

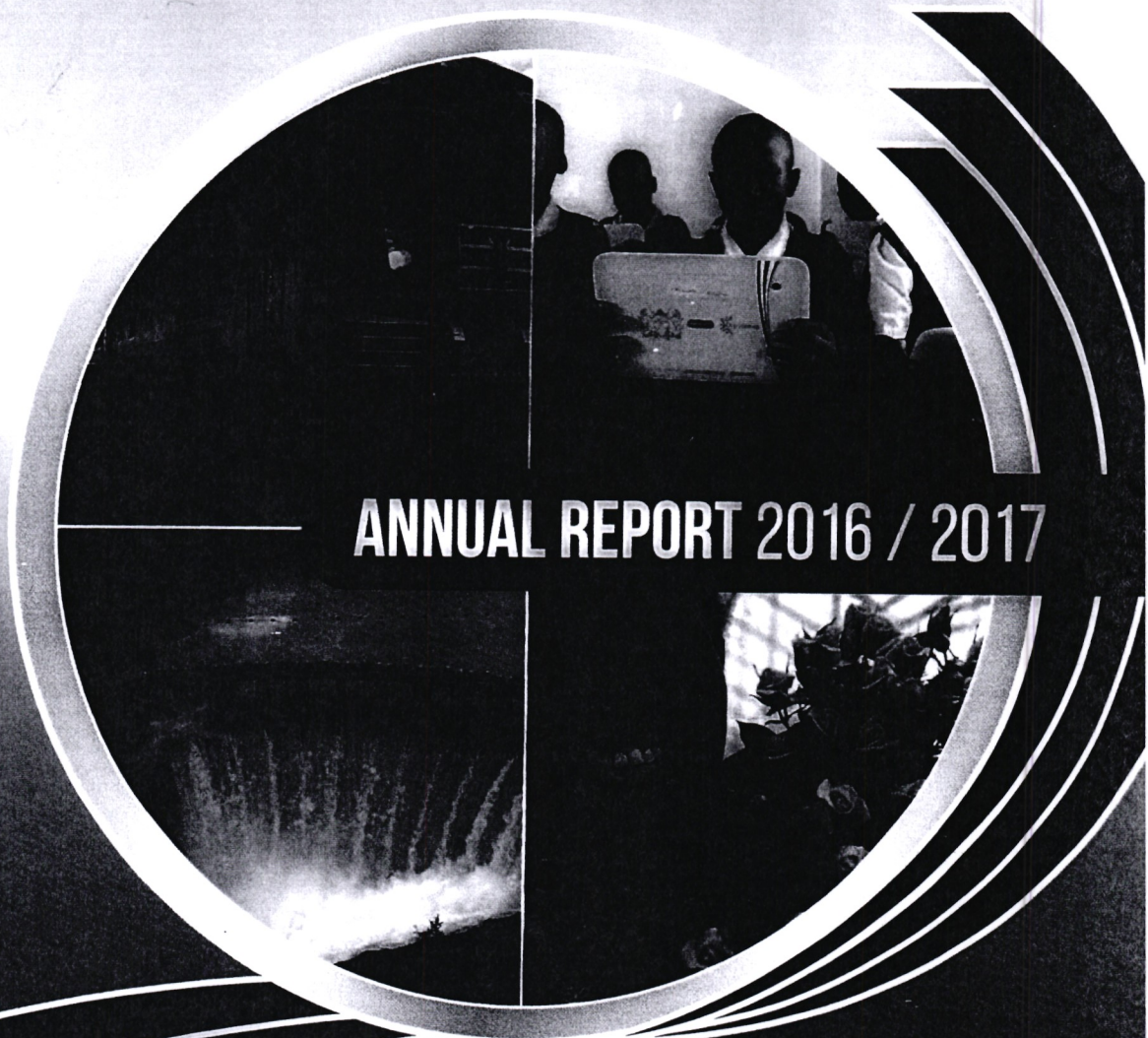
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REPUBLIC OF KENYA

# OFFICE OF THE CONTROLLER OF BUDGET



## ANNUAL REPORT 2016 / 2017

**JUNE 2018**

PROMOTING PRUDENT FINANCIAL MANAGEMENT IN THE PUBLIC SECTOR

Paper Laid on the  
Table of the  
House by the  
Leader of the Majority  
Party on Tuesday  
24<sup>th</sup> July 2018  
(Afternoon)



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REPUBLIC OF KENYA

**OFFICE OF THE CONTROLLER OF BUDGET**

**ANNUAL REPORT 2016 / 2017  
JUNE 2018**

## STATEMENT FROM THE CONTROLLER OF BUDGET



It is with great pleasure that I present to you the annual report and financial statements for financial year (FY) 2016/17. The report has been prepared in line with Article 254(1) of the Constitution of Kenya 2010 which requires every Constitutional Commission and Independent Office to submit a report to the President and Parliament, as soon as practicable, after the end of each financial year. This report therefore highlights the programmes and activities that were implemented by the Office of the Controller of Budget as well as the achievements achieved and challenges faced during the reporting period.

Some of the programmes and activities that were undertaken and are articulated in this report include: reviewing the exchequer requisition process for spending entities at both national and county governments to ensure that funds are released in time to finance approved programmes; publishing of quarterly Budget Implementation Review Reports (BIRRs) for both national and county governments; reviewing of the approved budgets and planning documents for the FY 2016/17 to check for the compliance with the public financial management framework; and carrying out public sensitization to inform the public on their role in the budgeting process.

The Office remains committed in ensuring that budget implementation process is efficient and effective as well as ensuring there is prudence in the use of public financial resources. To this end, the office has commenced the process of reviewing the OCOB 2013-2017 Strategic Plan with a view of developing the new Strategic Plan for the period 2017-2022. The Strategic Plan will accommodate changes in legislations and emerging issues arising out of the implementation of the first five years into a devolved system of governance.

In implementing its mandate, the Office of the Controller of Budget received support from various stakeholders. In this regard, the Office expresses its gratitude to the national and county governments, development partners and the Constitutional Commissions and look forward to continued support and collaboration.



Mrs. Agnes Odhiambo, CBS  
CONTROLLER OF BUDGET

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## **LIST OF ACRONYMS**

ADP	Annual Development Plan
AIA	Appropriation in Aid
BIRR	Budget Implementation Review Report
BPS	Budget Policy Statement
BROP	Budget Review and Outlook Paper
CARA	County Allocation of Revenue Act
CBROP	Budget Review and Outlook Paper
CBS	Chief of the Order of the Burning Spear
CDRMS	Central Data Management Retrieval System
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
COB	Controller of Budget
COK	Constitution of Kenya
CRF	County Revenue Fund
DMSP	Debt Management Strategy Paper
FiRe	Financial Reporting
FY	Financial Year
GPA	Group Personal Accident
GPS	Governance, Peace and Security
GRB	Gender Responsive Budgeting
HRMAC	Human Resource Management Advisory Committee
IBEC	Intergovernmental Budget and Economic Council
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information Communication Technology
IFMIS	Integrated Financial Management System
IPSAS	International Public Sector Accounting Standards
KNBS	Kenya National Bureau of Statistics
MDA	Ministries Departments Agencies
NSE	Nairobi Securities Exchange
OCOB	Office of the Controller of Budget
PBB	Programme Based Budgets
PFM	Public Finance Management
PFMR	Public Finance Management Reforms
PSASB	Public Sector Accounting Standards Board
UN	United Nations
WIBA	Work Injury Benefit Act

## EXECUTIVE SUMMARY

The Constitution of Kenya and the Kenya Vision 2030 lay emphasis on transparency and accountability as key principles in public service delivery. As such, the Office of the Controller of Budget is established under Article 228 of the Constitution of Kenya, 2010 to oversee implementation of budgets by the national and county governments. To fulfil this mandate, the Office has regularly been preparing quarterly and annual budget implementation review reports which enable the Parliament, public and other stakeholders to monitor whether public funds are utilized in accordance with the approved programmes.

The preparation of this Annual Report is based on Article 254 (1) of the Constitution of Kenya, 2010 which requires each Commission, and each holder of an independent office, to submit a report to the President and to Parliament at the end of each financial year. It is against this background that the Office has prepared the fifth Annual Report that contains information regarding the various activities implemented in the FY2016/17. The Report is structured into two sections. The first section contains information about activities implemented by the Office during the reporting period. The second section contains a report from the Auditor-General on the Financial Statements of the Office of the Controller of Budget for the FY2016/17.

To ensure County Governments and MDAs deliver services to the citizenry, the Office of the Controller of Budget is committed to timely approval of exchequer requests. The Office also ensures that all requisition documents are accurate and are in compliance with the law before public funds are released to the spending units. The Office reviewed the approved budget and planning documents for the FY 2016/17 for all the forty seven County Governments to check for compliance with the public financial management framework. During the review, areas of non-conformity with the law were identified and shared with the County Governments for necessary action. Some of the issues checked for compliance were;

- a) Conformity of the budget to the County Allocation of Revenue Act (CARA), 2017,
- b) Conformity of the budgets to the Programme Based Budgeting (PBB),
- c) Allocation for Development Budget
- d) Allocation to wages and benefits and
- e) Compliance with the planning framework within the county government.

