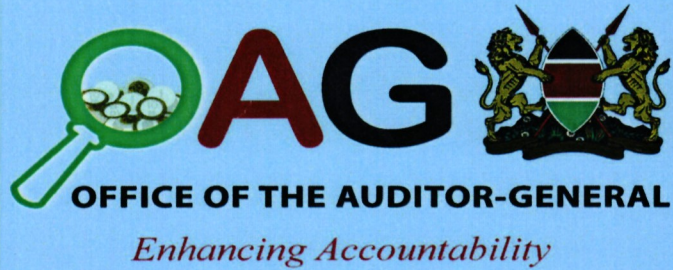


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REPORT

OF

THE AUDITOR-GENERAL

ON

OFFICE OF THE CONTROLLER OF BUDGET

FOR THE YEAR ENDED
30 JUNE, 2021

THE NATIONAL ASSEMBLY PAPERS T AID	
DATE: 22 MAR 2022	DAY: TUESDAY
TABLED BY: MAJORITY LEADER	
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OFFICE OF THE CONTROLLER OF BUDGET



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

OFFICE OF THE CONTROLLER OF BUDGET
Annual Report and Financial Statements
For the year ended June 30, 2021

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background Information

The Office of the Controller of Budget (OCOB) was established under Article 228 of the Constitution of Kenya (2010). The OCOB was further operationalized through the enactment of the Controller of Budget Act, 2016. The office became operational upon the appointment of the first Controller of Budget in August 2011.

The rationale for the creation of the OCOB as an independent office under the Constitution was to address the need by the public for separation of financial management functions; that is; controlling, monitoring, evaluating and reporting on budget implementation from the auditing function. The functions were previously performed by the National Treasury and the Controller and Auditor-General respectively. There was also a need to have an independent institution that would monitor, evaluate and report to Parliament on budget implementation by both the National and County governments and advice on remedies to be taken as the budget is being implemented, thereby providing strong checks and balances and promoting fiscal discipline with equitable allocation of available resources.

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 controls.

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.

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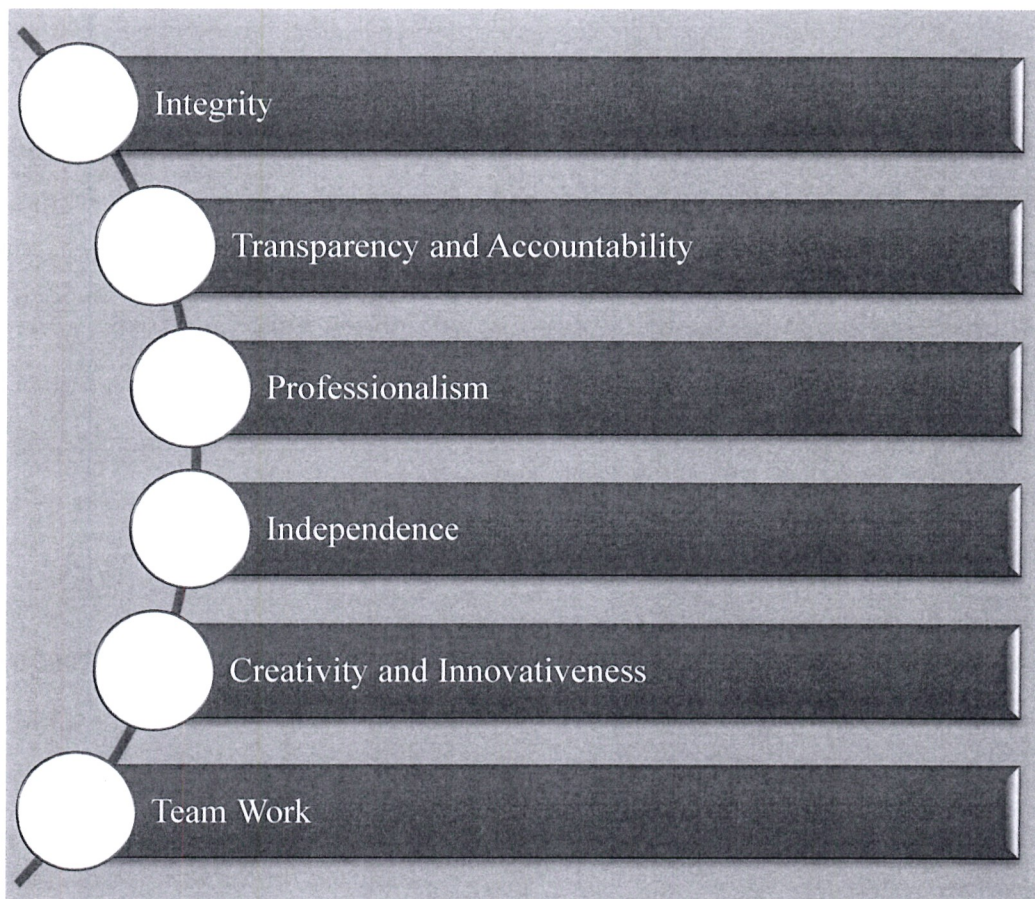
OUR VISION

A country where public funds are utilized prudently

OUR MISSION

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

OUR CORE VALUES



OFFICE OF THE CONTROLLER OF BUDGET

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1.1 The Mandate of the Office

The Office of the Controller of Budget (OCOB) is an independent office established under Article 228 of the Constitution of Kenya with the mandate to oversee implementation of the budgets of the National and County Governments by authorizing withdrawals from public funds (Consolidated Fund, County Revenue Funds, Equalization Fund and any other public fund as may be prescribed in law from time to time). In addition, the OCOB is mandated to prepare, publish and publicize statutory reports and submit to Parliament every four months; conduct investigations based on own initiative or upon a complaint made by a member of the public, conduct alternative dispute resolution on disputes relating to budget implementation and providing information to the public on budget implementation at both levels of government. The OCOB also has the mandate to advise Parliament in cases where the Cabinet Secretary in charge of Finance stops the transfer of funds to State organs or any other public entities. The office is further charged with the mandate of ensuring prudent and efficient use of public funds by enforcing the ceilings prescribed by Parliament; monitoring evaluating, reporting and making recommendations to both the National and County governments on measures to improve budget implementation.

1.2 The Roles of the Controller of Budget

The OCOB oversees the implementation of the budgets of both the national and county governments by authorizing withdrawals from Public Funds as provided for under Articles 204, 206 and 207 of COK, 2010. The roles and functions of the OCOB are as stipulated in the Constitution of Kenya 2010, PFM Act, 2012 and the Controller of Budget Act, 2016, among other laws, are as follows: -

1) Oversight

The oversight role involves overseeing the implementation of the budgets of both the national and county governments. The Controller of Budget performs in-year monitoring of the use of public funds and reports to Parliament on how the funds have been utilized.

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2) Controlling

The controlling function involves authorizing withdrawals from public funds. Before authorizing any withdrawal from Public funds, the Controller of Budget must be satisfied that the said withdrawal is authorized by law, as per Article 228 (5) of the Constitution.

Public funds include:-

Consolidated Fund: All funds raised or received by or on behalf of the National Government are deposited into the Consolidated Fund. Article 206 (4)) mandates the Controller of Budget to authorize withdrawals from the Consolidated Fund.

County Revenue Fund (CRF): The CRF is the fund into which all money raised or received by or on behalf of a County government including money raised from property rates, entertainment taxes, levies, fees, charges, etc. is deposited (Article 207 (1)). Article 207 (3) of the Constitution of Kenya states that the Controller of Budget has the sole mandate and power to approve any withdrawal from a Revenue Fund.

Equalization Fund (EF): Article 204(1) of the Constitution establishes the Equalization Fund. The National Government uses the Fund to provide basic services including water, roads, health facilities and electricity to the marginalized areas to bring the quality of services in those areas to the same level as generally enjoyed by the rest of the nation.

3) Reporting on Budget Implementation

The reporting role entails the preparation of quarterly, annual and special reports to the Legislature and Executive on budget implementation matters of the national and county governments according to Article 228 (6). The types of reports produced by the office include but are not limited to: Quarterly statutory reports to each House of Parliament on the implementation of the budgets of the National and County governments under Article 228 (6) of the Constitution, Annual reports to the President and Parliament (Article 254 (1)); Special reports produced on the request of the President, Parliament (Article 254 (2)) and the COB Act, 2016 or a member of the public through a petition; Arbitration/Mediation reports to Parliament on matters relating to Budget Implementation

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under Article 225 (7a) Article 252 (1a&1b), and Performance reports for the activities of the OCOB.

All the reports produced by the office are published and publicized in line with Article 254 (3) of the Constitution which states that “Every report required from a commission or holder of an independent office under this Article shall be published and publicized” for transparency.

4) Advisory on Prudent Public Financial Management

The advisory function involves advising Parliament on financial matters where a Cabinet Secretary in charge of Finance has stopped the transfer of funds to a State organ or public entity. The suspension of funds cannot be lifted or sustained before the Controller of Budget present a report to Parliament.

The COB is expected to investigate the matter leading to the suspension of the transfer of funds to a state organ or public entity, and after that prepare and present a report on the matter to Parliament, which will then be used to approve or renew the decision to stop the transfer of funds to a State organ or public entity as provided for under Article 225 (7) of the Constitution.

The Controller of Budget also advises government entities on how to improve budget implementation, thereby promoting accountability in the use of public financial resources.

5) Investigation

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

6) Arbitration/Mediation on Budget Implementation Matters

The Controller of Budget, under Article 252(1) (b) of the Constitution, has powers to initiate conciliation, mediation and negotiation on matters touching on the use of public

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finances. The Mediation role may involve the resolution of conflicts between the national government and the county governments, or between county governments concerning budget implementation. The role involves conducting alternative dispute resolution to resolve disputes relating to budget implementation.

7) Public Sensitization

The sensitization role involves the OCOB disseminating information to the public on budget implementation at both levels of government, as provided for under Section 39(8) of the Public Finance Management Act, 2012. 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.

The Constitution further sets out public participation as one of the principles guiding public financial management as per Article 201(a). The public can only be actively and effectively involved in the budget process through the timely dissemination of information.

8) Enforcement of Approved Budget Ceilings

The enforcement role involves ensuring that all the entities' expenditures are within the approved budget ceilings of the Parliament and County Assemblies for national and county entities respectively (COB Act, 2016, Sec. 5 (d)).

b) Key Management

The OCOB is headed by the Controller of Budget who is responsible for ensuring effective and efficient management of the day-to-day operations of the office. The COB is assisted by the Deputy Controller of Budget (DCOB) who is also the head of the Budget Implementation Directorate. The Office has the following four directorates and one division:

1. Directorate of Budget Implementation.
2. Directorate of Corporate Services.
3. Directorate of Research and Planning.

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4. Directorate of Legal Services and,
5. Division of Internal Audit.

Table 1: Composition of the OCOB Key Management

S/NO.	DESIGNATION	NAME
1	Controller of Budget	CPA Dr. Margaret Nyakang'o
2	Deputy Controller of Budget	CPA Stephen Masha
3	Director, Corporate Services	CPA Macklin Ogolla
4	Director, Legal Affairs	Ms Rhoda Rutto
5	Director, Research & Planning	Mr Joshua Musyimi
6	Chief Internal Auditor	CPA Joseph Tulula
7	Chief Fiscal Analyst-National Government	CPA Patrick Kamore
8	Chief Fiscal Analyst-County Government	CPA Mark Kipkoech
9	Chief Manager, Public Relations & Communication	Mr Stephen Wangaji
10	Chief Manager, Human Resource & Administration	Ms Irene Arimi
11	Chief Manager, Information Communication & Technology	Ms Judith Muli
12	Chief Manager Finance & Accounts	CPA Pamela Okatch
13	Chief Manager Supply Chain Management	Mr Boniface Ikumu

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

Table 2: Management with Fiduciary Responsibilities

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

1.3 Key Management



CPA Dr. Margaret Nyakang'o
Controller of Budget

CPA Dr Margaret Nyakang'o is the Controller of Budget. She holds a Doctorate in Business Administration from the University of Liverpool, UK. She also holds a Master of Business Administration degree in Strategic Management and a Bachelor of Commerce in Accounting, both from the University of Nairobi. Dr Nyakang'o is a Certified Public Accountant and member of the Institute of Certified Public Accountants of Kenya (ICPAK). She is also a member of the Association of

Women Accountants of Kenya and an active member of the Women on Boards Network with hands-on skills in corporate governance.

Dr Nyakang'o has thirty years of professional experience in the public and private sectors. She has broad experience in Finance and Accounting, Strategic Management, Auditing, Tax, and Human Resource Management. She has undertaken training both within and outside her profession in various disciplines including Enterprise Risk Management, Quality Management Systems, Public Finance Management, and Corporate Governance amongst others. She is passionate about mentoring and coaching young aspiring women professionals and is a Certified Online Trainer and a Certified Professional Coach.



CPA Stephen Masha
Deputy Controller of Budget

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

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Governance Committee.

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



CPA, FA Macklin Ogolla
Director, of Corporate Services

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

CPA Ogolla has over 28 years' work experience gained from his previous positions as Deputy Director of Budget, and Assistant Accountant General at the National Treasury. He is an experienced Finance Manager with a track record of success in developing policies, operational financial management information systems, processes and

OFFICE OF THE CONTROLLER OF BUDGET

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procedures, managing ministry budgeting, financial management and accounting functions. He has worked in various projects such as the World Bank-Funded El-Nino and Emergency Drought Recovery Projects and was the Implementation Team Leader of the IFMIS at the National Treasury at its inception. He also served as Chief Finance Officer in the Ministry of Industrialization and was a Board Member of the Kenya Industrial Estates Limited.



Ms. Rhoda Rutto
Director Legal Services

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

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

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



CPA Joseph Tulula
Chief Internal Auditor

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

Mr Tulula has over 25 years of experience in Auditing, Finance, and Management. He is a seasoned auditor and finance expert, specifically in Risk Management, reviewing the internal control systems

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and implementing computerized financial systems. He is a trained Lead Auditor for ISO quality management systems.

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



CPA Patrick Kamore
Chief Fiscal Analyst-National
Government

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

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



CPA, CS Mark Kipkoech
Chief Fiscal Analyst-County
Governments

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

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

He has had extensive training in investment banking, management and administration of retirement pension schemes, accounting for public and private entities, public finance, public procurement, data analysis and report writing, management and administration. Before joining OCOB, he was the Finance and Compliance Manager at Amana Capital Ltd.



Mrs. Irene Arimi
Chief Manager, HR &
Administration

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

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



Ms. Judith Muli
Chief Manager, Information
Communication and

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

Judith has extensive professional training and over fifteen years of work experience in information systems management

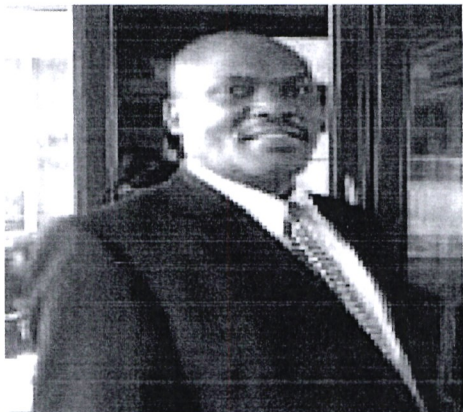
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and training, ICT project management and research. She previously worked as a lecturer at Jomo Kenyatta University of Agriculture and Technology [JKUAT]. She is a member of Information Systems Audit and Control Association (ISACA), Computer Society of Kenya [CSK], Internet Society (ISOC), Kenya Chapter, a lister with Kenya ICT Action Network [KICTANet].

She has attended various leadership, management and ICT seminars and workshops including the Senior Management Course (SMC) at the Kenya School of Government, TOM PETERS (Reimagine Leadership/Re-imagine Excellence) by KPMG, Microsoft Partner University program and United Nations second World Data Forum, amongst others.



FPRSK Stephen Wangaji
Chief Manager, Public Relations &
Communications

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

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

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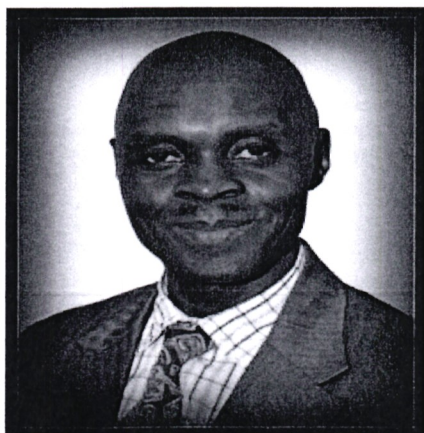


CPA Pamela Okatch
Chief Manager Finance
and Account

CPA Pamela holds a Master of Business Administration [Finance Option] and a Bachelor of Commerce degree [Finance Option] from the University of Nairobi and Catholic University of Eastern Africa respectively. She is a member of the Institute of Public Accountants of Kenya (ICPAK) and the Association of Women Accountants of Kenya (AWAK).

She is a Board Member of the AWAK and the Chair of Public Finance Management (PFM) Committee and Vice-Chair Finance & Strategy Committee at AWAK.

Pamela has over 20 years of experience in the accounting and finance field. She is well versed in accounting systems and practice and has attended various courses of professional training, conferences and workshops both locally and overseas on Financial Management, Accounting, Tax, Public Financial Management, Corporate Governance, Budgeting, and Government Finance Statistics. Previously, she worked for the Kenya Institute of Special Education (KISE) as Head of Finance and Administration and Jaribu Credit Traders Limited as a Senior Accountant.



Mr. Boniface Ikumu Chimwani
Chief Manager, Supply Chain
Management

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

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currently serves as a Member of the Institute's Legislative Committee.

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

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

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d) Fiduciary Oversight Arrangements

The OCOB has established the following administrative structure to entrench good governance practices. Further, the OCOB has created the following ten (10) committees to assist in the fiduciary oversight.

a) Executive Committee

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

- Developing and monitoring the implementation of the OCOB Strategic Plan.
- Approving and monitoring the implementation of OCOB Policies and Procedures.
- Approving OCOB's Organization Structure.
- Overseeing Risk Management in the organization.
- Providing direction on Succession Planning.
- Promoting stakeholder engagements as provided for in the OCOB Strategic Plan.

The composition of the Management Committee is as shown in Table 1.3.

Table 3: Composition of Executive Committee

S/NO.	DESIGNATION	NAME
1	Controller of Budget	CPA Dr. Margaret Nyakang'o
2	Deputy Controller of Budget	CPA Stephen Masha
3	Director, Corporate Services	CPA Macklin Ogolla
4	Director, Legal Services	Ms Rhoda Rutto
5	Director, Research & Planning	Mr Joshua Musyimi

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b) Management Committee

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

- ❖ Planning – establishing and reviewing strategic and operational plans for the office of the Controller of Budget (OCOB).
- ❖ Policy and decision making – establishing policies/procedures that guide the operations of OCOB and record decisions and actions on matters concerning OCOB.
- ❖ Management – ensuring that all staff properly performs their tasks according to their job descriptions and further ensuring that the OCOB mandate is properly executed.
- ❖ Legal – ensuring that at all times, OCOB complies with the laws of Kenya in the discharge of its mandate.
- ❖ Financial – ensuring that all finances are properly managed; that financial records are audited annually and that the principles of public finance management articulated under Article 201 of the Constitution are adhered to.
- ❖ Evaluation – monitoring all activities of OCOB and ensuring that the feedback contributes to the continuous improvement in governance and service delivery.

