			
Repayment of borrowings			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		104,315,779.31	50,000,000
Cash and cash equivalents at 1 JULY	15	50,000,000	
Cash and cash equivalents at 30 JUNE	15	154,315,779.31	50,000,000

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8.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2020

	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	-	-	-%
Transfers from National Govt.	100,000,000	-	100,000,000	100,000,000	-	100%
Interest income	5,077,387.42	-	5,077,387.42	5,077,387.42	-	-%
Other income						100%
Total income	105,077,387.42		105,077,387.42	105,077,387.42		100%
Expenses						
Finance cost	761,608.11		761,608.11	761,608.11	-	100%
Total expenditure	761,608.11		761,608.11	761,608.11		100%
Surplus for the period	4,315,779.31		4,315,779.31	4,315,779.31		100%

8.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii) Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

3. Budget information

The original budget for FY 2018/2019 approved by the National Assembly for the OCOB was Kshs 618,170,000 with an allocation of Kshs 50,000,000 towards the mortgage fund account. Further, the original budget for FY 2019/20 was Kshs 703,100,000. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Kshs 100,000,000 on the 2019-2020 budgets following the national assembly approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual

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basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 12.5 of these financial statements.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

5. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice-versa. Members of key management are regarded as related parties and comprise the Fund Administrator and the Fund Accountant.

6. 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 and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash-impres and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

7. Comparative figures

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

8. Events after the reporting period

There were no material adjusting and non- adjusting events after the reporting period.

9. Ultimate and Holding Entity

The entity is a National Public Fund established by Section 84 of the Public Finance Management (PFM) Act 2012. Its ultimate parent is the OCOB.

10. Currency

The financial statements are presented in Kenya Shillings (KSh).

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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8.7. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from County Government

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Transfers from National Govt. – operations	100,000,000	50,000,000
Payments by County on behalf of the entity	-	-
Total	100,000,000	50,000,000

2. Interest income

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Interest income from loans (mortgage or car loans)	-	-
Interest income earned on deposits	5,077,387.42	-
Total interest income	5,077,387.42	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Finance costs

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Interest on Bank overdrafts		
Interest on loans from banks		
Withholding Tax on interest income	761,608.11	-
Total	761,608.11	-

4. Cash and cash equivalents

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Fixed deposits account	154,315,779.31	50,000,000
On call deposits		
Current account:		
Others		
Total cash and cash equivalents	154,315,779.31	50,000,000

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Detailed analysis of the cash and cash equivalents are as follows:

		FY2019/2020	FY2018/2019
Financial institution	Account number	KShs	KShs
a) Fixed deposits account			
Housing Finance Company Ltd	9289753401-0	154,315,779.31	50,000,000
Sub- total		154,315,779.31	50,000,000
b) On - call deposits		-	-
Sub- total			
c) Current account			
Sub- total			
d) Others(specify)			
Cash in transit			
Cash in hand			
M Pesa			
Sub- total			
Grand total		154,315,779.31	50,000,000

1. Cash generated from operations

	FY2019/2020	FY2018/2019
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Interest income	5,077,387.42	-
Finance cost	761,608.11	
Working Capital adjustments		
Decrease in inventory		

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	FY2019/2020	FY2018/2019
	KShs	KShs
Transfers from related parties'	100,000,000	50,000,000
Transfers to related parties		
Total	100,000,000	50,000,000

c) Due from related parties

	FY2019/2020	FY2018/2019
	KShs	KShs
Due from parent Ministry		
Due from National Government	100,000,000	50,000,000
Total	100,000,000	50,000,000

d) Due to related parties

	FY2019/2020	FY2018/2019
	KShs	KShs
Due to parent Ministry		
Due to National Government		
Due to Key management personnel		
Total		

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9. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The fund was established in FY 2018/19 and became operational in FY 2019/2020

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)

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- d) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.

CHAPTER FOUR

EMERGING ISSUES, CHALLENGES AND RECOMMENDATIONS

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

4.1 Delays in the Approval of key planning and budget documents by County Governments

The PFM Act, 2012 provides for the existence of an Approved Budget and Appropriation Act by 30th June of each financial year. The law further provides that in case of delays in enacting the County Appropriation Bill, the County Assembly may approve a Vote on Account which authorises the withdrawal of money from the County Revenue Fund to meet expenditure necessary to carry on the services of the County during the financial year until such a time as the relevant appropriation law is passed. As a result, OCOB cannot approve withdrawals of funds from public funds, which negatively impacts the execution of budgets.