In the FY 2016/17, the Office of the Controller of Budget approved exchequer issues to the MDAs and County governments amounting to Kshs.2.04 trillion. This represents 11.3 per cent growth compared to the exchequer issues of Kshs.1.83 trillion released in FY 2015/16. The exchequer issues comprised of Kshs.1.21 trillion released to MDAs, Kshs.498.1 billion released for Consolidated Fund Services and Kshs.328.24 billion released to the County governments, compared to Kshs.1,053.5 billion, Kshs.476.2 billion and Kshs.303.5 billion issued to MDAs, CFS and County governments respectively, in the FY 2015/16.



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Further analysis of the exchequer issues showed that Kshs.394.2 billion was released towards development expenditure, Kshs.819.9billion for recurrent expenditure, and Kshs.328.2 billion to the County Governments. The exchequer issues released to fund development activities represented 89.2 per cent of the revised net estimates whereas the exchequer issues released to fund recurrent activities translated to 97.5 per cent of the revised net recurrent estimates.

The Office encountered some challenges in execution of its mandate. Key among them included high downtime in IFMIS that affected execution of financial transactions in time and delay by some spending entities to submit quarterly financial reports to the Controller of Budget. The delay in submission of quarterly financial reports affected the preparation of the Budget Implementation Review Reports (BIRR). The Office recommends that the National Treasury should put in place adequate mechanisms at the beginning of each financial year to upload procurement plans and budgets onto the IFMIS to ensure timely implementation of MDAs' planned activities. MDAs and Counties should ensure timely preparation and submission of their quarterly expenditure reports to the Controller of Budget to allow timely preparation and publication of the Budget Implementation Review Reports.

The Office organized a public participation forum in Machakos to sensitize the public on the budget making process, the mandate of the Office and appraise the public on the performance of the Counties. Stakeholders drawn from Machakos, Kitui, Makueni, Kajiado and Nairobi counties gathered in Machakos. Forum participants included representatives from youths, women, religious leaders, civil society organizations, persons living with disabilities (PLWD) and business men and women. The forum provided an opportunity for the Office to provide the public with information on the performance of the counties and how they can be involved in monitoring utilization of public funds as well as enhance their capacity.

During the FY2016/17, the Controller of Budget was enjoined as party to a number of legal suits. About 90% of the suits related to disputes in county governments. The Controller of Budget was also called upon by the court to explain the delay in the payment of additional pension to teachers who retired between 1997 and 2003.

The Office will continue to engage with key stakeholders and in particular, the public to effectively discharge its constitutional mandate of overseeing budget implementation at both levels of government. This is to ensure that public resources are used in a prudent manner to achieve economic transformation for a shared prosperity. It is through public participation that stakeholders can monitor budget implementation and achieve the transformative agenda envisioned in both the National and County government budgets.

# CHAPTER 1

## INTRODUCTION

### 1.1 Background

Article 254 (1) of the Constitution of Kenya, 2010 requires each Constitutional Commission, and each holder of an Independent Office, to submit a report to the President and Parliament at the end of each financial year. It is against this background that the Office has prepared the fifth Annual Report that contains information regarding the various activities implemented in the FY2016/17. The Report is structured into two sections. The first section contains information about activities implemented by the Office during the reporting period. The second section provides financial information and contains the audited report from the Auditor-General on the Financial Statements of the Office of the Controller of Budget for the FY2016/17.

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

The Constitution of Kenya and Kenya Vision 2030 lay emphasis on transparency and accountability as key principles in public service delivery. The Office of the Controller of Budget ensures this by overseeing the implementation of budgets at both national and county governments. To this end, the Office has on regular basis been publishing Budget Implementation Review Reports on quarterly basis and submitting them to the legislature, and the executive. These reports provide information on the usage of public funds by spending entities at both levels of government. The publication of these reports also inculcates a culture of transparency and accountability in the usage of public funds.



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*Madaraka Express in Mtito Andei Station*  
Source: Sputnik International



*Digital Literacy Programme*

In line with its core mandate, the OCOB has been steadfast in ensuring timely release of funds to implement development projects and programmes that contribute to economic growth. Past experience points to the fact that delayed release of exchequer to the spending entities compromises the quality of service to citizens. The Office has developed a procedure manual that guides withdrawals from public funds. This has resulted in efficient flow of funds to spending entities to ensure timely implementation of programmes for the benefit of the Kenyans. Besides monitoring the utilization of public funds, the Office has been holding public sensitization forums to sensitize the public about their role in the budget making process. Further, the Office has publicized quarterly budget implementation review reports to enable the Public and other oversight institutions such as the Parliament and County Assemblies oversee usage of public resources by the spending entities.

On public service delivery, the Office has ensured that exchequer requests are approved within the shortest time possible so that resources are available to fund critical public services. The Office has also ensured that information on public expenditure is widely circulated through print and digital platforms to enable the public monitor the usage of public resources. To this end, the Office has continually revamped its website to make it interactive and thus allow the public to access information through the digital platform. Further, efforts are currently underway to develop a reporting format that will enable people living with disabilities to access information on budget implementation.

### **1.3 Scope and Organization of the Report**

The report contains detailed information about the activities implemented by the Office in the FY 2016/17. The information comprises of notable achievements and challenges that affected the implementation of the planned activities during the period. The report comprises of six chapters. Chapter one provides the legal basis for the preparation of this report as well as the role of the Office in Kenya's development agenda. Chapter two contains information about the mandate and functions of the Office of the Controller of Budget, including the strategic framework of the organization. Chapter three provides a synopsis of activities that were implemented by the office during the reporting period. Chapter four contains information about challenges that may have affected the implementation of internal activities of the Office of the Controller of Budget and recommendations to address the challenges. Chapter five provides the institutional structure and a brief description of the functions of each directorate and the established committees. Chapter six is the conclusion of the report. Finally, the report includes an annex on the Audited Financial Statements of the Office of the Controller of Budget for the FY2016/17.

## CHAPTER 2

### MANDATE AND ROLE OF THE OFFICE OF THE CONTROLLER OF BUDGET

#### 2.1 Mandate of OCOB

The Office of the Controller of Budget is an independent office established under Article 228 of the Constitution of Kenya, 2010. Its core mandate is to oversee the implementation of the budgets of national and county governments by authorizing withdrawals from public funds as provided for under Articles 204, 206 and 207 of the Constitution of Kenya, 2010.

#### 2.2 Functions of OCOB

The Controller of Budget Act, 2016 provides that the Office shall have all powers generally necessary for the execution of its functions under Articles 228(4) to (6), and 252 of the Constitution. These functions are;

- To oversee implementation of the budgets of both the National and County Governments. (Article 228 (4)) of the Constitution of Kenya, 2010.
- Authorize withdrawals from Public Funds including the Equalization Fund, the Consolidated Fund, and the County Revenue Fund under (Article 204(9)), (Article 206 (4)), and (Article 207(3)) of the Constitution of Kenya, 2010 once satisfied that the withdrawal is authorized by law (Article 228 (5)).
- Report, every four months to each house of Parliament on the implementation of the budgets of the national and county governments (Article 228(6)) of the Constitution of Kenya, 2010.
- Report after the end of each financial year, to the President, the National Assembly or Senate (Article 254(1)) of the Constitution of Kenya, 2010.
- Report on a particular issue, as may be required by President, the National Assembly or the Senate (Article 254(2)) of the Constitution of Kenya, 2010.
- Advise Parliament on the need to renew or not to approve the decision of the Cabinet Secretary in charge of finance to stop the transfer of funds to a State Organ or any other Public Entity (Article 225(7)(a)) of the Constitution of Kenya, 2010.
- Conduct investigations based on its own motion or on a complaint made by a member of the public (Article 252(1)(a)) of the Constitution of Kenya, 2010.
- Conduct alternative dispute resolution mechanisms including conciliation, mediation and negotiation to resolve budget implementation disputes (Article 252(1)(b)) of the Constitution of Kenya, 2010 ;and
- Ensure the public has access to information on budget implementation both at the national and county levels (Article 35) and Section 39(8) of the Public Finance Management Act, 2012

## 2.3 Strategic Framework of OCOB

### 2.3.1 Vision

*"To be a leading and independent oversight institution in public financial management"*

### 2.3.2 Mission

*"To guarantee prudent public financial management through overseeing implementation of the Government budgets by controlling and monitoring the use of public funds and reporting on budget implementation for the benefit of all Kenyans."*

### 2.3.3. Core Values

The Office of the Controller of Budget is guided by the following core values as it discharges its mandate:

*Honesty and Integrity; Professionalism; Accountability and Transparency; Innovation and Creativity; Teamwork; Efficiency and Independence*

### 2.3.4 Strategic Objectives

The Office has identified six strategic objectives that guide its operations. Each objective has strategies and activities that aim to achieve results in the key strategic focus areas. The following are the six strategic objectives.