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

Composition of Management Committee (Membership as shown in table 1 above)

c) Audit and Risk Committee

Section 73(5) of the Public Finance Management Act, 2012 provides that every national government public entity shall establish an Audit Committee whose composition and functions shall be as prescribed by the regulations. Section 174 (10) of the PFM (National

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Government) Regulations, 2015 provides that the Public Sector Accounting Standards Board shall prescribe guidelines for appointment of audit committee members and shall be approved and gazetted by the Cabinet Secretary National Treasury. The National Treasury and Planning have since issued the guidelines for the appointment of Audit Committee members. In compliance with the guidelines, the OCOB has since recruited all the members of the Audit committee.

The membership of the Audit and Risk Committee is made up of members who do not perform the executive functions of the OCOB. The Committee encourages continuous improvement and fosters adherence to the OCOB's policies, procedures and best practices at all levels.

The role of the Audit Committee is to:

- 1) Support the COB concerning their responsibilities for issues of risk and,
- 2) Advice on the control and governance and associated assurance. This is achieved by introducing an independent perspective and a process of constructive challenge, not to undermine the actions of the management but to help the management be fully assured of the most cost effective control and governance processes are in place. However, the responsibility for the management of risk, control and governance processes remains with the management and,
- 3) Follow up on the implementation of the recommendations of the internal and external auditors.

The Audit and Risk Committee reviews internal audit work plan and reports with a view of assessing compliance with various approved policies, procedures, relevant laws and regulations as well as evaluating the adequacy and effectiveness of the OCOB internal controls, risk management and governance processes.

The key achievement during the year under review includes; review of the internal and external Audit reports on various OCOB functions and the review of the OCOB Risk Register to ascertain the adequacy of risks identification, measurement and mitigation strategies.

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The Audit Committee has direct access to the External Auditors, and OCOB Internal auditors.

Table 4: Composition of Audit and Risk Committee

S/NO.	NAME	ROLE
1.	CPA Sudi Ndinyo	Chairman
2.	CPA Margaret Muinde	Member
3.	CPA Agnes Mbaire	Member
4.	CPA Simiyu Walucho	Member
5.	CPA David Mwangi	Member
6.	CPA Joseph Tulula	Secretary

The members of the Audit and Risk Committee were inducted at the Kenya School of Government, Embu Campus from March 24 to 26, 2021 in accordance with section 73(1) (a) of The Public Finance Management Act, 2012. The Committee held its inaugural meeting in February 16, 2021 and another meeting was held in June 29, 2021.

d) Budget Implementation Committee

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

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

Some of the achievements include; preparation of the OCOB Programme Based Budget, preparation of the sub-sector report and Performance Review Reports; Preparation of the Annual budget Estimate and Participation in the Sector working group; advised and

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recommended budget re-allocations and monitored and reported on departmental budgets and expenditures.

Table 5: Composition of Budget Implementation Committee

S/NO.	NAME	ROLE
1	CPA Macklin Ogolla	• Chairperson
2	Mr.Joshua Musyimi	• Vice Chairperson
3	Ms.Judith Muli	• Member
4	Ms.Irene Arimi	• Member
5	Dr.Denis Okungu	• Member
6	Mr..Musa Kidzuga	• Member
7	Mr.Shadrack Chando	• Member
8	Mr.Boniface Ikumu	• Member
9	CPA Patric Kebiro	• Member
11	CPA Antonette Kanani	• Member
12	CPA Pamela Okatch	• Secretary

e) Human Resource Management Advisory Committee (HRMAC)

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

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

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During the period, the committee ensured the finalization and gazettelement of OCOB Procedures for Administrative for Part IV of Public Officer Ethics Act, 2003.

Table 6: Composition of Human Resource Management Advisory Committee

S/NO.	NAME	ROLE
1	CPA Macklin Ogolla	Chairperson
2	CPA Mark Kipkoech	Member
3	CPA Patrick Kamore	Member
4	Ms. Judith Muli	Member
5	Mr. Stephen Wangaji	Member
6	CPA Pamela Okatch	Member
7	Mr. George Tuti	Member
8	Mr. Shadrack Chando	Member
9	Ms. Irene Arimi	Secretary

f) 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 ICTs, risk management, compliance and change management. The committee ensures that OCOB's ICT strategic objectives and their implementation remain aligned with the mandate and strategic objectives of the Office.

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

Some of the achievements include:

1) Development of the ICT Strategy- Infrastructure

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

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2) Systems and Application Development

The office in partnership with UNICEF, in conjunction with UN-Women and UNDP under the UN Joint Devolution Programme, is developing an Electronic Data Capture and Reporting System referred to as the Controller of Budget Management Information System (COBMIS) that will automate information preparation of financial and non-financial by spending entities and reporting by my office in line with Article 228(6) of the Constitution.

COBMIS will provide insight on planning, monitoring and evaluation of projects in terms of funding and time.

In addition to the above, this system will be able to harness the unique data pool to allow the creation of customized reports and analysis.

The committee is tasked with:

- Periodic and Continuous assessment of available and effectiveness of the current ICT systems.
- Development of ICT risk management framework.
- Training and Skills development for all Staff.
- Stakeholder engagements.
- Research, Innovation and Agility.

Table 7: Composition of ICT Steering Committee

S/NO	NAME	ROLE
1.	CPA Macklin Ogolla	Chairperson
2	CPA Mark Kipkoech	Member
3	CPA Patrick Kamore	Member
4	Ms. Irene Arimi	Member
5	Mr. Stephen Wangaji	Member
6	CPA Pamela Okatch	Member
7	Mr. George Tuti	Member
8	Ms Judith Muli	Secretary

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g) Integrity Committee

The purpose of the Committee is to institutionalize the anti-corruption initiatives in the operations of the Office of the Controller of Budget. The mandates of the committee include;

- ❖ Coordination, formulation and implementation of Codes of Conduct and Ethics, Anti-Corruption Policy, Integrity Testing Programme, Whistle Blowers Protection Systems, Corruption reporting channels, Customer service charters for all Departments, Financial, Procurement, and Human Resource Manuals, Corruption Risk Assessment and mitigation plan and Performance contracting targets.
- ❖ Holding periodic meetings to deliberate on anti-corruption and other integrity issues.
- ❖ Setting priorities in the prevention of corruption in functional areas.
- ❖ Planning and coordinating corruption prevention strategies.
- ❖ Integrating integrity in the institutional programs and activities.
- ❖ Receiving and reviewing corruption reports and recommending action.
- ❖ Planning staff training on integrity issues.
- ❖ Spearheading anti-corruption public campaigns within the Office.
- ❖ Monitoring the impact of corruption prevention initiatives.
- ❖ Preparing and submitting regular progress reports to Ethics and Anti-Corruption Commission and other appropriate agencies.
- ❖ Strengthening internal control systems.

Table 8: Composition of Integrity Committee

S/NO	NAME	ROLE
1.	CPA Dr. Margret Nyakang'o	Chairperson
2.	CPA Stephen Masha	Member
3.	CPA Macklin Ogolla	Member
4.	Mr. Joshua Musyimi	Member
5.	Ms. Rhoda Rutto	Member
6.	Ms Irene Arimi	Member
7.	Ms Judith Muli	Member

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8.	Mr Stephen Wangaji	Member
9.	CPA Mark Kipkoech	Member
10.	CPA Patrick Kamore	Member
11	CPA Pamela Okatch	Member
12	Dr.Dennis Okungu	Member
13.	CPA Joseph Tulula	Secretary

The purpose of the Committee is to ensure that anti-corruption initiatives are mainstreamed in the operations of the Office. The Committee reviews reports presented by the Integrity Assurance Officer on the reported cases of corruption. The Committee also ensured that the integrity policy, conflict of interest register and gift register was maintained and operationalized.

h) Procurement Ad-hoc Committees

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

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

Outcomes: Opening reports generated.

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

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for Proposals evaluated during the period under review includes; Medical Cover, Registration of Supplier, Framework Contract Printing of Budget Implementation Review Reports, Recruitment of Staff and Team Building.

Outcomes: Evaluation reports containing recommendations generated to assist the Head of Procurement to prepare a Professional Opinion for decision making by the Accounting Officer.

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

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

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

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

i) **Staff Mortgage Scheme Management Committee**

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

- ❖ Receive and process applications for loans under the existing terms and conditions of borrowing.
- ❖ Liaise with the service provide (financial institution) to set up the revolving fund for disbursement of the loans.

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- ❖ Forward successful applications with recommendations to the Controller of Budget for approval before forwarding them to the financial institutions.
- ❖ Consider and recommend approval of the financial statements.

Table 9: Staff Mortgage Scheme management Committee

S/NO	NAME	ROLE
1.	CPA Macklin Ogolla	Chairperson
2	CPA Mark Kipkoech	Member
3.	Ms. Irene Arimi	Member
4	Ms. Judith Muli	Member
5	CPA Pamela Okatch	Administrator
6	Mr. George Tuti	Secretary

During the period, the committee:

- Developed and agreed on the Guidelines on Conduct of Business for the Committee;
- Developed a confidentiality agreement that was signed by all members.
- Developed a Register for Conflict of Interest which is signed at the beginning of each meeting.

j) Parliamentary Committee Activities

The OCOB engaged with members of Parliament to complement their oversight role. The OCOB shared the monthly county government's exchequer reports with Senators in Financial Year (FY) 2020/21. The office also made presentations and sensitized the following Parliamentary Committees;

- Public Accounts Committee for the National Assembly.
- Finance and Planning Committee for the National Assembly.
- County Public Accounts and Investments Committee of the Senate.
- Budget and Appropriations Committee of the National Assembly.
- Provided information to the Senate during the impeachment proceedings for the Governor of Kirinyaga County.

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- Gave information to the Senate on the Budget Implementation issues touching on Bungoma County in June/July 2021.
- Presented a report on the release and utilization of COVID-19 pandemic funds by the national government.
- Prepared and submitted a report to the Finance and Budget Committee of the Senate on the Wage Bill for Public Officers by County Governments.
- Submitted a report on the status of pending bills to the Senate Finance and Budget Committee.

k) Development partner oversight activities

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

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

- a) UNICEF/UNDP to develop the Controller of Budget Management Information System (COBMIS) which is a Central Data Management Retrieval System (CDMRS). This will assist in data capture, analysis and reporting. Once fully developed, the COBMIS system will automate data management and reporting. Validation workshops were undertaken in June 2021 and the development process will be completed in the current financial year.
- b) DANIDA funded a public participation forum in Narok whereby a total of 250 participants were sensitized on their role budgeting process. They also financed some ICT Equipment.
- c) IDLO funded the OCOB Staff team building programme at Naivasha. The team building allowed the new Controller of Budget to meet all staff. In addition, IDLO is supporting the development of a training curriculum for County Assembly
- d) PFMR funded the development of the draft Controller of Budget Regulations. This included the public participation sessions that brought together the Stakeholders to review and give their comments on the draft Regulations. Further, the PFMR

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funded the training of 29 County Assembly Speakers on the budget cycle and process. The Institute of Public Finance (IPF) funded the training of technical staff of the county treasuries of 5 counties on the exchequer requisition process.

e) Entity Headquarters

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

OCOB Contacts

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

f) OCOB Bankers

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

g) Independent Auditors

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

h) Principal Legal Adviser

The Attorney General
State Law Office

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For the year ended June 30, 2021

Harambee Avenue
P.O. Box 40112-00200
Nairobi, Kenya

i) Mortgage Scheme Deposit Account

Housing Finance Corporation Limited (HFC)
HFC Mortgage Division
Head Office: Rehani House, Kenyatta Avenue/Koinange Street
P.O Box 30088-00100
Nairobi, Kenya

OFFICE OF THE CONTROLLER OF BUDGET

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2. FOREWORD BY THE CONTROLLER OF BUDGET

It is with great pleasure that I present to you the Report and Financial Statements for the financial year (FY) 2020/21. This report has been prepared under Section 81(1,2,3,4) of the Public Finance Management Act, 2012 which requires the Accounting Officer for a national government entity to prepare financial statements in respect of the entity.

This report presents an overview of the financial performance for the year ended June 30, 2021 on the budget performance against actual amounts for the current and prior year based on the economic classification and programmes, exchequer issues during the reporting period and expenditure on recurrent activities. The OCOB did not have any development activities hence there were no development expenditures during the period under review. Information was generated from statutory financial reports and data from the Integrated Financial Management Systems (IFMIS)

The report provides key achievements for the entity, emerging issues, implementation challenges and recommendations as reported in the detailed financial statements together with the commentary and comparative analysis for the key economic items.

KEY PERFORMANCE HIGHLIGHTS

Budget Performance against actual for FY2020/21

During the period under review, the OCOB was allocated budget estimates of **Kshs. 622,982,206**. This was revised down to **Kshs. 565,796,771** 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. 563,215,747**. The OCOB incurred recurrent expenditure amounting to **Kshs. 540,217,997** representing an absorption rate of 95%. 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.

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Budget Performance by the four sub-programmes

a) Authorization of withdrawal from public funds

The objective of this sub-programme is to ensure timely approval of withdrawals from the Consolidated Fund, County Revenue Fund and Equalization fund. This sub-programme was allocated **Kshs. 142,407,006** representing 25% of the overall budget. A total of **Kshs. 135,787,942** was spent recording an absorption rate of 95%.

b) Budget Implementation and Monitoring

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. 37,867,049** representing 7% of the overall budget. A total of **Kshs. 35,758,019** was spent recording an absorption rate of 94%.

c) 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. 369,579,182** representing 65% of the overall budget. A total of **Kshs. 354,430,605** was spent recording an absorption rate of 96%.

d) Research and Planning

The objective of this sub-programme is to carry out research and provide evidence-based advice on the planning and budgeting process. This sub-programme was allocated **Kshs. 15,943,534** representing 3% of the overall budget. A total of **Kshs. 14,241,342** was spent recording an absorption rate of 89%.

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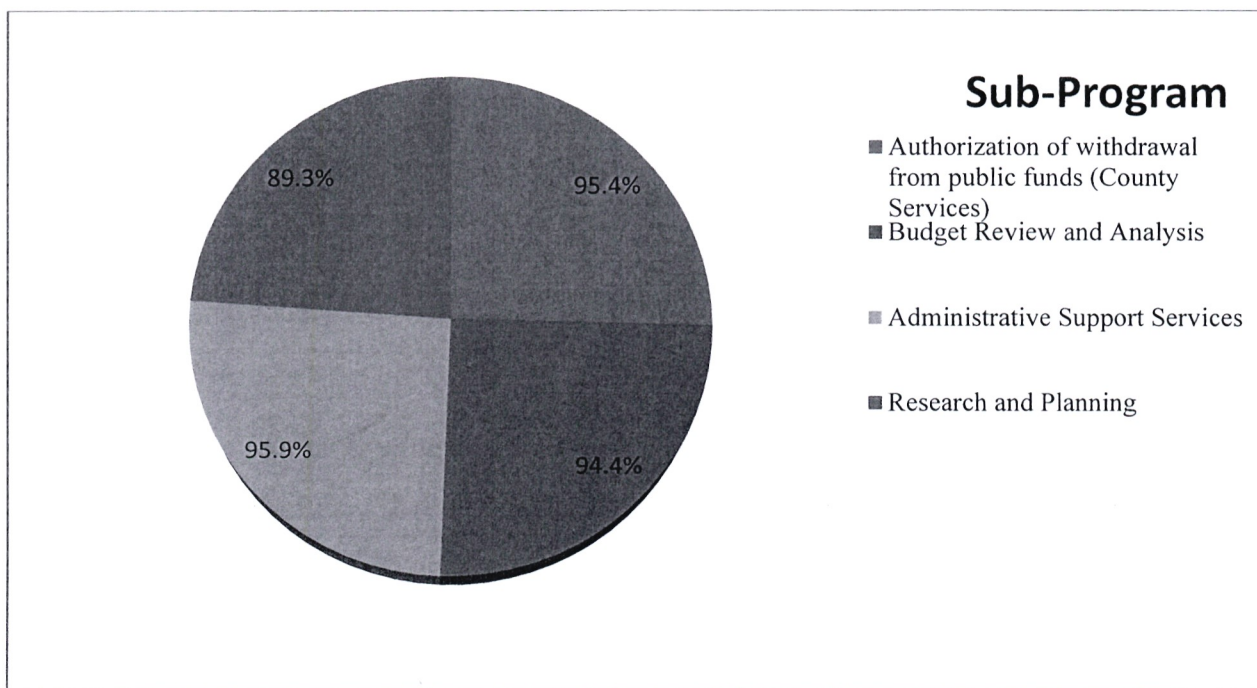
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Budget Execution by Sub-Programme in the FY 2020/21 is as shown in the table for the summary of budget performance by sub-programme.

Sub-Programme	Approved Budget	Actual Payments	Variance	Absorption Rate
	Kshs.	Kshs.	Kshs.	(%)
Authorization of withdrawal from public funds	142,407,006	135,787,941	6,619,065	95
Budget Review and Analysis	37,867,049	35,758,019	2,109,030	94
Administrative Support Services	369,579,182	354,430,605	15,148,577	96
Research and Planning	15,943,534	14,241,432	1,702,102	89
TOTAL	565,796,771	540,217,997	25,578,774	95

The summary for the level of absorption rates for each of the Sub-Programme is as shown in the figure.



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Budget Execution by Economic Classification

Budget Execution by Economic Classification for the FY 2020/21 is as shown in the table.