The Intergovernmental Relations Technical Committee should come up with strategies to address the relationship issues between the County Executives and Assemblies and for continuous capacity building of County Governments on the role of the two arms in the budget-making process.

4.2 Inadequate Budget Allocation

Austerity measures affected funding for some constitutional mandates such as public sensitisation on the budget-making process and monitoring, evaluation and reporting on programmes and projects implemented by both national and county governments. Besides, the OCOB is often enjoined as a party to court cases involving budgeting and the implementation of the budgets. This ends up in high legal representation costs.

OCOB will continue to lobby Parliament for an additional budget to deliver on all the mandates as required by law. The office is likely to be

involved in many court cases given that the Public is now gaining more knowledge on their rights in aspects of public finance, therefore adequate funding for legal fees will be critical.

4.3 Inconsistent Reporting Timelines

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. Although the Constitution provides that the Controller of Budget submits the reports every four months, Section 9 (1) of the Controller of Budget Act, 2016 limits the period within which the Controller should submit the reports to thirty days after the end of the quarter.

The OCOB relies on financial and non-financial reports prepared by the national and county governments to prepare the Budget Implementation Review Reports (BIRRs) but verifies the same with the user data obtained from IFMIS. The timelines between submission of OCOB reports to Parliament and when National Government and County Governments submit quarterly financial and non-financial reports to OCOB are too close. There is a need to review the legal framework on budget implementation reporting to ensure there is uniformity in the statutory reporting timelines for both national and county government entities to accord OCOB adequate time to prepare and submit budget implementation reports to Parliament on time.

4.4 Ineffective Public Sensitisation Framework

The OCOB is required to disseminate information on budget implementation at both levels of government to the Public under Section 39 (8) PFM Act, 2012. Despite this constitutional requirement, there is no clear framework on how it should be institutionalised and implemented. The process has not been anchored in law and the policy on Public Participation developed by the Ministry of Devolution has not been concluded. As a result, the OCOB has not conducted public sensitisation effectively.

To effectively sensitise the Public as one of the mandates of the OCOB, there is a need for Parliament to expedite the passing of the Public Participation

Bill into law for standardisation and institutionalising of public participation procedures.

4.6 Failure to Report on achievements of Programmes and Projects

The Controller of Budget is required to report on the achievements of programmes and projects by MDAs as stipulated in Section 9 (2) of the Controller of Budget Act, 2016. To ensure compliance, the OCOB developed and shared a format to capture budget and expenditure information to all MDAs. Despite this, some MDAs and County Governments failed to submit budget information on programme and project achievements.

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

4.7 Inadequate Office Space at Bima House

The OCOB is currently occupying two floors at Bima House, Treasury Annex and the current office space is not adequate to accommodate the staff establishment as well as storage space for library and registry offices. There is a need for additional office space to facilitate the storage of files and accommodate staff adequately.

4.8 Effect of the COVID-19 Pandemic

The first COVID-19 case in Kenya was confirmed in mid-March 2020, prompting the government to institute stringent measures to curb its spread. While the COVID-19 Pandemic is primarily a health crisis with far-reaching economic ramifications, the responses instituted to control its spread have disrupted millions of livelihoods with a disproportionate impact on poor households and the global economic environment. Covid-19 pandemic affected the implementation of outdoor activities e.g. public outreach programmes and research activities. As a result, the OCOB could not implement some of the planned activities in the reporting period.

CHAPTER FIVE

CONCLUSION

This Annual Report covering the period July 2019 to June 2020 was prepared in fulfilment of Article 254(1) of the Constitution and Section 9 of the Controller of Budget Act, 2016. The report complies with the requirements for each constitutional commission and each holder of an independent office to submit a report to the President and Parliament, as soon as practicable, after the end of each financial year. The report has outlined activities implemented by the OCOB and the key achievements during the reporting period.

Some of the key activities highlighted in the report include the preparation of budget implementation reports that were submitted to Parliament and distributed to stakeholders, authorisation of withdrawals from public funds to implement approved budgets for both national and county governments, reviewed planning and budgeting documents by both national and county governments to check for compliance with the law, and held a sensitisation forum for members of the public drawn from Kericho, Narok, Nyamira, Bomet and Migori counties.

The OCOB remains committed to promoting prudent financial management in the public sector and was recognised by the Institute of Certified Public Accountants of Kenya (ICPAK), the Capital Markets Authority (Kenya) and the Nairobi Securities Exchange (NSE) and awarded the Financial Reporting (FiRe) Award in promoting excellence in financial reporting and fostering sound financial management in the public sector. The office emerged as the 2nd Runners up during the 2019 FiRe Award under the Independent Offices and Constitutional Commissions Reporting under IPSASs Cash category. The office, therefore, calls upon all stakeholders in the public sector to support its effort in monitoring the usage of public resources to ensure public resources are used for the benefit of the public.