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



## CHAPTER 3

### PERFORMANCE REVIEW AND ACHIEVEMENTS DURING FY 2016/2017

#### 3.0 Introduction

In the financial year 2016/2017, the Office of the Controller of Budget carried out several activities in line with its mandate of overseeing the implementation of budgets by the national and county governments. The Office reviewed draft budget estimates to ensure both national and county government approved budgets conform with the Public Finance Management Act, 2012 (PFMA), published quarterly budget implementation reports, conducted public sensitization forums to sensitize the public on their role in the budget making process, and collaborated with various stakeholders on public finance matters.



*Controller of Budget attending the 5th Annual Conference of Constitutional Commissions & Independent Offices*

The Office has one main programme of controlling and management of public finances under the budgeting framework. Under this programme, the Office seeks to promote prudent public financial management by timely authorization of withdrawals from Public Funds and reporting on budget implementation for both the national and county governments. The programme comprises of four sub-programmes namely:

- a) Authorization of Withdrawal from Public Funds;
- b) Budget Implementation and Monitoring;
- c) Administration and Support Services; and,
- d) Research and Planning

### 3.1 Authorization of withdrawal from Public Funds Sub-Programme

The main activity implemented under the sub-programme involves approval of withdrawal of exchequer requisitions from public funds (Consolidated Fund, County Revenue Fund and Equalization Fund) subject to compliance with relevant laws and regulations. The Office has taken necessary steps including reviewing the exchequer requisition process for spending entities at both national and county governments to ensure that funds are released in time to finance approved programmes.

#### 3.1.1 Exchequer Issues and Resource Absorption

In the FY 2016/17, total exchequer issues to the MDAs and County governments amounted to Kshs. 2,040 billion and represented a 11.3 per cent growth compared to the exchequer issues of Kshs.1,833.2 billion released in FY 2015/16. The total exchequer issues in FY 2016/17 comprised of Kshs.1,214.1 billion released to MDAs, Kshs.498.1 billion released for Consolidated Fund Services and Kshs.328.24 billion released to the County governments, compared to Kshs.1,053.5 billion, Kshs.476.2 billion and Kshs.303.5 billion issued to MDAs, CFS and County governments respectively, in the FY 2015/16. The exchequer issues to net estimates increased marginally from 93.4 per cent in FY2015/16 to 95.5 per cent in FY 2016/17.

Further analysis of the exchequer issues to MDAs show that Kshs.394.2 billion was released towards development expenditure, Kshs.819.9 billion for recurrent expenditure. Kshs.328.24 billion was authorised from the County Revenue Funds to the various County Operational Accounts. This comprised of Kshs. 219.95 billion for recurrent expenditure and Kshs. 108.3 billion to finance development activities. The exchequer issues released to fund development activities represented 89.2 per cent of the revised net estimates whereas the exchequer issues released to fund recurrent activities translated to 97.5 per cent of the revised net recurrent estimates. Further, the exchequer issues released to fund the 47 county governments translated to 100 per cent of the revised net estimates as shown in Table 1.

**Table 1: Exchequer Issues Processed in the FY2016/17 (Kshs. billion)**

Nature of Expenditure	Revised Gross Estimates	Revised Net Estimates	Exchequer Issues Released	Actual Expenditure	Exch. Issues to Net Estimates (%)	Absorption Rate (%)
Recurrent	927.5	840.6	819.9	858.3	97.5	92.5
Development	861.2	441.8	394.2	602.3	89.2	69.9
CFS	526.2	526.2	498.1	499.0	94.7	94.8
County Governments	399.24	328.24	328.2	319.1	100.0	79.9
<b>Total</b>	<b>2,714.1</b>	<b>2,136.8</b>	<b>2,040.4</b>	<b>2,278.7</b>	<b>95.5</b>	<b>84.0</b>

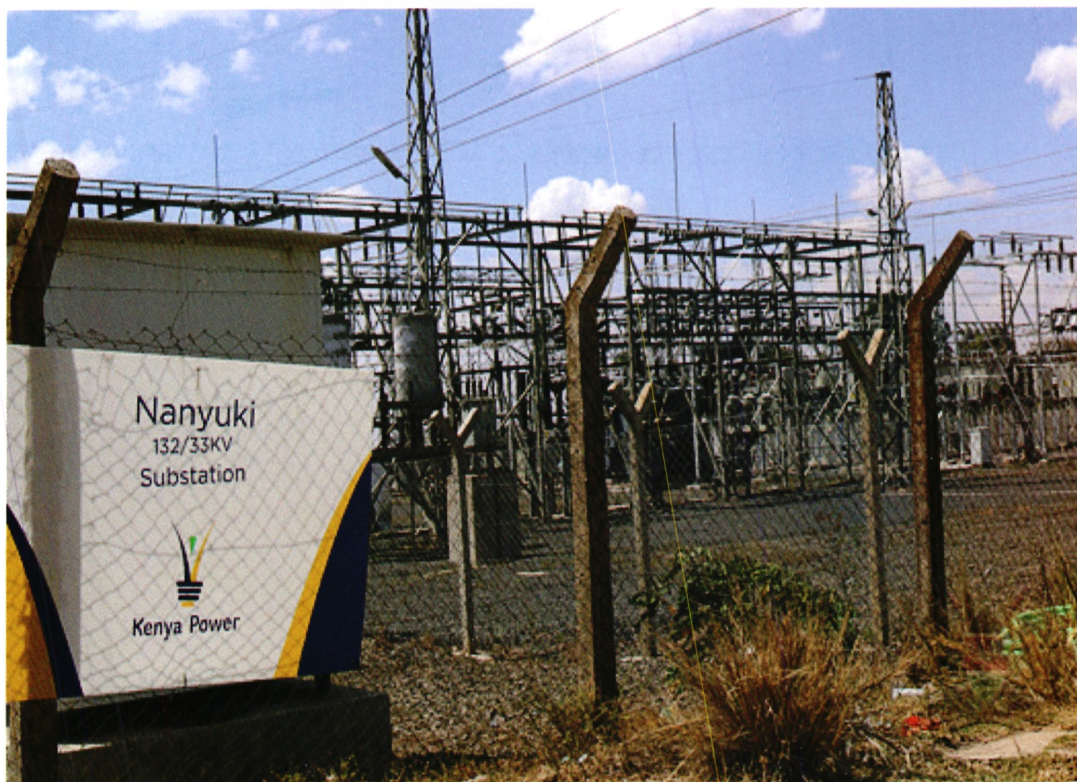
Source: OCOB

### 3.1.2 Recurrent Exchequer Issues and absorption

The total exchequer issues released in FY2016/17 to fund recurrent budget for national government was Kshs.1,318.0 billion translating to 96.4 per cent of the revised recurrent net estimates. The total recurrent expenditure in the reporting period was Kshs.1,357.3 billion which translated to an absorption rate of 93.4 per cent of the revised gross recurrent estimates, an increase in absorption rate from 90.5 per cent reported in the FY 2015/16.

### 3.1.3 Development Exchequer Issues and Absorption

The total exchequer issues released to fund the development programmes by MDAs in FY2016/17 was Kshs.394.2 billion translating to 89.2 per cent of the revised net development estimates. The total expenditure by MDAs in the reporting period amounted to Kshs.602.3 billion representing an absorption rate of 69.9 per cent of the revised gross development budget. This was an improvement from an absorption rate of 66.3 per cent achieved in the FY2015/16.



*Power generation and transmission project to ensure quality and affordable electricity is available to all sectors of the economy and households.*

*Source: President's Delivery Unit*

### **3.1.4 Exchequer Issues to County Governments**

In FY 2016/17, the Controller of Budget (COB) approved transfer of Kshs.284.71 billion from the Consolidated Fund to the various County Revenue Funds (CRFs) in accordance with Article 206 (4) of the Constitution of Kenya, 2010. During the same reporting period, the Office authorised withdrawals of Kshs.328.24 billion from the County Revenue Funds to County Operational Accounts of the County Governments to meet operational costs of approved programmes. The transfers comprised of Kshs.219.95 billion (67 per cent) for recurrent expenditure and Kshs.108.3 billion (33 per cent) for development expenditure.

The total expenditure by County governments in FY 2016/17 was Kshs.319.05 billion representing an absorption rate of 79.9 per cent of the total annual County Government's Budgets. This was a slight decline from an absorption rate of 80.4 per cent attained in FY 2015/16 where the total expenditure was Kshs.295.29 billion.

Recurrent expenditure in FY 2016/17 was Kshs.215.71 billion, representing 89.6 per cent of the annual recurrent budget, and a decline from 91.9 per cent reported in FY 2015/16. Development expenditure amounted to Kshs.103.34 billion, representing an absorption rate of 65.3 per cent, a slight increase from 65.2 per cent achieved in FY 2015/16 when total development expenditure was Kshs.103.45 billion.