Economic Classification	Approved Budget	Actual Payments	Variance	Absorption Rate
	Kshs	Kshs	Kshs	%
Compensation of employees	329,916,116	318,692,265	11,223,851	97
Use of goods and services	134,103,406	120,034,832	14,068,574	90
Social security benefits	279,749	278,918	831	100
Acquisition of assets(non-financial)	1,497,500	1,211,982	285,518	81
Acquisition of assets(financial)	100,000,000	100,000,000	0	100
TOTAL	565,796,771	540,217,997	25,578,774	95

a) Compensation to Employees

Compensation to employees included; basic salaries for permanent employees, basic wages for temporary employees, personal allowances paid as part of the salary, employer contribution to compulsory national social security schemes and pension schemes. The budget allocated was **Kshs. 329,916,116** representing **58%** of the overall budget. This recorded expenditure of **Kshs. 318,692,265** representing an absorption rate of **97%**.

b) 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. 134,103,406** representing **24%** of the overall budget. This recorded expenditure of **Kshs. 120,034,832** representing an absorption rate of **90%**.

c) Social Security Benefits

This category includes; Gratuity for civil servants and government pension and retirement benefits. The budget allocated was **Kshs. 279,749** representing **0.05%** of the

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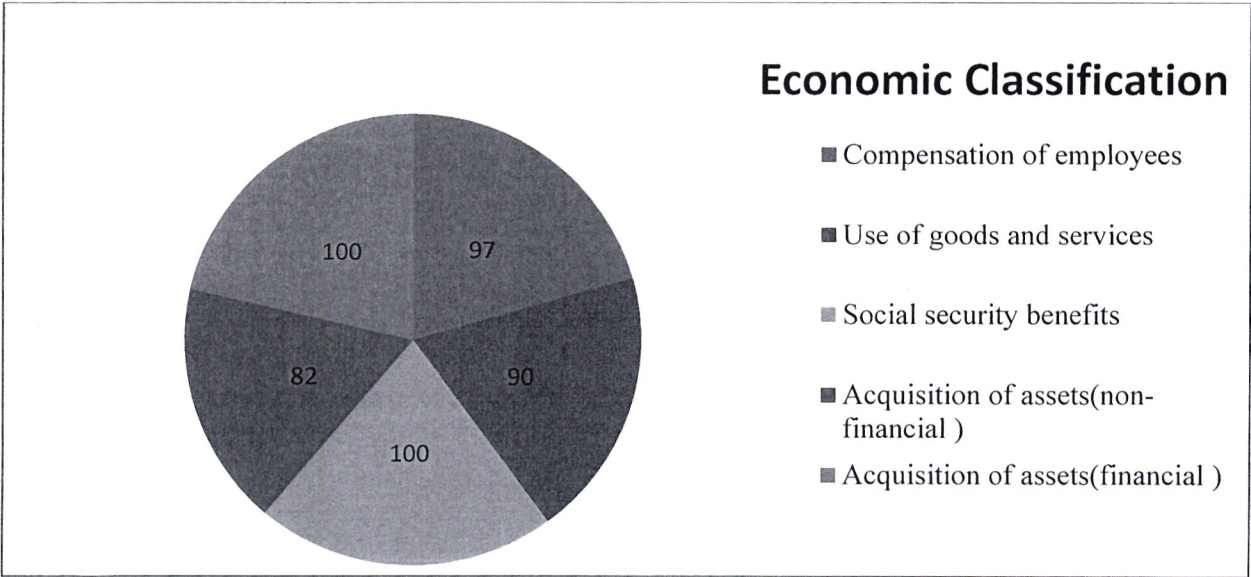
overall budget. This recorded expenditure of **Kshs. 278,918** representing an absorption rate of **100%**.

d) Acquisition of Assets-Non Financial

This category includes; purchase of motor vehicles, purchase of OCOB furniture and equipment, purchase of specialized plant, equipment and machinery. The budget allocated was **Kshs. 1,497,500** representing **0.26%** of the overall budget. This recorded expenditure of **Kshs. 1,211,982** representing an absorption rate **81%**.

e) Acquisition of Assets- Financial

This category includes Mortgage loans to public servants. The budget allocation was **Kshs.100, 000,000** representing **18%** 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. Figure 2 shows budget absorption by Economic Classification



OFFICE OF THE CONTROLLER OF BUDGET**Reports and Financial Statements****For the year ended June 30, 2021****Analysis of Receipts and Payments for the Period ending 31st June 2021**

Actual receipts stood at **0.45%** below the budget while actual payments were **4.5%** 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 2020/21.

a) Total Receipts

The OCOB receipts mainly comprise of exchequer releases from the National Treasury & Planning. The total receipts for FY 2020/21 were **Kshs. 563,215,747** representing a **6%** decrease compared to **Kshs. 599,472,929** recorded in the FY 2019/20. Table 4 shows a comparison of actual receipts in FY 2020/21 and FY 2019/20.

b) Total Payments

The payments mainly comprise employee compensation, use of goods and services, social security benefits and acquisition of fixed capital assets and staff mortgage. The total payments for FY 2020/21 stood at **Kshs. 540,217,997** representing an **11%** decrease compared to **Kshs. 597,910,867** recorded in the FY 2019/20.

Financial Performance	Approved Estimates	Actual	Variance	Variance
	Kshs	Kshs	Kshs	%
Total Receipts(Exchequer Issue)	565,796,771	563,215,747	2,581,024	0.45
Total Payments	565,796,771	540,217,997	25,578,774	4.5
SURPLUS FOR THE YEAR		22,997,750	(22,997,750)	

Comparison of Receipts for the FY 2020/21 and FY 2019/20 is as shown in the table.

Receipts	2020-21	2019-20	Change	Change
	Kshs	Kshs	Kshs	%
Exchequer Issues	563,215,747	599,472,929	36,257,182	6%
TOTAL RECEIPTS	563,215,747	599,472,929	36,257,182	6%

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Comparison of Payments for FY 2020/21 and FY 2019/20 is as shown

Payments	2020-21	2019-20	Change	Change
	Kshs	Kshs	Kshs	%
Payments	540,217,997	597,910,867	57,692,870	6%
TOTAL PAYMENTS	540,217,997	597,910,867	57,692,870	6%

Comparison of total Receipts and Payments for FY2020/21 and FY2019/20 is as shown.

Receipts & Payments	2020-2021	2019-2020	Change	Change
	Kshs.	Kshs.	Kshs.	%
Total Receipts	563,215,747	599,472,929	(36,257,182)	(6)
Total Payments	540,217,997	597,910,867	(57,692,870)	(10)
	22,997,750	1,562,062	(21,435,688)	

The overall total receipts and payments decreased by 6% and 10% respectively as a result of decreased activities carried out during the financial year under review compared to FY 2019/20. The decrease was caused mainly due to the effects of Covid-19 and the restrictions the government put in place to curb the pandemic; budget cuts and austerity measures. A comparison of payments for FY 2020/21 and FY 2019/20 is as shown.

Payments-Economic Classification	2020-2021	2019-2020	Change	change
	Kshs.	Kshs.	Kshs.	%
Compensation of employees	318,692,265	304,234,494	14,457,771	5
Use of goods and services	120,034,832	159,148,964	(39,114,132)	(25)
Social security benefits	278,918	10,793,555	(10,514,637)	(97)
Acquisition of assets(non-financial)	1,211,982	23,733,854	(22,521,872)	(95)
Acquisition of assets(financial)	100,000,000	100,000,000	-	-
TOTAL PAYMENTS	540,217,997	597,910,867	(57,692,870)	(10)

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The payments mainly comprise employee compensation, use of goods and services, social security benefits and acquisition of fixed capital assets and staff mortgage. The total payments for FY 2020/21 stood at **Kshs. 540,217,997** representing a 10% decrease compared to **Kshs. 597,910,867** recorded in the FY 2019/20.

The increase of 5% in compensation to employees is attributed to the annual increase of staff basic salaries and salaries for new staff that 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 25% in the use of goods and services is due to scaling down in planned activities during the FY 2020/21 as a result of budgetary cuts and the effects of the COVID-19 pandemic. A decrease of 97% on social security benefits was due to the reduction in the gratuity payment of the number of staff whose contracts ended within the financial year under review as compared to FY 2019/20.

A decrease of 95% on the acquisition of fixed capital assets is attributed to the purchase of motor vehicles during FY 2019/20.

Payment of staff mortgage scheme during the financial year was made at 100% in line with the Big 4 Agenda.

Financial Assets and Liabilities

An analysis of financial position is shown in the table.

Financial Assets	As of 30th June 2021	As of 30th June 2020	Change	Change
	Kshs.	Kshs.	Kshs.	%
Bank Balances	24,824,199	3,039,898	21,784,301	717%
Cash Balances	15,270	329,439	(314,169)	(95%)
TOTAL	24,839,469	3,369,337	21,470,132	637%

OFFICE OF THE CONTROLLER OF BUDGET**Reports and Financial Statements****For the year ended June 30, 2021**

Bank balances comprise recurrent account and deposit account amounting to **Kshs. 22,982,480** and **Kshs. 1,841,720** respectively. The increase of 717 % is as a result of the late exchequer received at the closure of the financial year based on the late approval of supplementary budget estimate II.

Cash balances decreased by 95% due to the reduction of cash-related transactions at the year-end.

Cash flow Activities

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

Cash Flow Activities	2020-2021	2019-2020	Change	
	Kshs.	Kshs.	Kshs.	%
Net Cash Flows generated from Operating activities	122,075,131	118,838,651	3,236,480	3
Net Cash Flows used from Investing activities	(101,211,982)	(123,733,854)	(22,521,872)	(18)
Net Cash Flows generated from Financing activities	-	-	-	-
Net increase in Cash and Cash Equivalents	20,863,149	(4,895,203)	25,758,352	526
Cash and Cash Equivalents at 1 July	3,369,317	8,264,520	(4,895,203)	(59)
Cash and Cash Equivalents at 30 June	24,232,466	3,369,317	20,863,149	619

- Net cash flows in operating activities increased from **Kshs.119 million** to **Kshs.122 million** mainly due to increase payment for personnel emoluments as a result of additional staff recruited during the period under review.
- Net cash flows from investing activities decreased from **Kshs.123 million** to **Kshs. 101 million** as there was a reduction of acquisition of assets during the period under review

- The OCOB does not have any financing activities.

Emerging Issues

Concerning budget implementation, the office has identified several emerging issues and challenges which may impact its operations. The emerging issues include:

- Transfer of functions of Nairobi County to the national government. There is still no legal framework to guide the process of how to transfer resources from the county government to the national government. This needs to be developed.
- The constitution envisages that county governments can form regional blocs and regional authorities but there lacks a clear legal and policy framework on how to guide the process on how to handle the funding of the regional authorities. Therefore there is a need to develop the framework.
- There lacks a framework to guide the sharing of common resources between counties. An example is how the wildlife resources should be managed and how much contribution to be provided by each county government.
- Inadequate Legal Framework: A section of the Controller of Budget Act, 2016 is inconsistent with the Constitution of Kenya, 2010 on reporting on recent trends on macroeconomic developments including economic development and outlook, revenue, grants and loans forecasts and receipt.
- The emergence of the Covid-19 pandemic has interfered with the programmes of both the spending entities and oversight institutions. This may lead to failure to conduct proper monitoring of budget implementation.
- The need to address the late approval of the County Allocation of Revenue Act (CARA) thus culminating in pending bills.

Key Risk Management Strategies

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

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

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

Challenges and Way Forward

In implementing the mandate of the Office by ensuring the management of public finances complies with the Constitution of Kenya, 2010 and the PFM Act, 2012; the Office observed several challenges that affected the execution of budgets at both levels of government. These included:-

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a) Challenges at the National Government

- **Delays in Release of Funds by the National Treasury:** The Office has noted the delays by the National Treasury to disburse exchequer requisitions to MDAs promptly leading to the accumulation of pending bills and low absorption of development funds.
- **Timing of Supplementary Budgets:** Over the MTEF period, the approval of the supplementary budgets for both the National and County government has been late, failing to implement the planned activities leading to the accumulation of pending bills.
- **Delay in Submission of Expenditure Returns by MDAs to OCOB:** The delay in submission of expenditure returns by spending entities continues to pose a challenge to the office in the preparation of OCOB statutory reports. This may result in sanctions in future to spending units and may even lead to the stoppage of funds.
- **Non-Disclosure of Appropriations-In-Aid in the IFMIS Generated Reports:** The OCOB has noted that most of the spending agencies do not capture appropriations-in-Aid in the IFMIS resulting in incomplete records. This will affect the accuracy of the OCOB statutory reports.
- **Accounting for Expenditure of Capital Transfers:** The inability to capture the expenditure of semi-autonomous government agencies in the IFMIS poses a challenge to the OCOB in monitoring budget implementation.
- **IFMIS Functionality:** The National Treasury prescribed IFMIS for the processing of financial transactions in line with Section 12 (1) (e) of the PFM Act, 2012. Many suppliers are not conversant with the IFMIS e-procurement module hence experience difficulties in submitting bids online. This has affected the timely procurement of goods and services by the MDAs. There is, therefore, a need for the IFMIS directorate to undertake public sensitization to the prequalified suppliers of government on how to use the IFMIS procurement module. Further, IFMIS does not fully support own-source revenue collection by the Counties and processing and reporting of A-I-A generated revenue and expenditure. This poses a challenge to OCOB in monitoring collection and remittances of own-source revenue in the budget to the county revenue funds (CRF).

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- **Inadequate framework to track the implementation of OCOB recommendations on budgets execution:** The OCOB needs to establish a liaison Office at parliament and County Assemblies to track the implementation of recommendations in the Quarterly Budget Implementation Review Reports and recommendations advisories issued by OCOB.
- **Inadequate information on non-financial information of projects implemented by both National and county governments.** This poses a challenge on the scope of reporting on non-financial information in the Budget Implementation Review Reports which may limit the available information for decision-making.
- **Lack of clear Public participation Framework:** The OCOB is required to ensure that members of the public are given information on budget implementation at both levels of government under Section 39 (8) of the PFM Act, 2012 and Articles 35 and 228 of the Constitution of Kenya. Despite this constitutional requirement, there is no clear framework on how it should be institutionalized 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 customized by most government entities. As a result, this has hampered OCOB in ensuring compliance with the law and conducting planned public sensitization activities.

b) Challenges at the County Governments

- **Overstatement of Own-Source Revenue Collections:** Article 209 (3) of the Constitution allows counties to impose property rates, entertainment taxes, and any other tax authorized by an Act of Parliament. Over the years, counties have continued to underperform in own-source revenue collection as pointed out in CBIRRs; which has resulted in hidden deficits in the budgets and negatively affecting the implementation of activities and accumulation of pending bills.
- **Use of Own-Source Revenue at Source:** Article 207 of the Constitution requires that all money received by or on behalf of the County Government shall be paid into the County Revenue Fund except money reasonably excluded by an Act of

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Parliament. This includes own-source revenue generated by the counties in line with Article 209(3) of the Constitution. Despite the above requirement, some counties continued to use own-source revenue at the source. This results in non-disclosure and misuse of resources which is contrary to the law.

- **Strained Relationship between the County Executive and the Assembly:** Cases of strained relationships between the County Executive and Assembly continue to be reported. Notable cases included Kitui, Kirinyaga, West Pokot, Nyandarua and Nairobi counties. The disagreements affect a conducive working environment that leads to delayed planning and budgeting processes and budget execution.
- **Increasing Expenditure on Personnel Costs:** Section 107 of the PFM Act, 2012 requires the County Treasury to adhere to and enforce fiscal responsibility principles. Over the years, counties continued to exceed the prescribed fiscal threshold on personnel emoluments. This has resulted in reduced funds for development activities.
- **Inadequate Administration and Reporting on County Public Funds:** Section 116 of the PFM Act, 2012 allows Counties to establish County Public Funds, which should be managed by an Administrator. The Administrators are required to ensure the preparation and submission of quarterly financial reports of Funds to the County Treasury and the Controller of the Budget in line with Section 168 of the PFM Act, 2012. The OCOB observed that the reporting and administration of County Public Funds have continued to be inadequate. There was a lack of autonomy in the administration of the County Public Funds from other county operational accounts. In some counties, the County Treasuries did not appoint an Administrator to oversee operations of the established Funds resulting in misuse and duplication of roles.
- **Lack of Effective Monitoring and Evaluation Frameworks:** Over the years, it has been observed that several County Governments have not established project management teams and delivery units to enhance monitoring and evaluation during the budget implementation period. This has compromised the implementation of development budgets.

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- **Late Submission of Reports:** Section 166 (4) of the PFM Act, 2012 requires the County Treasury to prepare and submit consolidated financial and non-financial reports of all county government entities to the County Assembly, Office of the Controller of Budget, Commission on Revenue Allocation and the National Treasury, not later than one month after the end of each quarter. The OCOB noted that during the reporting period, some county treasuries delayed in submitting their financial reports leading to delay in the preparation of County Budget Implementation Review Reports (CBIRR).
- **Delays in the Approval of Budget Documents:** OCOB has observed delays in the preparation and approval of key documents that govern the MTEF processes including the County Integrated Development Plans (CIDPs), Annual Development Plan, budget estimates and the County Fiscal Strategy Paper. Delays in the approval of these documents negatively affect the budget timelines provided under Section 117 and 126 of the PFM Act, 2012 and subsequently leads to delays in approval of exchequer releases which impact negatively the overall budget execution.
- **Inadequate Internal Audit Arrangements:** The OCOB noted that some counties were yet to establish Internal Audit departments and Audit Committees. In other counties, the Audit Committees have been established but are not fully operational while the internal audit departments remained ineffective resulting in weak internal control systems.
- **Operationalization of County Budget and Economic Forums:** Section 137 of the PFM Act, 2012 requires each County Government to establish County Budget and Economic Forum (CBEF) to provide means for consultation on matters about budgeting and financial management at the County level. The OCOB noted that some counties are yet to establish the CBEFs while in others, they were not fully operationalized hence compromising public participation in the budget process.
- **Capacity Constraints:** Inadequate capacity at both the County Executives and Assemblies continue to be experienced concerning planning, budgeting and budget

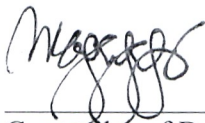
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execution which has led to non-adherence to the statutory timelines. This trend has resulted in the disruption of the budget implementation cycle which affects service delivery.

- **Timing of the Budget Cycle:** The non-synchronizing of the national budget calendar with that of the county governments resulting in delays of enactment of the budget at the county government level.



Controller of Budget

Name: CPA Dr. Margaret Nyakang'o

ICPAK Member: 2145

3. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

3.1 Introduction

The implementation of the OCOB strategic plan is anchored on the following four sub-programmes:

- i. Authorization of Withdrawals from Public Funds
- ii. Budget Review and Analysis
- iii. Administration and Support Services, and
- iv. Research and Planning.

The key strategic objectives are contained in the OCOB 2018-2022 Strategic Plan and include:

- ❖ To ensure timely approval of withdrawals from Public Funds
- ❖ To ensure the provision of quality advice on budgeting and budget implementation
- ❖ To produce credible and timely budget implementation reports
- ❖ To enhance public access to government budget implementation reports
- ❖ To enhance operational efficiency
- ❖ To attract and retain a productive and motivated human resource
- ❖ To enhance good governance
- ❖ To enhance organizational image and visibility.
- ❖ To strengthen the legal and regulatory framework.

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

3.2 Progress on the attainment of Strategic Objectives

The OCOB had set SMART objectives to attain during the period ending 31st June 2021. The achievements are analysed for each of the four sub-programmes as shown:

Sub-Programme 1: Authorization of Withdrawals from Public Funds

The Authorisation of Withdrawals sub-programme aims at overseeing withdrawals from the Consolidated Fund and timely approval of exchequer requisitions from the national and county governments. The sub-programme also aims at ensuring the management of approvals of exchequer requisitions from the County Revenue Funds account and the Equalization Fund account, all the time ensuring the requisitions comply with relevant laws and regulations. The specific achievements during the period under review are highlighted below.

a) Approval of Exchequer Requisitions

Article 228 (4) of the Constitution provides that the Controller of Budget shall oversee the implementation of the budgets of the national and county governments by authorizing withdrawals from public funds under Articles 204,206 and 207. During the FY2020/21, the OCOB processed a total of 10 requisitions per day for the national government against a target of 10 and 140 requisitions per day for the county government against a target of 94 requisitions. The cumulative exchequer requisitions processed over the MTEF period for the national and county government stood at 381 against the cumulative target of 312 requisitions. In absolute terms, the Controller of Budget approved an annual average of Kshs 2.7 trillion to fund the budgets of both levels of government in the period under review.

b) Exchequer Releases

The OCOB continued to approve withdrawals from public funds on time to facilitate budget execution at the national and county government levels. Through the Directorate of Budget Implementation, the office approved total exchequer requests of Kshs. 7.97 trillion over the MTEF period, which comprised of Kshs 2.5 trillion in FY 2018/19, Kshs

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2.6 trillion in FY 2019/20 and Kshs. 2.80 trillion in FY2020/21. The amounts represent a percentage of exchequer issues to revised net estimates of 95.6%, 93.5% and 94.0% over the MTEF period for both levels of government.