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17. ANNEXES

ANNEX 1: Other Pending Payables

Item Description	Item Code	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
		Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	7310100	77,998	298,635	359,766	16,867
Amounts due to OCOB	7310100	5,319,199	2,339,310	6,016,789	1,641,720
Amounts due to third parties	7320200	698,257	-	498,257	200,000
TOTAL		6,095,454	2,637,945	6,874,812	1,858,587

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ANNEX 2: 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)
Misclassification of Mortgage Funds	The amount of Kshs.50,000,000 being staff mortgage was expensed and classified as acquisition of assets and also wrongly included in the summary of fixed assets register. The Auditor recommended a journal voucher should be raised to reclassify the mortgage funds into current assets and charge economic item 2820200- Capital Transfers to Public Institutions and Enterprises.	The Office uses Cash Basis of accounting in which the template classifies the funds as part of Acquisition of Assets. Furthermore, a journal entry will imply that the Office incurred expenditure without a budget line. We would, however recommend that the issue be sorted out at the budget making process in the next accounting period.	Pamela Okatch(Chief Manager Finance & Accounts)	Not Resolved. A letter drafted, dated 5th February 2020 to PS, The National Treasury through the Director General Accounting Services and Quality Assurance to seek for assistance.	

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ANNEX 3 - Analysis of other Pending Payables

Name	Brief Transaction Description	Outstanding Balance 2019	Outstanding Balance 2020	Comments
		c	d=a-b	
Amounts due to National Govt Entities				
1. The National Treasury	Payroll commission	77,998	16,867	
Sub-Total	-	77,998	16,867	
Amounts due to County Govt Entities				
2. NONE	-	-	-	
Sub-Total	-	-	-	
Amounts due to Third Parties				
3. Retention -Specicom Technologies Ltd	Retention	497,000	-	
4. Retention - Pong Agencies	Retention	1,257	-	
5. Tender Bond-Real Insurance	Retention	200,000	200,000	
Sub-Total	-	698,257	200,000	
Others (specify)				
6. Losagi Insurance Broker	Insurance Compensation	145,500	-	
7. Insurance	Insurance Compensation	800,989	477,100	
8. Ford Foundation	Grant	4,372,710	1,164,620	
Sub-Total		5,319,199	1,641,720	
Grand Total		6,095,454	1,858,587	

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ANNEX 4 – Summary of Fixed Asset Register

Asset class	Item Code	Historical Cost b/f	Additions during the Year	Disposals during the Year	Historical Cost c/f
		Kshs	Kshs	Kshs	Kshs
Non-Financial Assets		125,422,713	23,733,854	86,859	149,069,708
Refurbishment of buildings	3110300	2,328,000	-	-	2,328,000
Vehicles and Other Transport Equipment	3110700	26,799,000	21,987,259	-	48,786,259
OCOB Furniture and General Equipment	3111000	73,380,678	1,746,595	86,859	75,040,414
Specialised Plant, Equipment and Machinery	3111100	22,915,035	-	-	22,915,035
Financial Assets		50,000,000	100,000,000	-	150,000,000
Domestic Lending and On-Lending(Mortgage)	4110000	50,000,000	100,000,000	-	150,000,000
TOTAL		175,422,713	123,733,854	86,859	299,069,708

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

Additions during the year amounting to **Kshs. 23,733,854** are assets acquired during the year (see note 16.6). However, the amount in figures in the table above;

- ❖ Does not include the cost of vehicles worth **Kshs 45,484,472** which were earlier bought through the National Treasury funding before the OCOB was voted.
- ❖ Include payment for staff loan mortgage scheme amounting to **Kshs.100,000,000**
- ❖ During the year, assets were disposed of amounting to **Kshs. 86,859**.

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ANNEX 5 – List of Projects implemented by the OCOB

Ref	Project Name	The principal activity of the project	Accounting Officer	The project consolidated in these financial statements(yes/no)
1	The OCOB did not have any capital formation project during the year under review			

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ANNEX 6 – List of SCSs, SAGAs and Public funds under the OCOB

Ref	SC, SAGA or Public Fund's name	The principal activity of the entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Public Fund- OCOB Mortgage Fund	Provide loan scheme for OCOB Staff members	Controller of Budget	Ksh.100 million	Yes

*The OCOB has maintained separate financial statements for the Mortgage Fund Account prepared under IPSAS Accrual Basis.



OFFICE OF THE CONTROLLER OF BUDGET

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