### 3.1.5 Exchequer Releases for Consolidated Fund Services

In FY 2016/17, the total exchequer issues to CFS amounted to Kshs.498.1 billion, representing 94.7 per cent of the revised net estimates. The exchequer issues for this category comprised of Kshs. 435.7 billion released to service public debt, Kshs.58.5 billion for pensions and gratuities, Kshs.2.4 billion for salaries and allowances of constitutional office holders, and Kshs.1.6 billion for guaranteed loans. The overall CFS expenditure amounted to Kshs.499.0 billion, representing 94.8 per cent of the revised net estimates and an increase by 5 per cent from Kshs.475.5 billion spent in FY 2015/16.

## 3.2 Budget implementation and Monitoring Sub-Programme

The Budget Implementation and Monitoring Sub-Programme host several activities that include preparing quarterly budget implementation review reports and special reports to both houses of Parliament; ensuring timely approval of withdrawals from public funds to both National Governments entities (MDAs) and the 47 Counties; Reviewing planning documents and draft budget estimates of both national and county governments to check for conformity with the law; and conducting public sensitization to build the capacity of the public to effectively participate in the budgeting process.



*A section of participants during the public participation hearing on County Trade and Markets Bill, 2017 and County Dairy Development Corporation Bill 2017- Kakamega County*

*Source: County Assembly of Kakamega*

### 3.2.1 Monitoring and Reporting on Budget Implementation Sub- programme

#### 3.2.1.1 Quarterly Budget Implementation Review Reports

Pursuant to Article 228(4) and 228(6) of the Constitution of Kenya, 2010 and the Controller of Budget Act, 2016, the Office prepares quarterly Budget Implementation Review Reports (BIRRs) on a regular basis. The law requires the Controller of Budget to submit to each House of Parliament a report on the implementation of the budgets of

the National and County Governments every four months. In the FY 2016/17, a total of eight (8) BIRRs were published by the OCOB. The reports comprised of four quarterly reports for the National Government and four for the County Governments.

These reports provide information on the usage of public funds by spending entities at both levels of the government and highlighted the key challenges encountered during the implementation of the programmes and provided the necessary recommendations to address them.

### 3.2.2 Public Information Sharing

During the period under review, the Office publicized key issues contained in the quarterly Budget Implementation Review Reports through both print and electronic media and other publicity materials.

The Office also disseminated budget implementation review reports to the public through Huduma Centres and County Information Dissemination Centres (CIDCs). These reports provide a basis for the public to monitor usage of public funds by spending entities at national and county level.



*The Office disseminates information on budget implementation through the 45 Huduma Centers that are operational in 41 Counties.*

*Source: President's Delivery Unit*

### 3.2.3 Review of County Government Budgets for FY 2016/17

The Office reviewed the approved budget and planning documents for the FY 2016/17 for all the forty seven County Governments to check for compliance with the public financial management framework. During the review, areas of non-conformity with law and best practice were identified and shared with the County Governments for the necessary action.

Some of the issues checked for compliance include conformity with the County Allocation of Revenue Act (CARA) and the Programme Based Budgeting (PBB).



### 3.2.4 Compliance

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

- The Office reviewed the procedure manual to guide authorization of withdrawals from Public Funds. Reviewed and analysed planning documents such as CIDP, BROP, ADPs, DMSP, CBROP, BPS, and CFSP to ensure both national and county government budgets conform to the PFM Act, 2012.
- In compliance with other relevant public sector legislations and policies, the office developed the following:
  - a. Human resource and administration policies and procedure manual
  - b. ICT policy
  - c. Finance and procedures policy
  - d. Internal audit manual
- Reviewed and analysed laws, regulations and policies relating to public finance

### 3.2.5 Public Sensitization Forums

The Office has been conducting public sensitization fora on regular basis in order to inform the public about their role and that of the Office in the budget process. During the period, the Office organized a public participation forum in Machakos that sensitized the public on the budgeting processes. Over 300 stakeholders drawn from Machakos, Kitui, Makeni, Kajiado and Nairobi counties gathered in Machakos. Forum participants included representatives from youths, women, religious leaders, civil society organizations, persons living with disabilities (PLWD) and business men and women. The participants were taken through the mandate of the Office and their role in social audit to ensure public resources are used in a prudent and responsible manner.



*A participant makes a point during a public sensitization forum held in June, 2017 in Machakos County*

### **3.2.6 Parliamentary Committees Activities**

The OCOB has continually engaged Parliamentary Committees to increase awareness on budget implementation and discuss issues under consideration by Parliament. The OCOB engagement with Parliament ranged from making written submissions, giving clarification and presentations during committee hearings, consultation on budget implementation, and provision of expert opinion on findings and recommendations for action by both Parliament and the Government. Specifically, key engagements were with the following committees of Parliament:

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

### **3.2.7 Legal Framework**

In the financial year 2016/17, Parliament enacted the Controller of Budget Act, 2016 to give effect to the provisions of Articles 225, 228 and 252 of the Constitution of Kenya, 2010 regarding the functions of the Office of the Controller of Budget. The Act provides a framework for the operationalization of the Office to enable it deliver on its mandate effectively. The Office has already embarked on the development of regulations to the Act to facilitate delivery of its mandate.

### **3.2.8 Mediation**

Article 252(1) (b) of the Constitution empowers the Office to undertake conciliation, mediation and negotiation on budget implementation matters. During the reporting period, the Office mediated in several County conflicts mainly pitting the County Executives and the County Assemblies on issues touching on budgeting and ceilings particularly in Makueni, Lamu, Turkana, and Nyeri among others.

### **3.2.9 Legal Activities**

In the FY2016/17 the Controller of Budget was enjoined as party to ten (10) legal suits. Nine of the suits related to disputes touching on county governments and one related to payment of pension benefits to retired teachers.

Of the cases touching on county governments, three arose from budget disputes in Bomet County and the Controller of Budget was enjoined in all of them. A case in Nyeri related to the passage of County Budget estimates. The budget estimates passed by the County Assembly was challenged on grounds that there was no public participation. Three other suits related to disputes arising from the passage of the supplementary budgets for Nyamira, Muranga and Mandera counties.

The Makueni case was on release of money for the Car and Mortgage Fund for Members of the County Assembly. The car and mortgage scheme Regulations contravened the circular issued by the Salaries and Remuneration Commission. The Controller of Budget was also enjoined in a constitutional reference filed in the Supreme Court by the Council of Governors which sought to have the Supreme Court make a determination on the legality of the contributions made by county governments to the Council of Governors. Controller of Budget was further invited to court to shed light on the matter regarding delayed payment of additional pension to teachers who retired between 1997 and 2003.

### 3.3 Administration and Support Services Sub-Programme

The objective of Administration and Support Services Sub-Programme is to ensure effective service delivery through building institutional capacity of the Office to deliver on its mandate. The following are key activities and achievements accomplished under the Sub-Programme during the reporting period.

#### 3.3.1 Training and Capacity Development

Training and development is an essential organizational function that provides opportunities for employees to upgrade their core competencies, knowledge, skills and attitudes. Trained employees undertake duties and responsibilities competently thus contributing to the overall achievement of the mandate of the Office. To this end, a number of staff members participated in various training programs. A summary of training programs attended by staff during FY2016/17 is shown in the table 2 below.

Table 2: Staff Training

No.	COURSE/ WORKSHOP	PARTICIPANTS
1	Data Analytics & Visualization Course	3
2	ICPAK Public Sector Audit Conference	3
3	Monitoring & Evaluation Certification	2
4	Commonwealth Secretarial Debt Recording & Management	1
5	International Executive Seminar	2
6	Career Development For Drivers	10
7	Legal Aspects in Procurement Summit	2
8	Electronic Document Management workshop	1
9	Audit Staff Training Workshop	1
10	IT Audit training	1
11	Annual Internal Audit Conference (ICPAK)	4
12	Corporate Governance	1
13	Risk Management	58
14	In-house training	87
15	Managing Inform, Knowledge and strategic learning	1
16	Career Development For Support Staff	5
17	24th Annual Gen. Conference by ESSAG	2
18	2nd Ladies Leadership & Accountability Conf.	3
19	Annul Governance & Ethics Conf. by ICPAK	8
20	Records Management	1
21	Advanced Excel Financial Modeling	1
22	HR Convection Training	1
23	Occupational Test for Drivers	2

# OFFICE OF THE CONTROLLER OF BUDGET ANNUAL REPORT 2016 / 2017



No.	COURSE/ WORKSHOP	PARTICIPANTS
24	Annual HR Conference	1
25	Advanced Customer Service	2
26	Leadership and Integrity	81

### 3.3.2 Selection and Recruitment

The Office has steadily built its human resource capacity through phased recruitment to enable it discharge its mandate effectively. In FY2016/17, the Office carried out the following recruitment of staff.