Table 10: Analysis of Programme Targets and Achievements

Programme	Key Output	Key Performance Indicators	Targets FY 2020/21	Achieved FY 2020/21	Remarks
Sub-Programme					
0730010 SP.1.1 Authorization of withdrawal from public funds.	Timely Approval of Exchequer Requisitions	No. days taken to review, process and approve requisitions.	1	1	Target met
		No. of requisitions reviewed, processed and approved per day (National Government).	10	10	Target met
		No. of requisitions reviewed, processed and approved per day (County Government).	94	140	Target surpassed. Staffs are working beyond normal working officers to ensure no backlogs.
		No. of legislation and Bills reviewed to ensure compliance with the Constitution and PFM Act (National and County Government).	147	147	This involves a review of the Appropriation Act, and the various national and county government legislations forming a basis for the approval of withdrawal of funds.
		No. Complaints handled and addressed.	71	71	Complaints in respect of pending bills owed to service providers, lack of public participation, unlawful payments, non-payments of dues/salaries, lack of enforcement of court orders.

Programme	Key Output	Key Performance Indicators	Targets FY 2020/21	Achieved FY 2020/21	Remarks
Sub-Programme					
		No. of disputes addressed through Alternative Dispute Resolution.	5	5	The disputes involved budget implementation between the county executive and the assemblies.
		No. of cases filed involving budget implementation where the OCOB is listed as either a respondent or an interested party.	18	18	The nature of cases involved lack of public participation, misappropriation of fact, delay in the enactment of CARA, funding of national government functions contrary to schedule 4 of the constitution, use of vote on account, and failure of the County Executive to disburse funds to the County Assembly.
	Consolidated Fund Services	Number of days taken to review, process and approve public debt files	5	5	Target met
		Number of debt requisitions reviewed, processed and approved per week	100	100	Target met.
	Consolidated Fund	Number of days taken to review, process and approve pension and gratuity files	5	5	Target met.
		Number of pension and gratuity requisitions processed per week	600	1200	Target surpassed. The staff are working beyond normal working officers to ensure no backlogs.
0730020 SP.1.2 Budget Review	Enhanced reporting on Budget	No. of National and County Government Budget	8	8	39,700 copies for National Government and 46,797 copies for Counties for the MTEF period.

Programme	Key Output	Key Performance Indicators	Targets FY 2020/21	Achieved FY 2020/21	Remarks
Sub-Programme and Analysis	Implementation review	Implementation review reports produced.			
	Enhanced reporting on Budget Implementation review	No. of Planning Documents for National government	3	3	Debt Management Strategy Papers, Budget Review and Outlook Papers (BROP), Draft Budget Policy Statements (BPS)
	Enhanced reporting on Budget Implementation review	No. of Budget Documents for National government	4	4	Draft Budget Estimates Approved Budgets Supplementary Budgets
	Enhanced reporting on Budget Implementation review	No. of Planning Documents for County government	188	188	County Integrated Development Plans (CIDPs), County Budget Review and Outlook Paper (CBROP), Annual Development Plans (ADP), County Fiscal Strategy Paper (CFSP), Debt Strategy Management Paper.
	Enhanced reporting on Budget Implementation review	No. of Budget Documents for County government	194	194	Draft Budget Estimates, Approved Budget Estimates, Supplementary Budgets

Programme	Key Output	Key Performance Indicators	Targets FY 2020/21	Achieved FY 2020/21	Remarks
Sub-Programme					
0730030 SP.1.3 Administration and Support Services.	Public sensitization forums on budget implementation held	Number of public participation forums held	2	0	Target not met due to budget cuts and GoK containment measures banning public gatherings to control COVID-19 pandemic
	Efficient service delivery	Percentage (%) of Human Resource trained.	100	22	Due to budget cuts, the budget provided was only adequate to train 5 staff out of 130
	Efficient service delivery.	Number of Annual reports produced	1	1	Annual Reports to be produced as soon as practicable after the end of the financial year.
0730040 SP.1.4 Research & Planning	Efficient service delivery	Proportion (%) of dispute resolutions received, investigated and concluded.	100	100	Dispute resolutions were undertaken for the following counties Nyandarua, Nandi, Kitui, Nairobi and West Pokot.
	Research on budget implementation	Surveys and Research Reports	1	1	Research on budget integrity and effects on budget implementation. There were other requests of national importance but with no funding: pending bills, public expenditure tracking.
	Monitoring and Evaluation of projects	Number of M&E reports produced	25	10	The office was unable to complete all counties due to budget cuts and the effects of the Covid-19 pandemic.

Sub-Programme 2: Budget Review and Analysis

The objective of the Budget Review and Analysis sub-programme is to ensure enhanced reporting on budget implementation and conducting of public sensitization forums on budget implementation to ensure the public participate in the budget-making process. The key outputs of this sub-programme include; (i) preparation and publication of the national and county government Budget Implementation Review Reports (BIRRS), (ii) management of exchequer records, (iii) compliance with public financial management framework, (iv) sensitisation of the public on the budget implementation and (v) tracking and monitoring the implementation of budgets. The specific achievements during the period under review are highlighted below:

a) Quarterly Budget Implementation Review Reports

In the FY2018/19, 2019/20 and 2020/2021, a total of twenty-four (24) budget implementation review reports for the national and county governments were prepared and submitted to Parliament. To ensure accessibility of budget information to the public, the office published a total of 86,497 copies of the quarterly reports, 39,700 for the national government and 46,797 for the county government in the period under review. These reports were submitted to Parliament and widely publicized across both levels of government.

In addition, the OCOB prepared monthly budget implementation review reports for all the 47 county Governments. However, these reports were not published due to budget constraints. Instead, they were disseminated by email to the key stakeholders.

b) Review of Planning and Budget Documents

The PFM Act requires the National Treasury and County Treasuries for the 47 county governments to incorporate the views of the Controller of Budget during the preparation of the Budget Policy Statement and the County Fiscal Strategy Papers.

During the MTEF period, the OCOB reviewed planning and budget documents. The OCOB provided input to the Budget Policy Statement (BPS) and Budget Review Outlook Paper (BROP) for the national government in line with Section 25(5) of the Public Finance Management Act, 2012. Similarly, the OCOB reviewed the County Fiscal Strategy Papers (CFSP) for the 47 County governments in line with Section 117(5) of the Public Finance Management Act, 2012.

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During the period under review, OCOB reviewed and rendered advice and made recommendations for the following planning and budget documents for the national government; 3 Budget Review and Outlook Papers (BROP), 3 Draft Budget Policy Statements (BPS), 3 Draft Budget Estimates, 3 Approved Budgets, 6 Supplementary Budgets and 3 Debt Management Strategy Papers.

In addition, OCOB reviewed, rendered advice and made recommendations on the following planning and budget documents of the County Governments: 47 County Integrated Development Plans (CIDPs); 141 County Budget Review and Outlook Papers (CBROP); 141 Annual Development Plans (ADP); 141 County Fiscal Strategy Papers (CFSP); 141 Draft Budget Estimates; 141 Approved Budget Estimates; 300 Supplementary Budgets and 141 Debt Strategy Management Papers. The OCOB also ensured that the budgets for FY 2020/21 for the 47 county governments were uploaded on IFMIS in line with the PFM Act after clearance by the Controller of Budget.

c) Engagement with Development Partners

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

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

- a) UNICEF/UNDP to develop the Controller of Budget Management Information System (COBMIS) which is a Central Data Management Retrieval System (CDMRS). This will assist in data capture, analysis and reporting. Once fully developed, the COBMIS system will automate data management and reporting. Validation workshops were undertaken in June 2021 and the development process will be completed in the current financial year.
- b) DANIDA funded a public participation forum in Narok whereby a total of 250 participants were sensitized on their role budgeting process. They also financed some ICT Equipment.

- c) IDLO funded the OCOB Staff team building programme at Naivasha. The team building enabled the new Controller of Budget to meet all the staff in one venue. In addition, IDLO is supporting the development of a training curriculum for the County Assemblies.
- d) PFMR funded the development of the draft Controller of Budget Regulations. This included the public participation sessions that brought together the Stakeholders to review and give their comments on the draft Regulations. Further, the PFMR funded the training of 29 County Assembly Speakers on the budget cycle and process.
- e) The Institute of Public Finance (IPF) funded the training of technical staff of the county treasuries of 5 counties on the exchequer requisition process.

d) Engagement with Stakeholders

The OCOB continued to engage with various stakeholders for feedback on BIRR and OCOB Annual Reports. For instance, the office reviewed and adopted recommendations from some key stakeholders on gaps in the BIRRs e.g. from Public Finance Institute, International Budget Partnership, and the National Tax Payers Association. The following additional activities were conducted during the FY2020/21.

- Engaged with the Senators of Wajir, Nandi, and Taita Taveta, following formal requests. The details of budget implementation were shared and discussed for their respective counties. Further information on BIRRs was shared with the Speaker of Murang'a upon request.
- Conducted training for Speakers and Clerks of County Assemblies. This was held in Naivasha with support from PFMR. A total of 29 Counties were invited to attend the training. These included; Tharaka Nithi, Nyeri, Kirinyaga, Kiambu, Muranga, Machakos, Kajiado, Nyandarua, Makueni, Bungoma, Trans Nzoia, Elgeyo Marakwet, Baringo, Meru, Nandi, West Pokot, Nakuru, Uasin Gishu, Kilifi, Kwale, Taita Taveta, Mombasa, Migori, Kisii, Narok, Nyamira, Kakamega, Bomet and Nairobi City.

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- Conducted a sensitization/training session to members of County Assemblies and a training workshop in Nakuru on the exchequer process. This was attended by officers from Nakuru, Busia, Samburu, Narok and Baringo Counties.
- Due to budget constraints, the OCOB could not cover all the Counties.

e) Engagement with Parliamentarians

Over the MTEF period, the OCOB engaged with members of Parliament to complement their oversight role. The OCOB shared the monthly county government's exchequer reports with Senators in FY 2020/21. The OCOB made presentations and sensitized the following Parliamentary Committees;

- Public Accounts Committee for the National Assembly.
- Finance and Planning Committee for the National Assembly.
- County Public Accounts and Investments Committee of the Senate.
- Budget and Appropriations Committee of the National Assembly.
- Provided information to the Senate during the impeachment proceedings for the Governor of Kirinyaga County.
- Gave information to the Senate on the Budget Implementation issues touching on Bungoma County in June/July 2021.
- Presented a report on the release and utilization of COVID-19 pandemic funds by the national government.
- Prepared and submitted a report to the Finance and Budget Committee of the Senate on the Wage Bill for Public Officers by County Governments.
- Submitted a report on the status of pending bills to the Senate Finance and Budget Committee.

Sub-Programme 3: Administration Support Services

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

a) Human Resource Development and Capacity Building

(a) Training

The OCOB has continuously undertaken relevant training to improve the productivity and efficiency of its human resource capital. Towards this end, the OCOB undertook capacity building programs and facilitated officers to attend professional development courses, seminars and workshops. These training interventions are aligned with the organization's performance management systems.

During the FY2020/21, the OCOB did not meet the target set in the MTEF period on capacity building due to a lack of funding as a result of the budget cuts and COVID-19 GOK containment measures.

(b) Staffing

To maintain productivity and delivery of its mandate, the OCOB recruited staff to fill the following positions: Chief Manager Supply Chain Management, two Senior Internal Auditors, a Research Officer, a Legal Officer and an Administrative Officer. Further, the OCOB recruited officers for the positions of Principal Monitoring and Evaluation Officer, Manager ICT and two Senior Fiscal Analysts who are within the organization's establishment. The OCOB still has staffing challenges due to the increased mandate which has been further exacerbated by the freeze on recruitment of staff within the government.

(c) Staff Welfare

The OCOB has continued to provide mortgage facilities to its staff to promote the government's agenda of access to affordable housing under the Big Four Agenda. Currently, a total of 12 staff have accessed the facility and 4 at various stages of application.

To manage the Covid-19 pandemic, the OCOB has provided face masks and sanitisers to staff to ensure the offices are properly cleaned and there is social distancing through the introduction of departmental duty rota in line with Covid-19 containment measures. Further, the OCOB organized for vaccination of its entire staff at the headquarters in addition to the fumigation of the offices.

b) Values & Principles Award by PSC

The OCOB was recognized and ranked third with a score of 74.05 per cent in the Ethics and Good Governance by the Public Service Commission in the 5th PSC compliance report on values and principles of good governance.

c) Information Communication & Technology

During the FY2020/21, the OCOB was able to acquire a Central Data Management Retrieval System (CDMRS). This includes electronic data capture and reporting system development that is in progress and the maintenance of the electronic document management system -EDRMS.

Further, the department collaborated with the National Treasury and Central Bank of Kenya in the ongoing process of automation of the exchequer system for MDAs. In addition, the OCOB acquired additional IT equipment for users through the support of the PFMR, maintained the existing ICT Infrastructure for efficient service delivery, while ensuring the OCOB's interactive website is regularly updated and implemented and managed existing service level agreement for IT equipment.

The OCOB planned to acquire an offsite backup and redundancy space for its IT critical systems to ensure there is business continuity in case of unforeseen interruptions. However, this was not achieved due to budget constraints.

d) Financial Reporting

The Auditor-General issued an unqualified audit report for the OCOB Annual and Financial Statements for the FY2019/20. Further to this, the OCOB got a letter of commendation from the National Treasury for its excellent performance in financial management reporting, urging the OCOB to share the experience with other spending entities.

The office is involved in the coordination of budget preparations by ensuring that the budgets are synchronised with the Strategic Plan to ensure efficient and effective delivery of service to the public.

e) Supply Chain Management

The OCOB prepared a consolidated Annual Procurement Plan, prepared statutory reports to the Public Procurement Regulatory Authority and National Treasury quarterly, prepared tender documents and followed up tender processing for the contract signing for the provision of Medical, Group Life, Accident/WIBA Insurance Covers; OCOB Staff recruitment; and team building. Further, the OCOB facilitated Access to Government Procurement Opportunities (AGPO) for reserved groups exceeding the minimum 30% required by Government.

f) Internal Audit

During the period under review, the OCOB reviewed the adequacy of the OCOB Internal control systems, Risk Management framework and governance processes, reviewed public debt payments for compliance with the law before approval by the Controller of Budget. The OCOB also reviewed pension and gratuity payments for compliance with the law. The OCOB established an Audit Committee which is in line with section 155 of the PFM Act, 2012 and with the National Treasury guidelines issued in 2016.

g) PR & Communication

The OCOB has ensured that the public has access to comprehensive, understandable, credible and timely information. The office is in the process of developing a social media policy to enable structured engagement with stakeholders on the social media platform. Further, the OCOB engaged the media to positively and accurately cover the quarterly BIRRs and other activities and engagements of the COB. The office produced and disseminated critical information, education and communication materials and regularly scanned the media environment and made regular reports on media coverage of activities related to the mandate of OCOB and developed the OCOB Customer Service Charter. The OCOB also developed the OCOB Communication policy and published staff newsletters.

h) Legal Activities

The following activities were undertaken by the legal department under the administration and support services sub-programme.

a. Litigation

During the MTEF period, 56 cases were filed in Court against the OCOB. In those cases, the OCOB was listed either as a respondent or an interested party. The subject matter of the cases included: lack of public participation in the budget process; misappropriation of funds; delay in the enactment of CARA; funding of national government functions contrary to Schedule 4 of the Constitution; objection to award the Car Grant to MCAs, use of the Vote on Account and failure by the County Executive to disburse funds to fund County Assembly activities among the key ones.

Some of the recent cases include:

- (i) *Nairobi-Pet. 165 of 2020 Mohamed Okashi & Anor Vs the County Executive Committee Member for Finance Mandera County.* The Petitioners challenged the Mandera County budget estimates for the year 2019/20. They alleged that there was no public participation and thus sought the Controller of Budget to be stopped from authorizing the withdrawal of funds based on those estimates and the subsequent Appropriation Act.
- (ii) *Petition No. E217 of 2020, County Government of Kirinyaga Vs The County Assembly of Kirinyaga.* The Petitioner challenged the County Fiscal Strategy Paper and alleged that the passing of the Kirinyaga County Appropriation Bill, 2020 was contrary to the Constitution of Kenya, 2010. The County Government of Kirinyaga wanted the COB not to implement the budget.
- (iii) *Petition No. E246 of 2020, Adrian Kamotho Njenga Vs The Honourable Attorney General & 50 Others.* The Controller of Budget was sued as the 5th Interested Party. The Petitioner alleged that the H.E President had failed to appoint persons who had been nominated by the Judicial Service Commission as Judges of various superior courts since their recommendation for appointment. The Petitioner urged the Court to direct the Controller of Budget not to approve the withdrawal of funds from the Consolidated Fund concerning the assumption of those persons to the office of a Judge of a superior Court.

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- (iv) *Petition No. E348 of 2020, Nairobi City County Government Vs Nairobi Metropolitan Services & 13 Others.* The Petitioner challenged the Deed of Transfer of Functions dated 25/2/2020 compelling the Petitioner to transfer four of the constitutionally entrenched functions to the National Government, namely; (i) County Health Services (ii) County Transport Service (iv) County Public works, Ancillary Services & (v) County Government Planning & Development. They also challenged the legal status of Nairobi Metropolitan Services.
- (v) *Pet. No. E279 of 2020 Council of Governors and Another vs The Controller of Budget and 5 others.* The Petitioners contended that the Senate had delayed the enactment of the County Allocation of Revenue Act, 2020 and that the COB, the National Treasury and the Cabinet Secretary, Ministry of Finance had failed to release 50% of the monies due and owing to the Petitioners.
- (vi) *Petition No. 285 of 2020 Abdullahi Abdikadir Shuriye & 2 Others vs The CS, National Treasury & Planning and 7 others.* The Petitioners alleged that the County Government of Mandera was implementing the budget for FY 2017-2018, 2018-2019 and 2019-2020 in a skewed manner, leading to marginalization of Lafey, Mandera North and Banisa sub-counties.
- (vii) *Petition E002 of 2021 Nyandarua County Assembly Service Board vs The Governor Nyandarua County & 3 Others.* The Petitioners alleged that the Nyandarua County Treasury was not forwarding to the Controller of Budget requisitions for the County Assembly.
- (viii) *Court Appeal no. E409 of 2020 Appeal No. 409 of 2020 Parliamentary Service Commission & 4 others Vs Salaries Remuneration Commission and 11 others.* An application for stay of execution pending the determination of an intended appeal from the Judgement of the High Court, being petition no. 208 of 2019, 185 of 2019 and 339 of 2019.
- (ix) *Appeal No. 235 of 2019 Okiya Omutata Okoiti & 5 Others Vs the Kenya National Executive of the Republic of Kenya & 4 Interested Parties.* The Appellant challenged part of the judgment of the High Court delivered on 3rd July 2020 by arguing that the Judge misdirected himself for holding that Sections 4 and 7 of the Controller of Budget Act, 2016 is constitutional and that the Committee convened by the Public Service Commission under Section 4 of the COB Act for recruiting the Controller of Budget was constitutional.
- (x) *Petition E059 of 2021 Dr Magare Gikenyi J. Benjamin Vs SRC & 146 Others & 10 Interested Parties.* The Petitioner challenged the car grant

OFFICE OF THE CONTROLLER OF BUDGET
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benefit issued to the Speakers and Members of the County Assemblies as directed by the SRC in its circular dated 9th February 2021.