**Table 3: Staff Recruitment**

Department	Position
Corporate Services	One Chief Manager Supply Chain, one Chief Manager, Finance & Accounts and one Administrative Assistant
Budget Implementation	One County Budget Coordinator
Internal Audit	One Senior Internal Auditor and one Internal Auditor

### 3.3.3 Financial Reporting (FiRe) Awards

The Financial Reporting (FiRe) Award seeks to promote integrated reporting through enhancing accountability, transparency and integrity in compliance with appropriate financial reporting framework and other disclosures on governance, social and environmental reporting by private and public sectors in East Africa. The Public Sector Accounting Standards Board issued a directive that all public sector entities shall submit their annual reports and financial statements for the FiRe Award so as to benefit from feedback provided as a way of monitoring compliance as provided for under Section 194 (4) of the PFMA, 2012. The Office of the Controller of Budget was nominated in two categories namely the Ministries, Departments & Agencies and International Public Sector Accounting Standards (IPSAS) Cash Category. The Office was awarded the 1st Runners-up Award in the Category of Ministries, Departments & Agencies and the 2nd Runners up for the Cash category.



*Director, Corporate Services Mr. Macklin Ogolla (Second right) receives the 2016 FiRe Award on behalf of the Controller of Budget*

### **3.3.4 OCOB Staff Insurance Covers**

The Office has put in place a comprehensive Medical cover, Group Personal Accident cover (GPA)/Work Injury Benefit Act (WIBA) and Group cover for its staff. This is usually renewed every year to cater for medical expenses for the OCOB staff.

## **3.4 Research and Planning Sub-Programme**

The Research and Planning Sub-Programme seeks to provide evidence-based policy recommendations on budget implementation by participating and providing advice in the planning and budgeting process. Some of the activities implemented under the Sub Programme during the FY2016/17 are discussed below;

### **3.4.1 Review of OCOB Strategic Plan 2013-2017**

The OCOB 2013-2017 Strategic Plan is coming to an end and is currently under review to include changes in legislations and emerging issues in view of the activities of the first phase of devolution process. This will enable the Office to develop a new Strategic Plan for the period 2018-2022.

### **3.4.2 Collaboration with UN Women on Gender Responsive Budget**

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

for deepening Gender Responsive Budgeting within the Public Finance Management Reforms (PFMR) in Kenya, the National Treasury included in the 2016/17 Budget Policy Statement a requirement that all budgets be prepared using Gender Responsive Budget framework and presentation of the targets, indicators and beneficiaries should reflect gender dis-aggregated data that will be achieved during the implementation of the budget.

Consequently, the Office together with Council of Governors and with support from UN Women carried out training of County Officials from all the 47 Counties and OCOB's County Budget Coordinators on Gender Responsive Budgeting.

### **3.4.3 Collaborations with Kenya National Bureau of Statistics**

The Office collaborates with Kenya National Bureau of Statistics (KNBS) to improve the scope and quality of data disseminated to the public and stakeholders. In this regard, the Office is a member of a Technical Working Committee formed by KNBS to spearhead the development of Governance, Peace and Security (GPS) data in the country. The Office has also partnered with KNBS and other MDAs in an effort to develop a National Statistical System that will streamline flow of information among MDAs and other government spending entities.

### **3.4.4 Special Reports**

The Office is required to produce special reports on request by the legislature or on own volition on issues bordering on its mandate as provided for under Article 252(1) (a) of the Constitution of Kenya, 2010. During the reporting period, the Office prepared special reports for the Parliamentary Oversight Committees on various budget implementation issues. The Office also prepared financial statement reports, investigative reports, monitoring reports, and reports on achievement of national values as espoused in Article 232 of the Constitution.

### **3.4.4 Other Collaborative Ventures**

The Office partnered and collaborated with other key stakeholders on public finance management matters. These included;

- Participated in the development and drafting of laws and regulations such as COB Act, Judiciary Fund regulations, and various County legislations.
- Collaborated with stakeholders and bodies on matters of public finance such as development of templates for financial reporting (PSASB), and caucus for the Chairs of Constitutional Commissions and Independent Offices and among others.
- Membership in multiagency taskforces e.g. IBEC, taskforce on anticorruption, Interagency Technical Team on County Assets and Liabilities, Committee on assumption of governor's office etc.



*A section of participants at the 5th Congress of Independent Offices and Constitutional Commissions held at the Nairobi City County Hall*

## CHAPTER 4

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

#### 4.0 Challenges affecting OCOB in implementation of its mandate

This section summarizes both internal and external challenges faced by the Office in the discharge of its mandate during the period under review and it makes appropriate recommendations aimed at addressing the challenges in order to enhance smooth operation of the Office.

The challenges include the following:-

#### 4.1 External Challenges

##### 4.1.1 Delay in Uploading of Budgets and Annual Procurement Plans onto IFMIS

In FY 2016/17, MDAs experienced delays in uploading of procurement plans and budgets onto IFMIS. The delay in uploading the plans and budgets onto the IFMIS System affected the implementation of planned activities by the Office hence the implementation of its work plans in line with the budget for the Office.

The Office recommends that the National Treasury should ensure that adequate mechanisms are put in place at the beginning of each financial year to upload procurement plans and budgets onto the IFMIS to ensure timely implementation of planned activities.

##### 4.1.2 Delay in Submission of Quarterly Reports on Financial and Non Financial Performance

A number of MDAs and County Governments delayed in submitting their quarterly financial reports to the Office of the Controller of Budget. Article 228 (6) of the Constitution of Kenya, 2010 requires the Controller of Budget to submit to each House of Parliament a report on the implementation of budgets of the national and county governments every four months. Further, Section 83(1) & (4) of the Public Finance Management Act, 2012 requires an accounting officer for national government entity to prepare a report on financial and non-financial performance of the entity for each quarter and submit to the Cabinet Secretary in charge of the National Treasury and a copy to be forwarded to the Controller of Budget not later than fifteen days after the end of each quarter.

Further, Section 166(4)(b) of the PFM Act, 2012 requires the County Treasury to prepare and submit financial reports to the Office of the Controller of Budget not later than one month after the end of each quarter. Similarly, Section 168 of the PFM Act, 2012 requires designated Fund Administrators of County established Funds to submit financial reports to the Controller of Budget, not later than fifteen days after the end of each quarter.

The delay in submission of quarterly financial reports to the Controller of Budget affects the preparation of the Budget Implementation Review Report (BIRR). In order to meet the constitutional and statutory reporting requirements, MDAs and County Governments should ensure timely preparation and submission of the quarterly expenditure reports to the Controller of Budget in line with the PFM Act, 2012 and the Controller of Budget Act, 2016 to allow for timely preparation and publication of the Budget Implementation Review Reports.

#### **4.1.3 IFMIS Connectivity Challenges and Frequent Downtime**

The National Treasury prescribed IFMIS for processing of financial transactions in line with Section 12(1)(e) of the PFM Act, 2012. The use of IFMIS enhances fiscal transparency, accountability and improves efficiency in public financial management. The Office observed that, there are IFMIS connectivity challenges which affected approval of procurement requests and payments. The frequent IFMIS interruption resulted to delays in financial reporting by the Office and the County Treasuries as well as other spending entities. The Office recommends that the spending entities should liaise with the IFMIS Directorate for support in order to ensure smooth financial operations.

#### **4.1.4 IFMIS Procurement module**

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

#### **4.1.5 Inactive IFMIS Modules**

Some modules such as revenue module within the IFMIS system are inactive. The system does not capture also some expenditure items like the Appropriations in Aid (AIA). This limits its effectiveness and affects the accuracy of budget implementation data reported by the Office of the Controller of Budget.

## **4.2 Internal Challenges**

### **4.2.1 System challenges (CDRMS, Audit system)**

The Office faced some internal challenges in execution of its mandate. The Office lacks a Central Data Management and Retrieval System (CDMRS) for data storage and management of information. Further, the Office does not have an audit system and relies on a manual audit system which is inadequate.

#### **4.2.2 Records management**

The Office relies on a manual system to manage its files and documents. The Office lacks of an automated registry system to facilitate storage of office documents. There is no records archival system and the county offices lack record management systems. Digitalization of the existing accountable documents will make access and retrieval easy.

#### **4.2.3 Inadequate Office Space**

The Office is currently occupying two floors at Bima House and the current office space is not adequate to accommodate the staff establishment as well as storage space for library and registry offices.

#### **4.2.4 Inadequate staff capacity**

There is inadequate staff in various departments to enable the Office carry out its mandate effectively. The Office has continued to assume new functions as a result of the implementation of the Constitution of Kenya 2010. For instance, the Office took over the auditing of pension files from the Auditor General. The pensions and gratuities are a first charge on the consolidated fund. In order to ensure that the payment to pensioners is authorized by law, the pension files are audited before any payment can be done. Although the Office recruited auditors for this function, there are still gaps in the field offices which are currently manned by only one staff per county as well as the Records management unit.

#### **4.3.5 Challenges in Monitoring Budget Implementation and Reporting**

The Office faces some challenges in monitoring the implementation of budgets at both levels of government. There has been persistent delay in submission of quarterly financial statements by both MDAs and county governments which affects the statutory timelines for reporting by the Office. Although the government adopted the programme based budgeting, reports submitted to the Controller of Budget by both MDAs and County governments are still output based.

#### **4.3.6 Reporting Timelines**

Article 228 (6) of the Constitution of Kenya 2010 requires the Controller of Budget to submit to each House of Parliament a report on the implementation of the budgets of the national and county governments every four months. Although the Constitution provides that the Controller of Budget submit the reports every four months, the Controller of Budget Act, 2016 (Section 9(1)) limits the period within which the Controller should submit the reports to thirty days after the end of the quarter

The Controller of Budget relies on financial reports prepared by the national and county governments to prepare the Budget Implementation Review reports but verifies the same using data obtained from the Integrated Financial Management Information System (IFMIS).

The timelines for submission of the financial reports by the national and county governments are prescribed in the Public Finance Management (PFM) Act, 2012. Some

of the timelines are too close to, or coincide with the time the Controller of Budget is required to submit the BIRRs to Parliament, leaving no room for verification.

For instance, Section 83(3) of the PFM Act, 2012 requires accounting officers of the MDAs to submit to the Cabinet Secretary responsible for the entity and the National Treasury quarterly reports not later than fifteen days after the end of each quarter after which the Cabinet Secretary is required to consolidate the quarterly reports and submit a report to the Controller of Budget, among other institutions. There is no timeline within which the Cabinet Secretary responsible for the institution should submit the report to the Controller of Budget.

Further, Section 166(4) of the PFM Act, 2012 requires the County Treasury to consolidate the quarterly reports from the accounting officers and deliver a copy to the Controller of budget not later than thirty days after the end of each quarter. There is need to amend Section 9(1) of the Controller of Budget Act, 2016 to provide for the submission of the BIRRs within three (3) months after the end of the quarter.

#### **4.3.7 Legal challenges**

The available legal framework is inadequate. The COB Act, 2016 is inconsistent with the Constitution of Kenya on reporting on recent macroeconomic developments including economic development and outlook, revenue, grants and loans forecasts and receipt. The Office in collaboration with other stakeholders is spearheading the drafting of the OCOB Act, 2016 regulations to guide the operations of the Office.

## CHAPTER 5

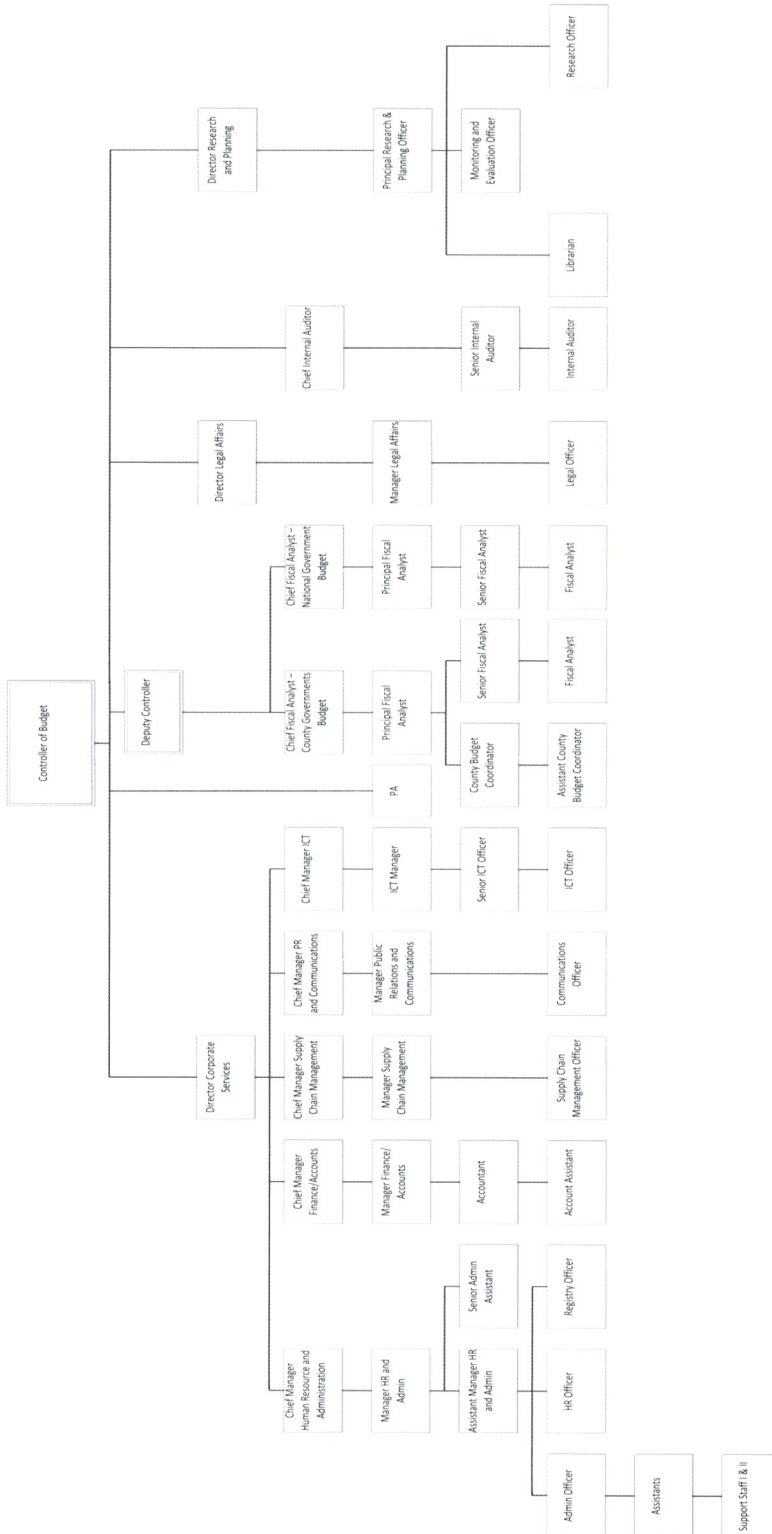
### INSTITUTIONAL STRUCTURE AND OFFICE COMMITTEES

#### 5.1 Institutional structure

The Controller of Budget is supported by a secretariat headed by the Deputy Controller of Budget who is also responsible for the Directorate of Budget Implementation. At the apex is the Controller of Budget who is appointed in accordance with Article 228 of the Constitution. The secretariat comprises of four directorates namely: Directorate of Budget Implementation; Directorate of Corporate Services; Directorate of Research and Planning and Directorate of Legal Affairs. Each Directorate consists of departments that are all aligned to specific directorates' functions and responsibilities. The Office also has an internal audit department which functionally reports to the Audit Committee but administratively reports to the Controller of Budget.



## Office of the Controller of Budget Organisation Structure



**Controller of Budget Management Team**



Mrs. Agnes Odhiambo  
Controller of Budget



Mr. Stephen Masha  
Deputy Controller of Budget & Head, Budget Implementation



Mr. Macklin Ogolla  
Director Corporate Services



Mr. Joshua Musyimi  
Director Research and Planning



Ms. Selina Iseme  
Director Legal Affairs



REPUBLIC OF KENYA

# OFFICE OF THE CONTROLLER OF BUDGET ANNUAL REPORT 2016 / 2017



Mr. Joseph Tulula  
Chief Internal Auditor



Mr. Patrick Kamore  
Chief Fiscal Analyst, National Government



Mr. Mark Kipkoech  
Chief Fiscal Analyst, County Government



Mr. Stephen Wangaji  
Chief Manager Public Relations  
Communications



Mrs. Irene Kathambi  
Chief Manager Human Resources  
and Administration



Ms. Judith Muli  
Chief Manager Information and  
Communication and Technology



Pamela Okatch  
Chief Manager Finance and Accounts



Anthony Lusuli  
Chief Manager, Supply Chain Management

### **5.1.1 Budget Implementation Directorate**

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

### **5.1.2 Corporate Services Directorate**

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

### **5.1.3 Research and Planning Directorate**

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

### **5.1.4 Legal Affairs Directorate**

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

### **5.1.5 Internal Audit Division**

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

## **5.2 Office Committees**

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

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

### **5.2.1 Executive Management Committee**

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

- Establishing and reviewing strategic and operational plans for Office of the Controller of Budget.
- Establishing policies/procedures that guide the operations of the Office and record decisions and actions on matters concerning OCOB.
- Ensuring that all staff performs their tasks according to their job descriptions and that the OCOB mandate is properly executed.
- Ensuring that at all times, the Office complies with the laws of Kenya in discharge of its mandate.
- Ensuring that all finances are properly managed and that the principles of public finance management articulated under Article 201 of the Constitution are adhered to.
- Monitoring all activities of OCOB and ensuring that the feedback contributes to the continuous improvement in governance and service delivery.

### **5.2.2 Audit Committee**

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

The Committee's membership comprises of 4 members namely: Director Research and Planning, Chief Manager-ICT, Chief Manager-Finance and Accounts and Chief Manager Audit. During the FY2016/17 the audit committee met and reviewed the Internal and External Audit's reports on various OCOB's functions.