- (xi) *Petition E129 of 2021 Katiba Institute & 2 others vs Ukur Yatani, CS National Treasury & 5 others.* The Petitioner contested the National Assembly's passage of the Budget Policy Statement, Supplementary Appropriation Bill and Division of Revenue Bill without public participation.
- (xii) *Petition E008 of 2021, Francis Anguya Ominde & Anor vs Vihiga CECMF & 3 others,* The Petitioners challenged the FY 2021/22 Annual Budget Estimates and the ensuing Appropriation Bill for Vihiga County. They contended that the Budget Estimates, as well as the Appropriation Bill, had not been discussed or approved by the County Executive Committee before being submitted to the County Assembly for approval. They asked the court to stay the implementation process until the mandatory statutory approvals from County Executive Committee are obtained.

In the period under review, one Judgment was delivered on **28th June 2021** in the case of *Mombasa Pet. No 187 of 2018 Local Empowerment for Good Governance & 6 Others v CEC-F of Mombasa & 2 Others* whereby Mombasa County was ordered to establish County Budget and Economic Forum within 90 days from the date of the judgment. Further, one case was dismissed by the Court and another withdrawn by the parties.

b. Controller of Budget Regulations, 2021

According to Article 228 of the Constitution and the provisions of Section 25 of the Controller of Budget Act, 2016, the Controller of Budget, in consultation with the Kenya Law Reform Commission and the Office of the Attorney General developed the Draft Controller of Budget Regulations.

The object of the Draft Regulations is to set out the procedure for authorization of withdrawal of funds; enforcement of budgetary ceilings; monitoring, evaluating, reporting and making recommendations to the national and county governments on measures to improve budget implementation; preparation and submission of quarterly reports and special reports, the conduct of investigations and conciliation, mediation and negotiation. Further, the Regulations will provide for documentation to be

provided to the Controller of Budget in the exercise of her powers and functions as well as the format for requisition and approval of withdrawal of funds.

In line with the constitutional requirement for public participation and according to the provisions of Section 5 of the Statutory Instruments Act, 2013, which obligates a regulation-making authority to undertake appropriate consultations with the persons who are likely to be affected by the proposed instrument, the Controller of Budget engaged with her stakeholders to deliberate on the provisions of the Draft Regulations. The Draft Regulations are now ready for tabling before Parliament for enactment.

c. Automation of the Exchequer process

The OCOB reviewed the proposed Exchequer Automation System and advised on improving the automation system to ensure the independence and mandate of the office are upheld before the rollout. The report was shared with the National Treasury and the Central Bank of Kenya.

d. Legislative Reviews

In execution of its mandate, the OCOB continuously reviews and renders advisories and makes recommendations on various pieces of legislation and draft bills that form the basis for granting approvals for the withdrawals of funds. This is aimed at ensuring that the legislation and the draft bills are in agreement with the Constitution and the public finance management law.

During the period under review, the directorate reviewed a total of 432 pieces of legislation and draft bills. The OCOB also took part in the preparation of the Equalization Fund Regulations, 2021. In addition, as part of stakeholders' engagement, the OCOB gave various recommendations to the National Assembly and Senate on the various proposed Bills.

e. Complaints Handling

The OCOB in the execution of its mandate handled a total of two hundred and thirty-one (231) complaints. The nature of the complaints was in respect to pending bills

owed to service providers and contractors by National and County Governments; lack of public participation in the budget process and the import of Regulation 38 of the Public Finance Management (County Governments) Regulations, 2015.

In addition, other complaints related to persons seeking the COB to investigate unlawful payments in the counties, misappropriation of funds in the counties and persons aggrieved for non-payment of salaries or lack of enforcement of court orders by counties.

f. Alternative Dispute Resolution

The OCOB has the mandate to undertake alternative dispute resolution interventions where disputes touch on budget implementation.

In the FY2020/21, the OCOB was involved in mediating Seventeen (17) disputes involving Kitui, Kirinyaga, Nairobi, West Pokot, and Nyandarua, Bomet, Wajir, Garissa, Baringo, Machakos, Taita Taveta, Vihiga, Bungoma, Samburu, Isiolo, Marsabit, Mandera Counties.

g. Rendering of Legal Opinions

The Controller of Budget provided legal opinions on several issues. Some of the issues include the transfer of functions between the two levels of government and the flow of funds; automation of the Exchequer Process; the legal threshold for compliance with the law to authorize the withdrawal of funds and payment of gratuity to former members of the County Public Service Board and implementation of payments arising from Court judgments.

Sub-Programme 4: Research & Planning

The Research and Planning Sub-Programme seeks to provide evidence-based policy recommendations on budget implementation by providing advice on the planning and budgeting process. The key activities of this sub-programme include research activities on budget implementation issues and undertaking monitoring and evaluation on the projects under implementation at both the national and county government

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

- **Monitoring and Evaluation of projects at the counties**

Article 228(4) of the Constitution of Kenya 2010, empowers the OCOB to oversee the implementation of budgets of both national and county governments by authorizing withdrawals from public funds. This oversight role means the office must regularly monitor how programmes and projects are implemented and report every four months to each house of Parliament on the implementation of budgets.

Further, section 5(b) of the COB Act, 2016 empowers the Controller of Budget to ensure prudent and efficient use of public funds by monitoring, evaluating, reporting and making recommendations to the national and county governments on measures to improve budget implementation.

It is against this background that the OCOB conducted monitoring and evaluation exercise in 23 counties in the period under review namely; Vihiga, Bungoma, Busia, Kisumu, Homa Bay, Murang'a, Nyandarua, Kwale, Taita Taveta and Kwale, Tana River, Kilifi, Meru, Isiolo, Laikipia, Tharaka Nithi, Kirinyaga, Kitui, Machakos, Makueni, Kajiado, Kiambu and Nandi Counties. The monitoring team focused on two key objectives; a) having a dialogue with county officials on the challenges affecting budget implementation and how they will address them and (b) conducting monitoring of development projects. A total of 208 projects were sampled and assessed from different sectors for example; health, education, public works, trade, agriculture, tourism and others. The sample was limited to projects that were implemented between FY 2020/21. Figure 1 to 4 shows the pictures of some the projects that were monitored during the period.



Figure 1: Newly constructed ECDE Classroom at Bwaliro Primary School in Busia County

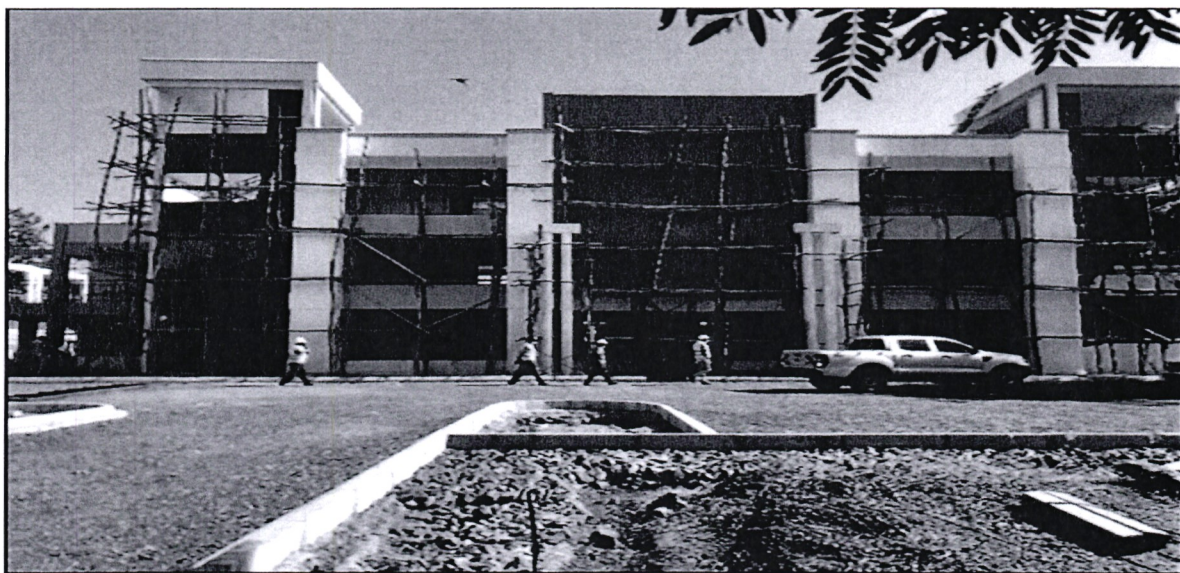


Figure 2: The Rotary Youth Innovation Centre under construction in Kisumu County



Figure 3: Newly constructed Got Agak Dispensary in Homa Bay County

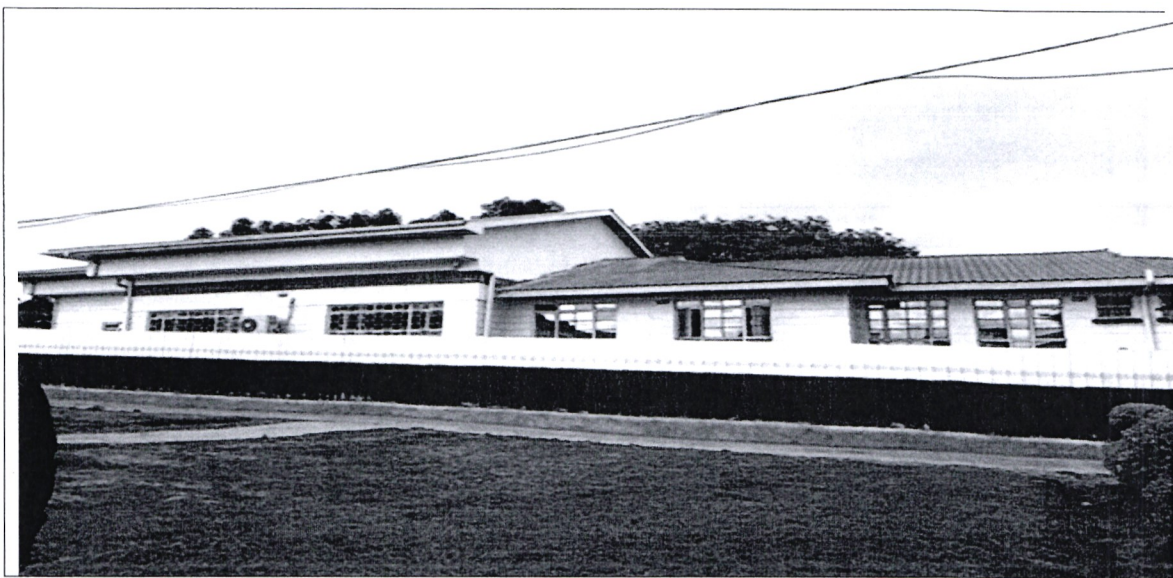


Figure 4: Upgraded J M Kariuki General Hospital in Nyandarua County

The OCOB is in the process of conducting Monitoring and Evaluation exercises for projects under implementation by the National government.

4. CORPORATE

SOCIAL

RESPONSIBILITY

STATEMENT/SUSTAINABILITY REPORTING

The OCOB oversees the implementation of the budgets of both the national and county governments by authorizing withdrawals from Public Funds as provided for under Articles 204, 206 and 207 of COK, 2010. The OCOB main purpose is to improve impact and effectiveness in promoting prudent financial management in the public sector and contribute to the achievement of Kenya's development plan, including the Big Four agenda.

Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile

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

ICT Strategy – Infrastructure: The OCOB has developed a robust ICT infrastructure to support the OCOB in achieving its Mandate. Having a reliable LAN and WAN network, the OCOB has improved its internal communication and collaboration, thus faster achievement of its strategic activities.

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

The OCOB intranet has provided a forum for collaboration and communication, information sharing, exchange and transmission to facilitate the work of the different teams in OCOB. This has translated to the improved overall utilization of resources

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

Savings on rent and OCOB utilities: The OCOB adopted sharing OCOB space with county governments and national government. This has translated into huge savings on office rent, electricity, security, water and sewerages among other services.

The capacity building for staff in-house has reduced travel and accommodation costs. The OCOB focus was mostly on group training as opposed to individual training. The OCOB also subscribed to the purchase of digital newspapers as opposed to the printed ones to save on costs associated with the subscription of newspapers.

2. Environmental performance

OCOB as a responsible government entity has mainstreamed its environmental sustainability goals within all its operation areas as part of its corporate strategy to enhance the core mandate. The OCOB, therefore, continues to comply with applicable environmental laws and regulations in the public sector.

The OCOB has allocated in its budget funds for contracted cleaning service, supplies of cleaning material and services to facilitate general cleanliness in all its offices at the county and headquarter.

On the disposable of waste products, the OCOB is guided by Section 163 of the PPADA 2015 and has established an Asset 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.

3. Employee welfare

The OCOB has an elaborate recruitment policy that provides for a structured framework for the management of human resources processes of recruitment, selection appointment, development and promotions. The policy emphasizes the need to take into consideration the OCOB's commitment to diversity to represent the face of Kenya. It is the policy of OCOB to provide continuous high-quality training and development to staff to improve their skills and competencies that will contribute to improved organizational performance.

a) Staff Welfare Kitty

The OCOB has established a staff welfare scheme to cater for welfare matters. The aim of establishing the scheme is to empathize with members and show solidarity during hard times of sickness and bereavement.

b) Staff Mortgage Scheme

The OCOB has also established a Mortgage Scheme for its staff. The scheme is aimed at providing an opportunity for staff to purchase either houses or land for the construction of their residences, this is in line with the government programme of the big four agenda.

c) Staff Capacity building

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

d) Staff occupational and Safety

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

The OCOB in collaboration with Vimak Dental Centre Limited, an established Dental Service Centre organized a free Dental Health Education Talk for OCOB staff to empower them with knowledge on common dental problems, their treatment and prevention as well as provide free medical consultation. Vimak Dental Centre brought a team of dentists and nurses who provided free consultations during the event.

e) First Aid Kits

The OCOB acquired functional First Aid kits. The aim is to ensure first aid is given to staff in event of minor injuries or accidents before the case is handed over to professional medics. A first aid kit can help reduce the risk of infection or the severity of the injury. As part of the Kenya government safety requirements within the work environment, organizations must train at least five staff to handle the kits.

f) Safety Risk Management

OCOB continues to undertake a risk assessment of its operations to strengthen the controls and prevent disruptions. This entails developing measures to prevent an incident.

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

- ❖ Adherence to safety designs in the OCOB,
- ❖ Strengthening barriers that reduce the spread of harm and
- ❖ Continual training and awareness of staff with skills to detect and appropriately respond to emergencies.

- ❖ Disaster recovery plans measures operations recovery and continuity planning to enable the resumption of the operation of critical services as fast as possible.

However, the OCOB is in the process of finalizing the following policies

- Review of the HRM manual of procedures to address gaps in the schemes of service and succession management.
- Talent management policy to cater for rewards and sanctions for staff to ensure staff retention.
- Environmental policy
- Review of the Safety and Occupational policy

4. Market practices

a. Anti-corruption issues

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

The establishment of the Integrity Committee is aimed to institutionalize the anti-corruption initiatives in the operations of the OCOB. The committee main mandate is

OFFICE OF THE CONTROLLER OF BUDGET

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to Coordinate, formulate and implement Codes of Conduct and Ethics, Anti-Corruption Policy, Integrity Testing Programme, Whistle Blowers Protection Systems, Corruption reporting channels, Customer service charters for all Departments, Financial, Procurement, and Human Resource Manuals, Corruption Risk Assessment and mitigation plan and Performance contracting targets.

Institutional capacity-The OCOB has developed the following policies: Alternative Dispute Resolution Policy; Investigation Policy; Risk Management Policy Framework, Wealth declaration, Complaints Handling Policy; Code of conduct and ethics: Functional departmental manuals and procedures to strengthen the institutional capacity in dealing with anti-corruption issues.

Public Education: The OCOB has 2 trained Integrity Assurance Officers and 14 members of the Integrity Committee. The OCOB also trained the 166 staff members on leadership and integrity. The Committee also ensured that the integrity policy, conflict of interest register and gift register were implemented, maintained and operationalized.

Challenges: The OCOB is in the process of finalizing the whistleblowing policy, corruption Risk Assessment and training of the integrity committee members.

b. Political Involvement

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

c. Responsible Supply chain and supplier relations

The main objective for the supply chain function is to improve processes, service delivery to stakeholders for sustained economic development. Supply Chain plays a

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pivotal role in the timely procurement of quality goods, works and services. The procurement process is guided by the Public Procurement and Assets Disposal Act 2015, relevant regulations, policy and procedures and best practices in the industry.

The OCOB maintains good business practices, treats its suppliers responsibly by honouring contracts and respecting payment practices; specifications are given under what is required to ensure that, there is value for money for the goods is procured or services rendered. The OCOB while carrying out its mandate has endeavoured to follow the generally accepted good procurement standards. By doing this, the aspects of the right quality, quantity and time are always observed.

The OCOB carried out the following activities during the year under review to ensure best practices are adhered to;

The OCOB complied with 30% rule reservation for women, youth and persons with disabilities about procurement. The OCOB also complied with Section 155 of the Public Procurement and Asset Disposal Act, 2015 which makes it mandatory for public entities to comply with the provisions of Part XII of the Act on Preference and Reservations in Procurement. Sections 53 (6), and 157 (5) and (10) of the Act requires Accounting Officers of public entities to reserve a prescribed percentage of its procurement budget, which shall not be less than 30 per cent, to the disadvantaged groups in society. In this regard, the OCOB awarded contracts worth **Kshs.32.9 million** to the disadvantaged Groups (Women, Youth and PWDs) against the procurement budget of **Kshs.59.7 million**. The total contracts awarded to the target group translated to **55 per cent** of the total procurement budget of the OCOB for 2020/21.

The Controller of Budget appointed the Ad hoc Procurement committee i.e. Tender Evaluation, Disposals, Opening, Inspection and Acceptance and Negotiations. Some of the major tenders requests opened, evaluated, awarded and inspected include; Medical Cover contracts, the Framework Contract for Printing of Budget Implementation Review Reports, Recruitment of Staff and Team Building training for staff. The members of the Disposal Committee appointed by the Controller of Budget also identified assets for disposal, set reserve prices for disposable assets and made

recommendations to Accounting Officers on methods of disposal through the Annual Disposal Plan.

d. Marketing and Advertisement

The OCOB is a service delivery entity hence does not engage in the buying and selling of products. In the public sector, the advertisement activities budget is centralized under the Ministry of ICT. The services provided by the OCOB are as stipulated in the law.

5. Community Engagements

CSR is an important component that enables an organization to participate in promoting the Environmental, ethical and socio-economic concerns of the communities. As part of this initiative, these activities have always been planned for during the 4th quarter on yearly basis. OCOB in the past had organized a voluntary CSR activity in Kiambu and Limuru towns by visiting children homes. In the period under review, the effects of the outbreak of the COVID -19 pandemic barred the physical visits to the children homes.

5. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Controller of Budget *is* responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

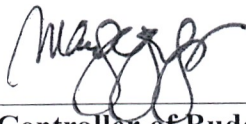
The Controller of Budget accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies under International Public Sector Accounting Standards (IPSAS). The Accounting Officer believes that the *entity's* financial statements give a true and fair view of the state of the entity's transactions during the financial year ended June 30, 2021, and of the entity's financial position as of that date. The Controller of Budget further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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The Controller of Budget confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable) and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The OCOB financial statements were approved and signed by the Accounting Officer on September 28, 2021.



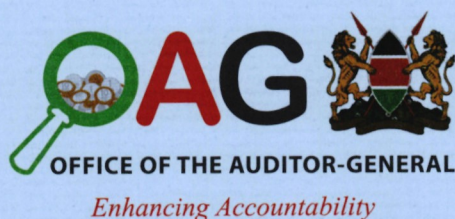
Controller of Budget

Name: CPA Dr. Margaret N. Nyakang'o
ICPAK Member: 2145

6. REPORT OF THE AUDITOR-GENERAL ON THE OFFICE OF THE
CONTROLLER OF BUDGET (VOTE 2121) FOR THE YEAR ENDED
JUNE 30, 2021

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON OFFICE OF THE CONTROLLER OF BUDGET FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Office of the Controller of Budget set out on pages 81 to 108, which comprise of the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows

Report of the Auditor-General on Office of the Controller of Budget for the year ended 30 June, 2021

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, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

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 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.

In preparing the financial statements, Management is responsible for assessing the Office of the Controller of Budget's ability to continue to sustain its 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office of the Controller of Budget's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Office of the Controller of Budget to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Office to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

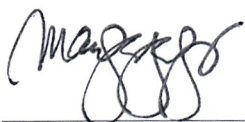
08 March, 2022

OFFICE OF THE CONTROLLER OF BUDGET
Annual Report and Financial Statements
For the year ended 30, June 2021

7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED
JUNE 30, 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
RECEIPTS			
Proceeds from Domestic and Foreign Grants	15.1	-	4,765,000
Exchequer releases	15.2	563,215,747	599,472,929
TOTAL RECEIPTS		563,215,747	604,237,929
PAYMENTS			
Compensation of Employees	15.3	318,692,265	304,234,493
Use of goods and services	15.4	120,034,832	159,148,964
Social Security Benefits	15.5	278,918	10,793,555
Acquisition of Assets –Non Financial	15.6	1,211,982	23,733,854
Acquisition of Assets – Financial	15.7	100,000,000	100,000,000
Expenditure from Domestic and Foreign Grants	15.1	-	4,765,000
TOTAL PAYMENTS		540,217,997	602,675,866
SURPLUS/DEFICIT		22,997,750	1,562,063

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 September 28, 2021 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



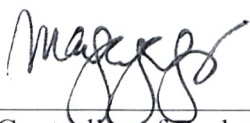
Director Corporate Services
 Name: CPA Macklin Ogolla
 ICPAK Member: 4077

OFFICE OF THE CONTROLLER OF BUDGET
Annual Report and Financial Statements
For the year ended 30, June 2021

8. STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	15.8A	24,824,200	3,039,878
Cash Balances	15.8B	15,270	329,439
Total Cash and cash equivalent		24,839,470	3,369,317
Accounts Receivables	15.9	-	51,333
TOTAL FINANCIAL ASSETS		24,839,470	3,420,650
FINANCIAL LIABILITIES			
Accounts Payables	15.10	(1,841,720)	(1,858,587)
NET FINANCIAL ASSETS		22,997,750	1,562,063
REPRESENTED BY			
Fund balance b/fwd	15.11	1,562,063	2,169,066
Prior year adjustment	15.12	(1,562,063)	(2,169,066)
Surplus/Deficit for the year		22,997,750	1,562,063
NET FINANCIAL POSSITION		22,997,750	1,562,063

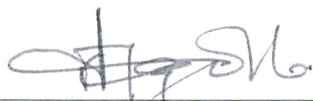
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 Chief Manager Finance and
 Accounts
 Name: CPA Pamela Okatch
 ICPAK Member Number: 7884



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

OFFICE OF THE CONTROLLER OF BUDGET
Annual Report and Financial Statements
For the year ended 30, June 2021

9. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2020-2021	2019 -2020
		Kshs	Kshs
Receipts for operating income			
Proceeds from Domestic and Foreign Grants –Ford Foundation	15.1	-	4,765,000
Exchequer Releases	15.2	563,215,747	599,472,929
		563,215,747	604,237,929
Payments for operating expenses			
Compensation of Employees	15.3	318,692,265	304,234,494
Use of goods and services	15.4	120,034,832	159,148,964
Social Security Benefits	15.5	278,918	10,793,555
Other Expenses - Ford Foundation Grant Expenditure	15.1	-	4,765,000
		439,006,015	478,942,012
Adjusted for:			
Adjustments during the year			
Decrease/(Increase) in Accounts Receivable	15.13(a)	51,333	(51,333)
Increase/(Decrease) in Accounts Payable	15.13(b)	(16,867)	(4,236,867)
Prior Year Adjustments	15.12	(1,562,063)	(2,169,066)
Net cash flow from operating activities(A)		122,682,135	118,838,651
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Assets-Non Financial	15.6	(1,211,982)	(23,733,854)
Acquisition of Assets- Financial	15.7	(100,000,000)	(100,000,000)
Net cash flows from Investing Activities(B)		(101,211,982)	(123,733,854)
CASHFLOWS FROM BORROWING ACTIVITIES			
Net cash flow from financing activities©		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT			
		21,470,153	(4,895,203)
Cash and cash equivalent at BEGINNING of the year		3,369,317	8,264,520
Cash and cash equivalent at END of the year		24,839,470	3,369,317

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 September 28, 2021 and signed by:


OFFICE OF THE CONTROLLER OF BUDGET
Annual Report and Financial Statements
For the year ended 30, June 2021



Controller of Budget
Name: CPA Dr. Margaret Nyakang'o
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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
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For the year ended 30, June 2021

10. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

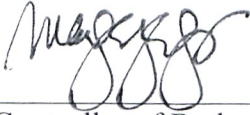
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization-Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	622,982,206	(57,185,435)	565,796,771	563,218,747	2,581,024	99
TOTAL RECEIPTS	622,982,206	(57,185,435)	565,796,771	563,215,747	2,581,024	99
PAYMENTS						
Compensation of Employees	375,520,000	(45,603,884)	329,916,116	318,692,266	11,223,850	97
Use of goods and services	134,071,607	31,799	134,103,406	120,034,832	14,068,574	90
Social Security Benefits	10,565,599	(10,285,850)	279,749	278,918	831	100
Acquisition of Assets –Non Financial	2,825,000	(1,327,500)	1,497,500	1,211,982	285,518	82
Acquisition of Assets - Financial	100,000,000	-	100,000,000	100,000,000	-	100
TOTAL PAYMENTS	622,982,206	(57,185,435)	565,796,771	540,217,998	25,578,773	95

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

- (a) The changes between the original budget and the final budget of **Kshs. 57,185,435** was due to austerity measures undertaken during Supplementary Budget Estimates which affected all Ministries, Departments and Agencies during the period under review
- (b) The significant underutilization of economic classification of Acquisition of Assets (Non-Financial) at **82%** was under-expenditure of budget allocated on the purchase of office furniture and general equipment. This was a result of the late approval of the supplementary budgets estimates.

OFFICE OF THE CONTROLLER OF BUDGET
Annual Report and Financial Statements
For the year ended 30, June 2021

The entity financial statements were approved on September 28, 2021 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 Maeklin Ogolla
ICPAK Member: 4077

OFFICE OF THE CONTROLLER OF BUDGET
Annual Report and Financial Statements
For the year ended 30, June 2021

11. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	622,982,206	(57,185,435)	565,796,771	563,218,747	2,581,024	99
TOTAL RECEIPTS	622,982,206	(57,185,435)	565,796,771	563,215,747	2,581,024	99
PAYMENTS						
Compensation of Employees	375,520,000	(45,603,884)	329,916,116	318,692,266	11,223,850	97
Use of goods and services	134,071,607	31,799	134,103,406	120,034,832	14,068,574	90
Social Security Benefits	10,565,599	(10,285,850)	279,749	278,918	831	100
Acquisition of Assets –Non Financial	2,825,000	(1,327,500)	1,497,500	1,211,982	285,518	82
Acquisition of Assets - Financial	100,000,000	-	100,000,000	100,000,000	-	100
TOTAL PAYMENTS	622,982,206	(57,185,435)	565,796,771	540,217,998	25,578,773	95

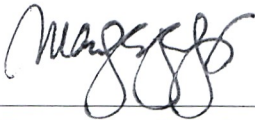
The Office does not have A-I-A hence the receipts is only exchequer issues during the period.

- (a) The changes between the original budget and the final budget of **Kshs. 57,185,435** was due to austerity measures undertaken during Supplementary Budget Estimate which affected all Ministries, Departments and Agencies during the period under review and the effect of COVID-19.

OFFICE OF THE CONTROLLER OF BUDGET
Annual Report and Financial Statements
For the year ended 30, June 2021

(b) The significant underutilization of economic classification of Acquisition of Assets (Non-Financial) at **82%** was under-expenditure of budget allocated on the purchase of office furniture and general equipment. This was a result of the late approval of supplementary budgets estimates.

The entity financial statements were approved on September 28, 2021 and signed by:



Controller of Budget
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ICPAK Member: 2145



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

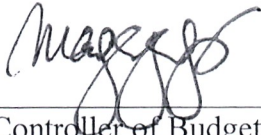


Director Corporate Services
Name: CPA Macklin Ogolla
ICPAK Member: 4077

OFFICE OF THE CONTROLLER OF BUDGET
Annual Report and Financial Statements
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12. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

The OCOB does not have a Development vote



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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
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For the year ended 30, June 2021

13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on a comparable basis	Budget utilization difference
	2021	2021	2021	2021	
	Kshs	Kshs	Kshs	Kshs	%
Control and Management of Public Finance	622,982,206	(57,185,435)	565,796,771	540,217,998	95
Sub-Programme 1: Administration Support Services	396,228,727	(26,649,545)	369,579,182	354,430,606	96
Sub-Programme 2: Research and Planning	19,429,672	(3,486,138)	15,943,534	14,241,431	89
Sub-Programme 3: Budget Review and Analysis	42,770,880	(4,903,831)	37,867,049	35,758,018	94
Sub-Programme 4: Budget Review and Analysis	164,552,927	(22,145,921)	142,407,006	135,787,943	95
Total	622,982,206	(57,185,435)	565,796,771	540,217,998	95

14. SIGNIFICANT ACCOUNTING POLICIES

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

Statement of Compliance and Basis of Preparation

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

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

Reporting entity

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

Reporting Currency

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

Significant Accounting Policies

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

a) Going Concern Principle

The 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) Recognition of Receipts

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

i. Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity. During the period under review, the office received exchequer notification amounting to **Kshs. 563,215,747**.

ii. External Assistance

External assistance is received through grants from a development partner. During the period under review, OCOB received financial assistance under UNICEF/UNDP to develop the Controller of Budget Management Information System (COBMIS) which is a Central Data Management Retrieval System (CDMRS); DANIDA to undertake public participation forum and ICT Equipment; IDLO to carry out Staff team building programme and the development of a training curriculum for County Assembly; PFMR to develop the draft Controller of Budget Regulations and training of County Assembly Speakers on the budget cycle and process; The Institute of Public Finance (IPF) to conduct training of technical staff of the county treasuries

OFFICE OF THE CONTROLLER OF BUDGET
Annual Report and Financial Statements
For the year ended 30, June 2021

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

During the year ended June 30, 2021, there were no instances of non-compliance with terms and conditions which have resulted in the cancellation of external assistance Grant/loans.

iii. 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 at the time associated cash is received. During the period under review, the office disposed of items worth **Kshs. 45,940**. This amount was not budgeted for under A.I.A hence refunded to the exchequer account.

Recognition of payments

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

i. Compensation of Employees

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

ii. Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. The office made all payments for the goods/services are consumed during the period under review, hence there were no pending bills.

iii. Acquisition of Fixed Assets (Non- Financial)

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

OFFICE OF THE CONTROLLER OF BUDGET
Annual Report and Financial Statements
For the year ended 30, June 2021

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

iv. 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 the Mortgage Report and Financial Statement.

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. The office Bank accounts recurrent and deposit balances are held at the Central Bank of Kenya while the Mortgage Fund account is held at Housing Finance at the end of the financial year.

Restriction on Cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As of 30th June 2021, this amounted to **Kshs 1,841,720** compared to **Kshs 1,858,587** in the prior period as indicated on note 16. OCOB made a refund amounting to **Kshs.16,867** to exchequer account as monies collected on payroll commissions.

OFFICE OF THE CONTROLLER OF BUDGET
Annual Report and Financial Statements
For the year ended 30, June 2021

Accounts Receivable

For these financial statements, imprests and advances to authorised public officers and/or institutions that were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements. There was neither outstanding imprest nor advances as at the close of the financial year under review.

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.

During the period under review the office outstanding balance of **Kshs. 1,841,720** in the deposit account concerning monies for 3rd parties. Includes monies held for compensation by Insurance for the loss of equipment's, medical refunds, Bid Bond, and Ford Foundation grant.

Pending Bills

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

OFFICE OF THE CONTROLLER OF BUDGET
Annual Report and Financial Statements
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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.

Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament in June 2019 for the period 1st July 2019 to 30th June 2020 as required by Law and there were two supplementary adjustments to the original budget during the year. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

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

Comparative Figures

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

Subsequent Events

There have been no events after the financial year-end with a significant impact on the financial statements for the year ended 30th June 2021.

Related Party Transactions

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

- i) Key management personnel that include the Cabinet Secretaries and Accounting Officers
- ii) Other Ministries Departments and Agencies and Development Projects;

OFFICE OF THE CONTROLLER OF BUDGET
Annual Report and Financial Statements
For the year ended 30, June 2021

- iii) County Governments; and
- iv) State Corporations and Semi-Autonomous Government Agencies.

15. NOTES TO THE FINANCIAL STATEMENTS

15.1 Proceeds from Domestic and Foreign Grants

Name of Donor	Date received	Direct payment	Amount in foreign currency	2020-2021	2019-2020
				Kshs	Kshs
Grants Received from Multilateral Donors (International Organizations)					
Ford Foundation			-	-	4,765,000
TOTAL			-	-	4,765,000

The OCOB received a grant of **Kshs 4,765,000** from Ford Foundation in the FY 2019/20 to support the end of year term activities. There was no utilization during the period under review. The grant was restricted as per the donor agreement.

15.2 Exchequer Releases

Description	Item Code	2020-2021	2019-2020
		Kshs	Kshs
Total Exchequer Releases for quarter 1	9910201	57,325,974	116,267,200
Total Exchequer Releases for quarter 2	9910201	125,598,550	106,945,660
Total Exchequer Releases for quarter 3	9910201	150,410,200	160,213,379
Total Exchequer Releases for quarter 4	9910201	229,881,023	216,046,690
TOTAL		563,215,747	599,472,929

OFFICE OF THE CONTROLLER OF BUDGET
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The OCOB budgeted exchequer amount was **Kshs. 622,982,206**. This was revised downwards to **Kshs. 565,796,771** during Supplementary Budget Estimate. The OCOB received exchequer amounting to **Kshs. 563,215,747** in Financial Year (FY) 2020/21 compared to **Kshs. 599,472,929** recorded in the FY 2019/20. This is representing a 6% decrease in the two consecutive periods.

15.3 Compensation of Employees

Description	Item Code	2020-2021	2019-2020
		Kshs	Kshs
Basic salaries of permanent employees	2110100	202,736,448	193,499,877
Basic wages of temporary employees	2110200	698,102	1,692,001
Personal allowances paid as part of salary	2110300	82,677,669	78,529,810
Employer Contributions Compulsory national social security schemes	2120100	32,580,047	30,512,806
TOTAL		318,692,265	304,234,494

The total payment for the compensation of employees for FY 2020/21 stood at **Kshs. 318,692,265** representing a 5% increase compared to **Kshs. 304,234,494** recorded in the FY 2019/20. This is attributed to the annual increase of staff basic salaries, salaries for new staff 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.

15.4 Use of Goods and Services

Description	Item Code	2020-2021	2019-2020
		Kshs	Kshs
Utilities, supplies and services	2110100	-	1,500
Communication, supplies and services	2110200	8,943,170	8,756,746
Domestic travel and subsistence	2210300	8,052,092	9,311,993
Foreign travel and subsistence	2210400	768,346	8,135
Printing, advertising and information supplies & services	2210500	32,504,824	60,716,379
Rentals of produced assets	2210600	2,300,148	2,103,249
Training expenses	2210700	2,202,145	2,873,076
Hospitality supplies and services	2210800	5,336,796	8,824,519
Insurance costs	2210900	39,549,961	41,063,261

OFFICE OF THE CONTROLLER OF BUDGET
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For the year ended 30, June 2021

Specialized materials and services	2211000	902,800	1,151,538
Office and general supplies and services	2211100	6,910,562	7,973,551
Fuel Oil and Lubricants	2211200	2,700,615	2,570,083
Other operating expenses	2211300	6,039,639	6,626,964
Routine maintenance – vehicles and other transport equipment	2220100	2,547,049	5,471,397
Routine maintenance – other assets	2220200	1,276,685	1,696,573
TOTAL		120,034,832	159,148,964

The total payment for the use of goods and services for FY 2020/21 stood at **Kshs. 120,024,837** representing a **25%** decrease compared to **Kshs. 159,148,964** recorded in the FY 2019/20. This decrease is due to the scaling down of planned activities during the FY 2020/21 as a result of budgetary cuts and the effects of the COVID-19 pandemic.

15.5 Social Security Benefits

Description	Item Code	2020-2021	2019-2020
		Kshs	Kshs
Government pension and retirement benefits	2710100	278,918	10,793,555
TOTAL		278,918	10,793,555

The social security benefit relates to the pension payments to seconded staff and gratuity for staff whose contracts ended during the year. The total payment for the social security benefits for FY 2020/21 stood at **Kshs. 278,918** representing a **97%** decrease compared to **Kshs. 10,793,555** recorded in the FY 2019/20. This was due to the reduction in the number of staff whose contracts ended within the financial year under review.

15.6 Acquisition of Assets (Non -Financial Assets)

Description	Item Code	2020-2021	2019-2020
		Kshs	Kshs
Purchase of Vehicles and Other Transport Equipment	3110100	-	21,987,259
Purchase of Office Furniture and General Equipment	3111000	1,211,982	1,746,595
TOTAL		1,211,982	23,733,854

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The total payment for the acquisition of assets for FY 2020/21 stood at **Kshs. 1,211,982** representing a **95%** decrease compared to **Kshs. 23,733,854** recorded in the FY 2019/20. The significant increase is attributed to the purchase of motor vehicles during the prior financial year

15.7 Acquisition of Assets (Financial Assets)

Description	Item Code	2020-2021	2019-2020
		Kshs	Kshs
Domestic Public Financial Institutions(Mortgage Scheme)	4110000	100,000,000	100,000,000
TOTAL		100,000,000	100,000,000

During the year under review, the mortgage fund stood at **Kshs.100,000,000** which was a **100%** increment from the FY 2019/20 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. The accounting treatment is done under a separate mortgage fund financial statement.