The OCOB Audit Committee has the following mandate;

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

### **5.2.3 Budget Committee**

This is a sub-committee of the Executive Management Committee set up to ensure the resources are utilised as per the OCOB budgetary allocation and work plan. The committee is made up of the following members drawn from various departments: Director-Corporate Services, Director-Research and Planning, Chief Manager-ICT,

Chief Manager-HR, Chief Manager-Supply Chain Management, Chief Manager-Finance and Accounts, Manager-HR and two Accountants. The committee assists the COB to discharge her responsibility in the following areas:

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

#### **5.2.4 Human Resource Management Advisory/Training Committee (HRMAC/T)**

The Human Resource Management Advisory Committee (HRMAC) is a standing committee that advises the Controller of Budget on HR issues and staff development. It comprises members drawn from various departments: These include head of Corporate Services, Research and Planning, Budget Implementation, ICT, Public Relations and Communication, Finance and Accounts, Supply Chain Management Legal Affairs, and two representatives from the department of Human Resource. The committee supports the COB in the following areas:

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

#### **5.2.5 ICT Steering Committee**

The ICT Steering Committee provides advice to the Controller of Budget with regard to strategic decisions in Information and Communication Technology (ICT) with particular attention to risk, compliance and change management. The Committee ensures that OCOB's ICT strategic objectives and their implementation remain aligned with the mandate and strategic objectives of the organization.

During the Fiscal Year 2016/2017, the ICT Steering Committee provided guidance and direction on various ICT Strategies and activities with a focus at ensuring efficiency, effectiveness, agility and innovation in the adoption and use of ICTs.

### **5.2.6 Integrity Committee**

The purpose of this committee is to entrench anti-corruption initiatives in the operations of the Office. The mandate of the committee includes;

- Coordinating formulation and implementation of Codes of Conduct and Ethics, Anti-Corruption Policy, Integrity Testing Programme, Whistle blowers protection systems, Corruption reporting channels, 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
- Spearheading anti-corruption public campaigns within their areas
- Monitoring the impact of corruption prevention initiatives
- Preparing and submitting regular progress reports to Ethics and Anti-Corruption Commission and other appropriate agencies
- Strengthening internal control systems

## CHAPTER 6

### CONCLUSION

As observed earlier, this Annual Report has been prepared in line with Article 254 (1) of the Constitution of Kenya, 2010 which requires each commission, and each holder of an independent office, to submit a report to the President and to Parliament after the end of each financial year. The Report highlights the performance of the Office for the FY 2016/17. The Report gives the key achievements and challenges in the course of executing the Office's mandate.

The report contains information on the oversight role of controlling withdrawals from Public Funds by the COB. During the reporting period, the COB approved exchequer issues to the MDAs and County governments amounting to Kshs.2.04 trillion translating to 11.3 per cent growth compared to Kshs.1.833 trillion released in FY 2015/16. Analysis of the exchequer issues showed that Kshs.394.2 billion was released for development expenditure, Kshs.819.9 billion for recurrent expenditure, and Kshs.328.2 billion to the County Governments. The Office ensured that resources were released without undue delay to fund critical programmes and ensure timely delivery of services to the citizenry.

During the year, the Office reviewed planning documents from both the National and County governments such as the CIDP, BRDP, ADPs, CBROP, BPS and CFSP to check for compliance with the law. Internally, Office reviewed and developed Human resource and administration policies and procedure manual, ICT policy, Finance and procedures policy and Internal audit manual in line with the relevant public sector legislations to guide its operations.

In order to ensure that the public has information on budget implementation as envisioned in Section 39(8) of the PFM Act, 2012, the Office held a public participation forum in Machakos with stakeholders drawn from five counties. The forum provided information on budget implementation and sensitized them on their role in the budget making processes. Over the same period, the Parliament enacted the Controller of Budget Act, 2016 which gave effect to the provisions of Articles 225, 228 and 252 of the Constitution of Kenya, 2010. The Act provides a framework for the operationalization of the Office to enable it discharge its mandate.

However, several challenges affected timely implementation of budget and planned activities. MDAs experienced delays in uploading of procurement plans and budgets onto IFMIS during the reporting period. This in turn affected the implementation of planned activities by the Office hence the implementation of its work plans. To ensure timely reporting the National Treasury should ensure that adequate mechanisms are put in place at the beginning of each financial year to upload procurement plans and

budgets onto the IFMIS. Further, a number of spending entities delayed in submitting their quarterly financial reports to the Office which affected the constitutional and statutory reporting requirements. All spending units should ensure timely preparation and submission of the quarterly expenditure reports to the Controller of Budget in line with the PFM Act, 2012 to meet constitutional reporting requirement.

Over the same period, there were a number of IFMIS connectivity related challenges and high frequency of downtime incidences which disrupted approval of procurement requests and payments. These disruptions delayed financial reporting by the Office and the County Treasuries as well as other spending entities. The spending entities should liaise with the IFMIS Directorate for support in order to ensure smooth financial operations.

The efforts and commitment shown by the Office in promoting prudence in financial management was recognised during the year's Financial Reporting (FiRe) Award ceremony. The Office was awarded the 1st Runners-up Award in the Category of Ministries, Departments & Agencies and the 2nd Runners up for the Cash category.

The Office will continue to engage with key stakeholders and in particular, the public to effectively discharge its constitutional mandate of overseeing budget implementation at both levels of government and ensuring that public funds are used in a prudent and responsible manner.

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED**  
**30 JUNE 2017**



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**OFFICE OF THE CONTROLLER OF BUDGET**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2017**

**ISSUED ON: SEPTEMBER 30, 2017(AUDITED)**

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

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## **1 KEY OFFICE OF THE CONTROLLER OF BUDGET INFORMATION AND MANAGEMENT**

### **1.1 Background information**

The Office of the Controller of Budget (OCOB) was established by the Constitution of Kenya, 2010. Pursuant to Article 228 of the Constitution of Kenya 2010, the Office is mandated to authorize withdrawals from public funds, oversee the budget implementation of national and county governments, create openness and transparency in the budget implementation process, and to advise the Executive and Legislature on budget implementation.

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

#### **As an independent office, OCOB has the following mandate: -**

- To oversee implementation of the budgets of the National and County Governments. (Article 228 (4)) of the Constitution of Kenya, 2010.
- Authorize withdrawals from Public Funds including the Equalization Fund, the Consolidated Fund, and the County Revenue Fund under (Article 204 (9)), (Article 206 (4)), and (Article 207 (3) respectively of the Constitution of Kenya, 2010 and when satisfied that such withdrawal is authorised by law (Article 228 (5)), of the Constitution of Kenya, 2010.
- Report, every four months to each house of Parliament on the implementation of the budgets on the national and county governments (Article 228(6)) of the Constitution of Kenya, 2010.
- Report after the end of each financial year, to the President, the National Assembly or Senate (Article 254(2) of the Constitution of Kenya, 2010.
- Report on a particular issue, as may be required by President, the National Assembly or the Senate (Article 254(2) of the Constitution of Kenya, 2010.
- Advise Parliament on the need to renew or not to approve the decision of the Cabinet Secretary in charge of finance to stop the transfer of funds to a State Organ or any other Public Entity (Article 225 (7) of the Constitution of Kenya, 2010.
- Conduct investigations based on its own motion or on a complaint made by a member of the public (Article 252 (1) (a) of the Constitution of Kenya, 2010.

**OFFICE OF THE CONTROLLER OF BUDGET**

**Reports and Financial Statements**

**For the year ended June 30, 2017 (Kshs)**

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- Conduct alternative dispute resolution mechanisms including conciliation, mediation and negotiation to resolve budget implementation disputes (Article 252 (1)(b) of the Constitution of Kenya, 2010.;and
- Ensure the public has access to information on budget implementation both at the national and county levels(Article 35) section 39(8) of the Public Finance Management Act,2012

**1.1 VISION**

*TO BE THE LEADING INDEPENDENT OVERSIGHT INSTITUTION  
IN PUBLIC FINANCIAL MANAGEMENT*

**1.2 MISSION**

*"TO GUARANTEE PRUDENCE IN PUBLIC FINANCE THROUGH  
OVERSEEING THE IMPLEMENTATION OF GOVERNMENT BUDGETS  
BY CONTROLLING AND MONITORING THE USE OF PUBLIC FUNDS  
AND REPORTING ON BUDGET IMPLEMENTATION FOR THE  
BENEFIT OF ALL KENYANS"*

**1.3 CORE VALUES**

*HONESTY, INTEGRITY, PROFESSIONALISM, ACCOUNTABILITY AND  
TRANSPARENCY, INNOVATION AND CREATIVITY, TEAMWORK,  
EFFICIENCY AND INDEPENDENCE*

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

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

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

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

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

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

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

## 1.2 Strategic Plan (2013-2017)

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

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1.3 Strategic Objectives

The Office identified strategic objectives, strategies and activities that would drive achievement results in its key mandate areas. The following are the strategic objectives.