15.8A Bank Accounts

Name of Bank, Account No. & currency	Currency	Recurrent, Development Deposit	Exc rate (if in foreign currency)	Item Code	2020-2021	2019-2020
					Kshs	Kshs
Central Bank of Kenya 1000181338(Kshs.)	Kshs.	Recurrent	-	6530000	22,982,480	1,181,290
Central Bank of Kenya 1000182369(Kshs.)	Kshs.	Deposit	-	6550000	1,841,720	1,858,587
TOTAL					24,824,200	3,039,878

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15.8B Cash in hand

Description	Item Code	2020-2021	2019-2020
		Kshs	Kshs
Cash in Hand-Held in domestic currency	6580000	15,270	329,439
TOTAL		15,270	329,439

Cash in hand should also be analyzed as follows:

Description	Item Code	2020-2021	2019-2020
		Kshs	Kshs
Location: Headquarters, Bima House Building, 12 th floor cash office	6580000	15,270	329,439
TOTAL		15,270	329,439

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

15.9 Accounts Receivable

Description	Item Code	2020-2021	2019-2020
		Kshs	Kshs
Salary advances	6740000	-	51,333
TOTAL		-	51,333

There was no outstanding imprest during the period under review.

15.10 Accounts Payable

Description	Item Code	2020-2021	2019-2020
		Kshs	Kshs
Retention	7320000	200,000	200,000
Deposits	7320000	1,641,720	1,658,587
TOTAL		1,841,720	1,858,587

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This amount includes retention on bid bond fees paid by Losagi Insurance after bidding for insurance services. Deposits include the amount received from Ford Foundation, a grant given to conduct capacity building exercises for county officials on matters of budget-making process and planning, Insurance refund for medical and loss of equipment.

15.11 Fund Balance Brought Forward

Description	Item Code	2020-2021	2019-2020
		Kshs	Kshs
Opening Bank accounts	9990100	3,039,878	7,597,705
Opening Cash in hand	9990200	329,439	666,815
Opening Balance Accounts Receivables- Advances, imprest, clearance accounts	9990300	51,333	-
Opening Balance Accounts Payables- Retention and Deposit	9990100	(1,858,587)	(6,095,454)
TOTAL		1,562,063	2,169,066

The opening bank and cash balance brought forward represent an 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 is a result of remittance of retention monies, receipts from the sale of assets, payroll commissions.

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15.12 Prior Year Adjustments

	Balance b/f FY 2019/2020 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	3,039,878	-	3,039,878
Cash in hand	329,439	-	329,439
Accounts Payables-Retention and Deposits	(1,858,587)	-	(1,858,587)
Receivables	51,333	-	51,333
TOTAL	1,562,063	-	1,562,063

15.13(a)(Increase)/ Decrease in Receivable

	2020-2021	2019-2020
	KShs	KShs
Receivables as at 1 st July (a)	51,333	-
Receivables as at 30 th June (b)	-	51,333
(Increase)/ Decrease in Receivables (c=(b-a))	51,333	(51,333)

(Receivable as at 1st July for FY 2020/21 should be the same as receivable as at 30th June for FY 2019/20)

15.13 (b) Increase/ (Decrease) in Accounts Payable

	2020-2021	2019-2020
	Kshs	Kshs
Payables as at 1 st July	1,858,587	6,095,454
Payables as at 30 th June	1,841,719	1,858,587
Increase/ (Decrease) in payables	(16,868)	(4,236,867)

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15.14 Analysis of the Deposit Account

Description	2020-2021	2019-2020
	Kshs	Kshs
Tender Bid Bond-Losagi Insurance	200,000	200,000
The National Treasury -Commissions(payroll)	-	16,867
Insurance Refund	82,540	82,540
Ford Foundation	1,164,620	1,164,620
CIC Insurance Medical Refund	394,560	394,560
TOTAL	1,841,720	1,858,587

15.15 Related Party Disclosures

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

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

Related Party Transactions

	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Goods and Services		
Rent charges paid to govt. agencies(Nairobi City County and Kenya Railways)	1,905,000	2,103,249
Training fees paid to govt agencies (Kenya School of Government)	493,440	308,840
Conference facilities hired from govt. agencies	-	45,000
Total goods and services paid to govt. agencies	2,398,440	2,457,089
Transfers from related parties		
Transfers from the Exchequer	563,215,747	599,472,929
Total Transfers from related parties	563,215,747	599,472,929

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15.16 Other Important Disclosures

15.16.1 Other Pending Payables (See Annex 1)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	16,867	475,100	(491,968)	-
Amounts due to OCOB	1,641,720	-	-	1,641,720
Amounts due to third parties	200,000	-	-	200,000
TOTAL	1,858,587	475,100	(491,968)	1,841,719

15.16.2 External Assistance

a) External assistance relating to loans and grants

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received as loans and grants(Ford Foundation Grant)	-	4,765,000
TOTAL	-	4,765,000

b) Undrawn external assistance

	The purpose for which the undrawn external assistance may be used	FY 2020/2021	FY 2019/2020
Description		Kshs	Kshs
Undrawn external assistance – grants (Ford Foundation)	To undertake consultancy on a customer satisfaction survey, media engagement.	1,164,619	-
TOTAL		1,164,619	-

c) External Assistance paid on behalf of the Entity by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity

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	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
National government (The National Treasury and Planning Through Public Finance Management Reforms(PFMR))	21,927,000	-
International assistance organization(UNICEF/UNDP)	7,214,0000	-
International assistance organization (IDLO)	5,284,300	-
NGOs(Institute of Public Finance)	31,000	-
Total	99,382,300	-

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

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

- ❖ UNICEF/UNDP to develop the Controller of Budget Management Information System (COBMIS) which is a Central Data Management Retrieval System (CDMRS). This will assist in data capture, analysis and reporting. Once fully developed, the COBMIS system will automate data management and reporting. Validation workshops were undertaken in June 2021 and the development process will be completed in the current financial year.
- ❖ DANIDA funded a public participation forum in Narok whereby a total of 250 participants were sensitized on their role budgeting process. They also financed some ICT Equipment.
- ❖ IDLO funded the OCOB Staff team building programme at Naivasha. The team building allowed the new Controller of Budget to meet all staff. In addition, IDLO is supporting the development of a training curriculum for the County Assemblies.

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- ❖ PFMR funded the development of the draft Controller of Budget Regulations. This included the public participation sessions that brought together the Stakeholders to review and give their comments on the draft Regulations. Further, the PFMR funded the training of 29 County Assembly Speakers on the budget cycle and process.
- ❖ The Institute of Public Finance (IPF) funded the training of technical staff of the county treasuries of 5 counties on the exchequer requisition process.

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

Payments Made by Third Parties	FY 2020/2021	FY 2019/2020
Use of goods and services	93,285,300	-
Acquisition of Assets	6,097,000	-
TOTAL	99,382,300	-

A schedule of assets acquired

Description	Quantity	Unit Cost	Amount(Kshs.)
a. Laptop Computer Type2 – HP Pro Book G5	38	125,900	4,785,000
b. Desktop Computers, Type3 HP Elite Model , Energy Star	4	107,500	430,000
c. Laptop Computer Type-3	2	254,000	508,000
d. LaserJet Pro Printer-Light duty HP Color	2	49,500	99,000
e. Tablet Computer Type1	1	78,000	78,000
f. Laptop Computers Type1 Dell Inspiron	2	98,500	197,000
TOTAL			6,097,000

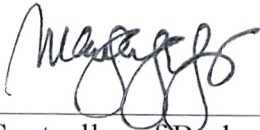
OFFICE OF THE CONTROLLER OF BUDGET
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16. PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S RECOMMENDATIONS

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

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


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



 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

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ANNEXES

ANNEX 1 - ANALYSIS OF OTHER PENDING PAYABLES (DEPOSIT ACCOUNT)

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2020	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
The National Treasury	Payroll commission	226,874	N/A	226,874	-	16,867	
Sub-Total							
Amounts due to County Govt Entities							
NONE	-	-	-	-	-		
Sub-Total							
Amounts due to Third Parties							
Tender Bond-Real Insurance	Retention	200,000	N/A	-	200,000	200,000	
Sub-Total							
Others (Payable to OCOB)							
Jubilee Insurance Refund(Medical)	Insurance Compensation	782,400	N.A	387,840	394,560	394,560	
CIC Insurance Refund(Equipments)	Insurance Compensation	456,440	N/A	373,900	82,540	82,540	
Ford Foundation	Grant	10,085,000	N/A	8,920,381	1,164,619	1,164,619	
Grand Total		11,750,714		988,614	1,8417,19.70	1,858,587	

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ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/2020	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) 2020/21
Buildings and structures(Refurbishment of buildings)	2,328,000	-	-	-	2,328,000
Transport equipment(Vehicles and Other Transport Equipment)	48,786,259	-	-	-	48,786,259
Office equipment, furniture and fittings	75,040,414	1,211,982	(45,940)	-	76,206,456
ICT Equipment(Specialised Plant, Equipment and Machinery)	22,915,035	-	-	-	22,915,035
Intangible assets(Domestic Lending and On-Lending(Mortgage))	150,000,000	100,000,000	-	-	250,000,000
Total	299,069,708	101,211,982	(45,940)	-	400,235,750

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

Additions during the year amounting to **Kshs. 101,211,982** are assets acquired during the year (see notes 15.6 and 15.7). 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. 45,940**

OFFICE OF THE CONTROLLER OF BUDGET**Reports and Financial Statements****For the year ended 30, June 2021****ANNEX 3 – LIST OF PROJECTS IMPLEMENTED BY THE OFFICE**

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

ANNEX 4 – LIST OF SCs, 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 are done?(yes/no)
1	Public Fund- OCOB Mortgage Fund	Provide loan scheme for OCOB Staff members	Controller of Budget	Ksh.100 million	Yes

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ANNEX 5- REPORTS GENERATED FROM IFMIS

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

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



Trial Balance

Entity: 2121-Controller of Budget

Current Period: JUL-20 To JUN-21

Compare With: JUL-19 To ADJ2-20

Account No and Description	Current Period		Previous period	
	Debit Kshs	Credit Kshs	Debit Kshs	Credit Kshs
1420600 Receipts from Sale of Incidental Goods	0.00	0.00	0.00	0.00
1420000 Sales of Goods and Services	0.00	0.00	0.00	0.00
2110100 Basic Salaries - Permanent Employees	202,736,447.90	0.00	193,499,877.05	0.00
2110200 Basic Wages - Temporary Employees	698,102.00	0.00	1,692,001.00	0.00
2110300 Personal Allowances paid as part of Salary	82,677,669.75	0.00	78,529,809.55	0.00
2110000 Wages and Salary Contributions	286,112,219.65	0.00	273,721,687.60	0.00
2120100 Employer Contributions to Compulsory National Social Security Schemes	32,580,047.20	0.00	30,512,805.90	0.00
2120000 Social Contributions	32,580,047.20	0.00	30,512,805.90	0.00
2210100 Utilities, Supplies and Services	0.00	0.00	1,500.00	0.00
2210200 Communication, Supplies and Services	8,943,170.80	0.00	8,756,745.85	0.00
2210300 Domestic Travel and Subsistence, and Other Transportation Costs	8,052,091.80	0.00	9,311,993.00	0.00
2210400 Foreign Travel and Subsistence, and other transportation costs	768,346.00	0.00	8,135.00	0.00
2210500 Printing, Advertising and Information Supplies and Services	32,504,824.00	0.00	60,716,378.70	0.00
2210600 Rentals of Produced Assets	2,300,148.00	0.00	2,103,249.00	0.00
2210700 Training Expenses	2,202,145.00	0.00	2,873,076.00	0.00
2210800 Hospitality Supplies and Services	5,336,796.00	0.00	8,824,519.40	0.00
2210900 Insurance Costs	39,549,960.80	0.00	41,063,261.20	0.00
2211000 Specialised Materials and Supplies	902,800.00	0.00	1,151,538.00	0.00
2211100 Office and General Supplies and Services	6,908,462.00	0.00	7,973,551.00	0.00
2211200 Fuel Oil and Lubricants	2,700,615.00	0.00	2,570,083.00	0.00
2211300 Other Operating Expenses	6,041,739.20	0.00	6,626,964.30	0.00
2210000 Goods and Services	116,211,098.60	0.00	151,980,994.45	0.00
2220100 Routine Maintenance - Vehicles	2,547,049.00	0.00	5,471,397.00	0.00
2220200 Routine Maintenance - Other Assets	1,276,685.00	0.00	1,696,572.80	0.00
2220000 Routine Maintenance	3,823,734.00	0.00	7,167,969.80	0.00
2710100 Government Pension and Retirement Benefits	278,917.75	0.00	10,793,554.90	0.00
2710000 Social Security Benefits	278,917.75	0.00	10,793,554.90	0.00
3110300 Refurbishment of Buildings	0.00	0.00	0.00	0.00
3110700 Purchase of Vehicles and Other Transport Equipment	0.00	0.00	21,987,259.00	0.00
3111000 Purchase of Office Furniture and General Equipment	1,211,982.00	0.00	1,746,595.00	0.00
3111100 Purchase of Specialised Plant, Equipment and Machinery	0.00	0.00	0.00	0.00
3110000 Acquisition of Fixed Capital Assets	1,211,982.00	0.00	23,733,854.00	0.00
4110400 Domestic Loans to Individuals and Households	100,000,000.00	0.00	100,000,000.00	0.00
4110000 Domestic Lending and On-lending	100,000,000.00	0.00	100,000,000.00	0.00
6520100 Treasury Bank Accounts	0.00	0.00	0.00	0.00
6520000 Treasury Bank Accounts (Exchequer and CRF Accounts)	0.00	0.00	0.00	0.00
6530100 Recurrent Bank Accounts	22,982,480.25	0.00	1,181,290.35	0.00
6530000 Recurrent Bank Accounts	22,982,480.25	0.00	1,181,290.35	0.00
6550100 Deposit Bank Accounts	1,841,719.70	0.00	1,858,587.20	0.00
6550000 Deposit Bank Account	1,841,719.70	0.00	1,858,587.20	0.00
6580100 Cash in Hand	15,270.00	0.00	329,439.00	0.00
6580000 Cash in Hand	15,270.00	0.00	329,439.00	0.00
6710100 Debtors & Advances -	0.00	0.00	51,333.20	0.00

Account No and Description	Current Period		Previous period	
	Debit	Credit	Debit	Credit
Employees				
6710000 Domestic Debtors & Advances	0.00	0.00	51,333.20	0.00
6740100 Other Debtors & Pre-payments	0.00	0.00	0.00	0.00
6740000 Other Debtors & Pre-payments	0.00	0.00	0.00	0.00
6760100 Imprests	0.00	0.00	0.00	0.00
6760000 Government Imprests	0.00	0.00	0.00	0.00
6790100 Other Current System A/cs	0.00	0.00	0.00	0.00
6790000 Other Current Assets (System r	0.00	0.00	0.00	0.00
7310100 General Deposits Items	0.00	1,641,719.70	0.00	1,658,587.20
7310000 Deposits	0.00	1,641,719.70	0.00	1,658,587.20
7320000 Other Liabilities	0.00	0.00	0.00	0.00
7320100 Salary Deductions	0.00	0.00	0.00	0.00
7320200 Other General Liabilities	0.00	200,000.00	0.00	200,000.00
7320000 Other Liabilities	0.00	200,000.00	0.00	200,000.00
7380100	0.00	0.00	0.00	0.00
7380000 Withholding Taxes	0.00	0.00	0.00	0.00
7390100 System Required Liabilities	0.00	0.00	0.00	0.00
7399900	0.00	0.00	0.00	0.00
7390000 System Required Liabilities A/cs	0.00	0.00	0.00	0.00
9910100 General Provisions	0.00	0.00	0.00	0.00
9910200 Exchequer Provisions	67,908,427.35	3,129,024,325.65	66,346,364.80	2,565,808,576.20
9910000 Provisions	67,908,427.35	3,129,024,325.65	66,346,364.80	2,565,808,576.20
9990100 Opening Balance Bank	0.00	64,872,141.05	0.00	64,872,141.05
9990200 Opening Balance Cash	0.00	392,236.00	0.00	392,236.00
9990300 Opening Balance Receivables - Imprest and Clearance Accounts	0.00	657,769.00	0.00	657,769.00
9990400 Opening Balance - Deposits	2,493,091.70	0.00	2,493,091.70	0.00
9999900	2,957,291,943.20	395,962,740.00	2,359,381,076.55	395,962,740.00
9990000 Opening Balance Reserves	2,959,785,034.90	461,884,886.05	2,361,874,168.25	461,884,886.05
Total	562,036,056.60	562,036,056.60	3,524,842,504.05	3,524,842,504.05

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

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____

BANK RECONCILIATION

REC-CONTROLLER OF BUDGET

m Date : 01-JUL-20 To : 30-JUN-21

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

Balance as per bank certificate

22,982,480.25

Less --

1. Payment in Cash Book not yet recorded in Bank Statement
(Unpresented Cheques)

2. Receipts in Bank Statement not yet recorded in Cash Book

Add --

3. Payment in Bank Statement not yet recorded in Cash Book

4. Receipts in Cash Book not yet Recorded in Bank Statement

Bank Balance as per Cash Book

22,982,480.25

Reconciled by: Signature: Date:

Reviewed by : Signature: Date:

Approved by: Signature: Date:

BANK RECONCILIATION

From Date : 01-JUL-20 To : 30-JUN-21

REC-CONTROLLER OF BUDGET

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

1. PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT (UNPRESENTED CHEQUES)

Cheque		Payee	Amount
No	Date		
Total			

2. RECEIPTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK

Receipts		Amount
No	Date	
Total		

3. PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK

Cheque		Amount
No	Date	
Total		

4. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT

Receipts		Amount
No	Date	
Total		

BANK RECONCILIATION

m Date : 01-JUL-20 To : 30-JUN-21

DEP-CONTROLLER OF BUDGET

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

Balance as per bank certificate : 1,841,719.70

Less --

1. Payment in Cash Book not yet recorded in Bank Statement
(Unpresented Cheques)

2. Receipts in Bank Statement not yet recorded in Cash Book

Add --

3. Payment in Bank Statement not yet recorded in Cash Book

4. Receipts in Cash Book not yet Recorded in Bank Statement

Bank Balance as per Cash Book : 1,841,719.70

Reconciled by: Signature: Date:

Reviewed by : Signature: Date:

Approved by: Signature: Date:

BANK RECONCILIATION

From Date : 01-JUL-20 To : 30-JUN-21

DEP-CONTROLLER OF BUDGET

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

1. PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT (UNPRESENTED CHEQUES)

Cheque		Payee	Amount
No	Date		
			Total

2. RECEIPTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK

Receipts		Amount
No	Date	
		Total

3. PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK

Cheque		Amount
No	Date	
		Total

4. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT

Receipts		Amount
No	Date	
		Total

**STATEMENT OF RECEIPTS AND PAYMENTS**

Entity: 2121-Controller of Budget

Current Period: JUL-20 To JUN-21

Compare With: JUL-19 To JUN-20

	Note	Current Period	Previous Period
RECEIPTS			
Tax Receipts	1	0.00	0.00
Social Security Contribution	2	0.00	0.00
Proceeds from Domestic and Foreign Grants	3	0.00	0.00
Exchequer releases	4	563,215,749.45	599,472,929.20
Transfers from Other Government Entities	5	0.00	0.00
Proceeds from Domestic Borrowings	6	0.00	0.00
Proceeds from Foreign Borrowings	7	0.00	0.00
Proceeds from Sales of Assets	8	0.00	0.00
Reimbursements and Refunds	9	0.00	0.00
Returns of Equity Holdings	10	0.00	0.00
Other Receipts	11	0.00	0.00
TOTAL RECEIPTS		563,215,749.45	599,472,929.20
PAYMENTS			
Compensation of Employees	12	318,692,266.85	304,234,493.50
Use of goods and Services	13	120,034,832.60	159,148,964.25
Subsidies	14	0.00	0.00
Transfers to Other Government Units	15	0.00	0.00
Other Grants and Transfers	16	0.00	0.00
Social Security Benefits	17	278,917.75	10,793,554.90
Acquisition of Assets	18	101,211,982.00	123,733,854.00
Finance Costs, including Loan Interest	19	0.00	0.00
Repayment of Principal on Domestic and Foreign Borrowing	20	0.00	0.00
Other payments	21	0.00	0.00
TOTAL PAYMENTS		540,217,999.20	597,910,866.65
SURPLUS/DEFICIT		22,997,750.25	1,562,062.55

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

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____





Statement of Financial Position

Entity: 2121-Controller of Budget

Current Period: JUL-20 To JUN-21

Compare With: JUL-19 To JUN-20

	Note	Current Period	Previous Period
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	24,824,199.95	3,039,877.55
Cash Balances	22B	15,270.00	329,439.00
Total Cash And Cash Equivalents		24,839,469.95	3,369,316.55
Accounts Receivables - Outstanding Imprest and Clearance Accounts	23	0.00	51,333.20
TOTAL FINANCIAL ASSETS		24,839,469.95	3,420,649.75
Financial Liabilities			
Accounts Payables - Deposits	24	1,841,719.70	1,858,587.20
NET FINANCIAL ASSETS		22,997,750.25	1,562,062.55
REPRESENTED BY			
Fund Balance b/fwd	25	1,562,062.55	2,169,065.70
Prior Year Adjustment	26	(1,562,062.55)	(2,169,065.70)
Surplus/Deficit for the Year		22,997,750.25	1,562,062.55
NET FINANCIAL POSITION		22,997,750.25	1,562,062.55

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

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____

**STATEMENT OF CASH FLOW**

Entity: 2121-Controller of Budget
Current Period: JUL-20 To JUN-21
Compare With: JUL-19 To JUN-20

	Note	Current Period Kshs	Previous Period Kshs
Receipts and operating income			
Tax Receipts	1	0.00	0.00
Social Security Contribution	2	0.00	0.00
Proceeds from Domestic and Foreign Grants	3	0.00	0.00
Exchequer releases	4	563,215,749.45	599,472,929.20
Transfers from Other Government Entities	5	0.00	0.00
Reimbursements and Refunds	9	0.00	0.00
Returns of Equity Holdings	10	0.00	0.00
Other Receipts	11	0.00	0.00
Payments for Operating Expenses			
Compensation of Employees	12	318,692,266.85	304,234,493.50
Use of goods and Services	13	120,034,832.60	159,148,964.25
Subsidies	14	0.00	0.00
Transfers to Other Government Units	15	0.00	0.00
Other Grants and Transfers	16	0.00	0.00
Social Security Benefits	17	278,917.75	10,793,554.90
Finance Costs, including Loan Interest	19	0.00	0.00
Other payments	21	0.00	0.00
Adjusted for :			
Adjustments during the year		34,465.70	(4,288,200.15)
Prior year adjustments		(1,562,062.55)	(2,169,065.70)
Net Cash From Operating Activities	A	122,682,135.40	118,838,650.70
Cash Flow From Investing Activities			
Proceeds from Sales of Assets	8	0.00	0.00
Acquisition of Assets	18	101,211,982.00	123,733,854.00
Net Cash Flow From Investing Activities	B	(101,211,982.00)	(123,733,854.00)
Cash Flow From Borrowing Activities			
Proceeds from Domestic Borrowings	6	0.00	0.00
Proceeds from Foreign Borrowings	7	0.00	0.00
Repayment of Principal on Domestic and Foreign Borrowing	20	0.00	0.00
Net Cash Flow From Financing Activities	C	0.00	0.00
NET INCREASE IN CASH AND CASH EQUIVALENT	A+B+C	21,470,153.40	(4,895,203.30)
Cash and Cash Equivalent at BEGINNING of The Year		3,369,316.55	8,264,519.85
Cash and Cash Equivalent at END of The Year	22A+22B	24,839,469.95	3,369,316.55

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

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____



NOTES TO THE FINANCIAL STATEMENTS

Entity: 2121-Controller of Budget

Current Period: JUL-20 To JUN-21

Compare With: JUL-19 To JUN-20

1 Tax Receipts

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

2 Social Security Contribution

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

3 Proceeds from Domestic and Foreign Grants

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

4 Exchequer releases

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Exchequer Releases/ Provisioning Account for Q1	9910201	57,325,974.35	116,267,200.05
Exchequer Releases/ Provisioning Account for Q2	9910201	125,598,549.90	106,945,659.85
Exchequer Releases/ Provisioning Account for Q3	9910201	150,410,200.00	160,213,379.10
Exchequer Releases/ Provisioning Account for Q4	9910201	229,881,025.20	216,046,690.20
TOTAL		563,215,749.45	599,472,929.20

5 Transfers from Other Government Entities

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

6 Proceeds from Domestic Borrowings

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Borrowing within General Government	5110100	0.00	0.00
Borrowing from Monetary Authorities (Central Bank)	5110200	0.00	0.00
Other Domestic Depository Corporations (Commercial Banks)	5110300	0.00	0.00
Borrowing from Other Domestic Financial Institutions	5110400	0.00	0.00
Borrowing from Other Domestic Creditors	5110500	0.00	0.00
Domestic Currency and Deposit	5110600	0.00	0.00
TOTAL		0.00	0.00

7 Proceeds from Foreign Borrowings

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

8 Proceeds from Sales of Assets

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

9 Reimbursements and Refunds

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

Item Description	Item Code	Current Period	Previous Period
Reimbursement from Individuals and Private Organizations	4540105	0.00	0.00
Reimbursement from Local Government Authorities	4540106	0.00	0.00
Reimbursement from Statutory Organizations	4540107	0.00	0.00
Reimbursement within Central Government	4540108	0.00	0.00
Reimbursement Using Bonds	4540109	0.00	0.00
Reimbursements and Refunds - Other (Budget)	4540199	0.00	0.00
TOTAL		0.00	0.00

10 Returns of Equity Holdings

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

11 Other Receipts

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

Item Description	Item Code	Current Period	Previous Period
Other Education Revenues	1570300	0.00	0.00
Public Health Services	1580100	0.00	0.00
Public Health Facilities Operations	1580200	0.00	0.00
Environment & Conservancy Administration	1580300	0.00	0.00
Slaughter Houses Administration	1580400	0.00	0.00
Water Supply Administration	1580500	0.00	0.00
Sewerage Administration	1580600	0.00	0.00
Other Health & Sanitation Revenues	1580700	0.00	0.00
Technical Services Fees	1590100	0.00	0.00
External Services Fees	1590200	0.00	0.00
	1930100	0.00	0.00
System Required Revenue A/cs	1990100	0.00	0.00
TOTAL		0.00	0.00

12 Compensation of Employees

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Basic Salaries - Permanent Employees	2110100	202,736,447.90	193,499,877.05
Basic Wages - Temporary Employees	2110200	698,102.00	1,692,001.00
Personal Allowances paid as part of Salary	2110300	82,677,669.75	78,529,809.55
Personal Allowances paid as Reimbursements	2110400	0.00	0.00
Personal Allowances provided in Kind	2110500	0.00	0.00
Employer Contributions to Compulsory National Social Security Schemes	2120100	32,580,047.20	30,512,805.90
Employer Contributions to Compulsory Health Insurance Schemes	2120200	0.00	0.00
Social Benefit Schemes Outside Government	2120300	0.00	0.00
TOTAL		318,692,266.85	304,234,493.50

13 Use of goods and Services

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Utilities, Supplies and Services	2210100	0.00	1,500.00
Communication, Supplies and Services	2210200	8,943,170.80	8,756,745.85
Domestic Travel and Subsistence, and Other Transportation Costs	2210300	8,052,091.80	9,311,993.00
Foreign Travel and Subsistence, and other transportation costs	2210400	768,346.00	8,135.00
Printing, Advertising and Information Supplies and Services	2210500	32,504,824.00	60,716,378.70
Rentals of Produced Assets	2210600	2,300,148.00	2,103,249.00
Training Expenses	2210700	2,202,145.00	2,873,076.00
Hospitality Supplies and Servi	2210800	5,336,796.00	8,824,519.40
Insurance Costs	2210900	39,549,960.80	41,063,261.20
Specialised Materials and Supp	2211000	902,800.00	1,151,538.00
Office and General Supplies and Services	2211100	6,908,462.00	7,973,551.00
Fuel Oil and Lubricants	2211200	2,700,615.00	2,570,083.00
Other Operating Expenses	2211300	6,041,739.20	6,626,964.30
Routine Maintenance - Vehicles	2220100	2,547,049.00	5,471,397.00
Routine Maintenance - Other Assets	2220200	1,276,685.00	1,696,572.80
Exchange Rate Losses	2230100	0.00	0.00
TOTAL		120,034,832.60	159,148,964.25

14 Subsidies

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

15 Transfers to Other Government Units

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

16 Other Grants and Transfers

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

17 Social Security Benefits

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Government Pension and Retirement Benefits	2710100	278,917.75	10,793,554.90
Social Security Benefits	2710200	0.00	0.00
Employer Social Benefits	2710300	0.00	0.00
Refund of Pension to UK Government	2720100	0.00	0.00
Refund of Contributions to WCPS and other Ex-Gratia	2720200	0.00	0.00
TOTAL		278,917.75	10,793,554.90

18 Acquisition of Assets

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Purchase of Buildings	3110100	0.00	0.00
Construction of Building	3110200	0.00	0.00
Refurbishment of Buildings	3110300	0.00	0.00
Construction of Roads	3110400	0.00	0.00
Construction and Civil Works	3110500	0.00	0.00
Overhaul and Refurbishment of Construction and Civil Works	3110600	0.00	0.00
Purchase of Vehicles and Other Transport Equipment	3110700	0.00	21,987,259.00
Overhaul of Vehicles and Other Transport Equipment	3110800	0.00	0.00
Purchase of Household Furniture and Institutional Equipment	3110900	0.00	0.00
Purchase of Office Furniture and General Equipment	3111000	1,211,982.00	1,746,595.00
Purchase of Specialised Plant, Equipment and Machinery	3111100	0.00	0.00
Rehabilitation and Renovation of Plant, Machinery and Equipment	3111200	0.00	0.00
Purchase of Certified Seeds, Breeding Stock and Live Animals	3111300	0.00	0.00
Research, Feasibility Studies, Project Preparation and Design, Project Supervision	3111400	0.00	0.00
Rehabilitation of Civil Works	3111500	0.00	0.00
Purchase of Specialised Plant	3112200	0.00	0.00
Acquisition of Strategic Stocks	3120100	0.00	0.00
Acquisition of Other Inventori	3120200	0.00	0.00
Acquisition of Land	3130100	0.00	0.00
Acquisition of Other Intangible Assets	3130200	0.00	0.00
Domestic Lending and On-lending	4110000	100,000,000.00	100,000,000.00
Domestic Equity Participation	4120000	0.00	0.00
Other Domestic Accounts Receivable	4130000	0.00	0.00
Foreign Lending and On- Lending	4140000	0.00	0.00
Foreign Equity Participation	4150000	0.00	0.00
Other Foreign Accounts Receivable	4160000	0.00	0.00
TOTAL		101,211,982.00	123,733,854.00

19 Finance Costs, including Loan Interest

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

20 Repayment of Principal on Domestic and Foreign Borrowing

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

21 Other payments

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

22A Bank Balances

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Special Accounts	6510000	0.00	0.00
Treasury Bank Accounts (Exchequer and CRF Accounts)	6520000	0.00	0.00
Recurrent Bank Accounts	6530000	22,982,480.25	1,181,290.35
Development Bank Accounts	6540000	0.00	0.00
Deposit Bank Account	6550000	1,841,719.70	1,858,587.20
Project Specific Bank Accounts	6570000	0.00	0.00
Foreign Currency and Foreign D	6590101	0.00	0.00
Foreign Currency and Foreign D	6590203	0.00	0.00
TOTAL		24,824,199.95	3,039,877.55

22B Cash Balances

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Cash in Hand	6580000	15,270.00	329,439.00
Foreign Currency and Foreign D	6590201	0.00	0.00
TOTAL		15,270.00	329,439.00

23 Accounts Receivables - Outstanding Imprest and Clearance Accounts

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Domestic Debtors & Advances	6710000	0.00	51,333.20
Debtors & Advances - Govt Owne	6720000	0.00	0.00
Foreign Debtors & Advances	6730000	0.00	0.00
Other Debtors & Pre-payments	6740000	0.00	0.00
Government Imprests	6760000	0.00	0.00

Item Description	Item Code	Current Period	Previous Period
Agency Accounts	6770000	0.00	0.00
Suspense & Clearance Account	6780000	0.00	0.00
Other Current Assets (System r	6790000	0.00	0.00
TOTAL		0.00	51,333.20

24. ACCOUNTS PAYABLE

Item Description	Item code	Current Period	Previous Period
		Kshs	Kshs
Withholding Taxes	7380000	0.00	0.00
Deposits	7310000	1,641,719.70	1,658,587.20
System Required Liabilities A/cs	7390000	0.00	0.00
Other Liabilities	7320000	200,000.00	200,000.00
TOTAL		1,841,719.70	1,858,587.20

25. FUND BALANCES BROUGHT FORWARD

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Opening Balance Bank	22A	3,039,877.55	7,597,704.85
Opening Balance Cash	22B	329,439.00	666,815.00
Opening Balance Receivables - Imprest and Clearance Accounts	23	51,333.20	0.00
Opening Balance - Deposits	24	(1,858,587.20)	(6,095,454.15)
TOTAL		1,562,062.55	2,169,065.70

26. PRIOR YEAR ADJUSTMENTS

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Exchequer Provisions	9910200	1,562,062.55	2,169,065.70
County Transfers	9910300	0.00	0.00
TOTAL		1,562,062.55	2,169,065.70



Statement of Budget Execution - Recurrent Expenditure

Entity: 2121-Controller of Budget

Current Period: JUL-20 To JUN-21

Note	Printed Estimate	Reallocation / Transfer	Supplementary Estimates	Final Approved Estimate (Net)	Actual	Budget Utilization Differences	% of Utilization
	a	b	c	d=a+b+c	e	f=d-e	g=e/d%
RECEIPTS							
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
2	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
3	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
4	0.00	0.00	0.00	0.00	563,215,749.45	(563,215,749.45)	0.00%
5	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
6	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
7	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
8	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
9	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
10	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
11	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Total	0.00	0.00	0.00	0.00	563,215,749.45	(563,215,749.45)	0.00%
PAYMENTS							
12	375,520,000.00	0.00	(45,603,884.00)	329,916,116.00	318,692,266.85	11,223,849.15	96.60%
13	134,071,607.00	0.00	31,799.00	134,103,406.00	120,034,832.60	14,068,573.40	89.51%
14	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
15	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
16	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
17	10,565,599.00	0.00	(10,285,850.00)	279,749.00	278,917.75	831.25	99.70%
18	102,825,000.00	0.00	(1,327,500.00)	101,497,500.00	101,211,982.00	285,518.00	99.72%
19	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
20	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
21	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Total	622,982,206.00	0.00	(57,185,435.00)	565,796,771.00	540,217,999.20	25,578,771.80	95.48%



Statement of Budget Execution - Recurrent Expenditure

Entity: 2121-Controller of Budget

Current Period: JUL-20 To JUN-21

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

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____



Budget Execution by Programme and Economic Classification

Entity: 2121-Controller of Budget

Period: JUL-20 To JUL-21

Program	Item	Description	Approved Budget	Actual Payments	Variance
0000000000		Default - Non Programmatic	0.00	0.00	0.00
	2990000	System Required Expense A/cs	0.00	0.00	0.00
0730000000		Control and Management of Public finances	689,122,143.00	27,111,280.10	662,010,862.90
	2110000	Wages and Salary Contributions	346,561,093.00	24,160,095.30	322,400,997.70
	2120000	Social Contributions	40,228,907.00	2,805,010.80	37,423,896.20
	2210000	Goods and Services	165,004,407.00	139,674.00	164,864,733.00
	2220000	Routine Maintenance	9,067,200.00	6,500.00	9,060,700.00
	2710000	Social Security Benefits	23,563,393.00	0.00	23,563,393.00
	3110000	Acquisition of Fixed Capital Assets	4,697,143.00	0.00	4,697,143.00
	4110000	Domestic Lending and On-lending	100,000,000.00	0.00	100,000,000.00
		Grand Total	689,122,143.00	27,111,280.10	662,010,862.90

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

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____



Budget Execution by Heads and Programmes

Entity: 2121-Controller of Budget

Period: JUL-20 To JUN-21

Head	Program	Description	Approved Budget	Actual Payments	Variance
0000000000		Default Value (Non-Departmental)	0.00	0.00	0.00
	0000000000	Default - Non Programmatic	0.00	0.00	0.00
2121000100		Administration Support Services	369,579,182.00	354,430,606.10	15,148,575.90
	0730000000	Control and Management of Public finances	369,579,182.00	354,430,606.10	15,148,575.90
2121000200		Research and Planning	15,943,534.00	14,241,431.60	1,702,102.40
	0730000000	Control and Management of Public finances	15,943,534.00	14,241,431.60	1,702,102.40
2121000300		Budget Review and Analysis	37,867,049.00	35,758,018.60	2,109,030.40
	0730000000	Control and Management of Public finances	37,867,049.00	35,758,018.60	2,109,030.40
2121000400		County Services	142,407,006.00	135,787,942.90	6,619,063.10
	0730000000	Control and Management of Public finances	142,407,006.00	135,787,942.90	6,619,063.10
		Grand Total	565,796,771.00	540,217,999.20	25,578,771.80

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

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____



Budget Execution By Programmes and Sub-Programmes

Entity: 2121-Controller of Budget

Period: JUL-20 To JUN-21

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0000000000		Default - Non Programmatic	0.00	0.00	0.00
	0000000000	Default - Non Programmatic	0.00	0.00	0.00
0730000000		Control and Management of Public finances	565,796,771.00	540,217,999.20	25,578,771.80
	0730010000	Authorization of withdrawal from public Funds	142,407,006.00	135,787,942.90	6,619,063.10
	0730020000	Budget implementation and Monitoring	37,867,049.00	35,758,018.60	2,109,030.40
	0730030000	General Administration Planning and Support Services	369,579,182.00	354,430,606.10	15,148,575.90
	0730040000	Research & Development.	15,943,534.00	14,241,431.60	1,702,102.40
		Grand Total	565,796,771.00	540,217,999.20	25,578,771.80

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

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____