- Enhance proper use of public funds by approval of withdrawals of funds within the law.
- Ensure efficient budget implementation by offering the requisite oversight and monitoring.
- Timely and accurate statutory reporting on budget implementation.
- To improve financial, planning and budgeting processes.
- To develop institutional capacity and enhance the work environment.
- To improve information sharing by leveraging on communication and technology.

1.4 Principal Activities.

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

1.5 The roles and functions

The core functions of the office include:

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

1.6 Key Strategic Priorities

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

- Monitoring of budget implementation for both National and County Governments projects and programs.

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

#### 1.7 Key Management

The Office day-to-day management is under the following key directorates/division:

- Directorate of Budget Implementation
- Directorate of Corporate Services
- Directorate of Research and Planning Services
- Directorate Legal Services
- Internal Audit Division

S/NO.	DESIGNATION	NAME
1	Controller of Budget	F CPA Agnes Odhiambo, CBS
2	Deputy Controller of Budget	CPA Stephen Masha
3	Director Corporate Services	CPA Macklin Ogolla
4	Director Research and Planning	Mr. Joshua Musyimi
5	Director Legal Affairs	Ms. Selina Iseme
6	Chief Internal Auditor	CPA Joseph Tulula
7	Chief Fiscal Analyst-National Government	CPA Patrick Kamore
8	Chief Fiscal Analyst-County Governments	CPA Mark Kipkoech

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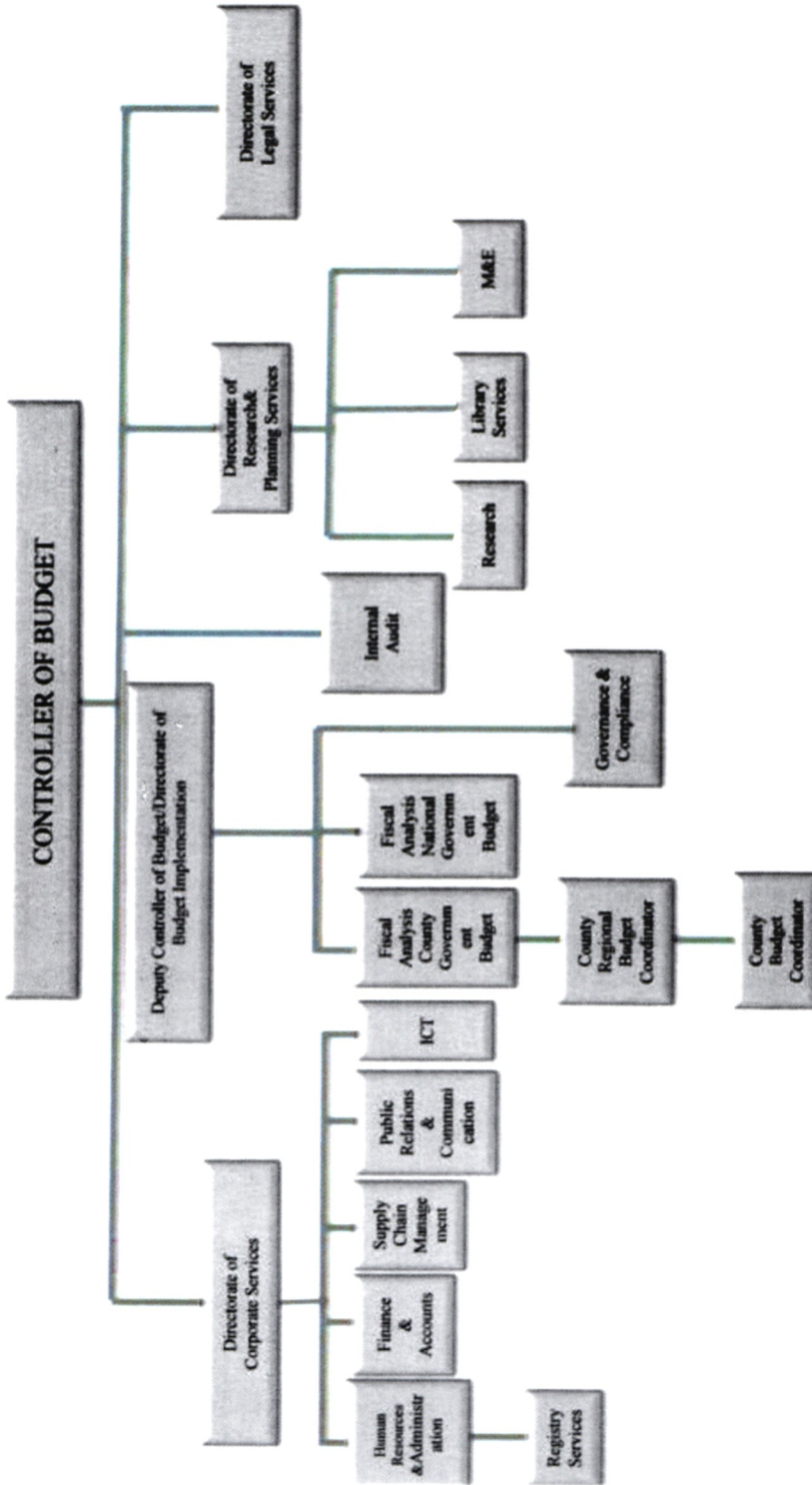
9	Chief Manager Public Relations & Communication	Mr. Stephen Wangaji
10	Chief Manager Human Resource Administration	Ms. Irene Arimi
11	Chief Manager Information Communication and Technology	Ms. Judith Muli
12	Chief Manager Finance & Accounts	CPA Pamela Okatch
13	Chief Manager Supply Chain Management	Mr. Anthony Lusuli
14	Manager Legal Affairs	Mr. George Tuti
15	Manager Human Resource & Administration	Mr. Shadrack Chando
16	Principal Research and Planning Officer	Ms. Grace Kimitei
17	Personal Assistant to COB	Ms. Mary Owii
18	Senior Internal Auditor	CPA Sally Rono
19	Senior Internal Auditor	CPA David Ayimba
20	Senior Internal Auditor	CPA Joseph Marigi

**1.8 Fiduciary Management.**

The key management personnel who held Office during the financial year ended 30<sup>th</sup> June, 2017 and who had direct fiduciary responsibility were:

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

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**FCPA Agnes Odhiambo, CBS**  
**Controller of Budget**

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



**CPA Stephen Masha**  
**Deputy Controller of Budget**

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

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**CPA Macklin Ogolla**  
**Director, Corporate Services**

Mr. Ogolla is currently pursuing a National University of Singapore PhD program and holds a Master of Business Administration (MBA) in Finance from Moi University and a Bachelor of Science in Actuarial Mathematics from the University of Nairobi. He also holds a Post-graduate Diploma in Finance from Maastricht University. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Certified Investment and Financial Analysts (ICIFA). Mr. Ogolla has had extensive training in Finance, Public policy, Administration and Information Technology, including ICT training at Oracle University and a World Bank Training in Fiscal Decentralization and International Public Sector Accounting Standards and debt sustainability analysis. He is a seasoned Finance Manager with extensive experience having previously worked in Projects at the World Bank and the National Treasury. Prior to joining OCOB, he served as Chief Finance Officer in the Ministry of Industrialization and Director, Kenya Industrial Estates. Currently, he is a member of Public Sector Accounting Standards Board (PSASB).



**Mr. Joshua Musyimi**  
**Director, Research and Planning**

Mr. Musyimi holds a Master of Arts degree (Economics Policy Management) from University of Ghana, Legon and a Bachelor of Science degree in Statistics and Computer

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



**Ms. Selina Iseme**  
**Director, Legal Affairs**

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

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

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**CPA Joseph Tulula**  
**Chief Internal Auditor**

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



**CPA Patrick Kamore**  
**Chief Fiscal Analyst- National Government**

Mr. Kamore holds a Master in Business Administration (Finance) and Bachelors of Education (Economics) both from the University of Nairobi and is member of Institute of Certified Public Accounts of Kenya (ICPAK). He has extensive training and experience in finance and banking, institution operations, management and information technology. He has attended several workshops on change management, training of trainers, leadership skills, financial data analysis and reporting and successful leadership management. He has over 10 years working experience in the finance sector and he championed the conversion of Family

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Bank Ltd from a building society to a fully- fledged commercial bank. He worked as a Branch Manager prior to joining the Office of Controller of Budget.



**CPA Mark Kipkoech**  
**Chief Fiscal Analyst- County Governments**

Mr Mark holds a Master of Economics from the University of Nairobi and Bachelor of Arts degree in Economics from Kenyatta University. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Public Secretaries of Kenya (ICPSK). He is experienced in the finance industry having previously worked in the finance and accounting sections at Amana Capital Ltd, Lukenya Getaway Ltd, and at Trustmark Insurance Brokers Ltd. He has had intensive training in investment banking, management and administration of retirement pension schemes, accounting for the public and private entities, public finance, public procurement, data analysis and report writing, management and administration. Before joining OCOB, he was the Finance and Compliance Manager at Amana Capital Ltd and was the appointed Pension Administrator of the Amana Personal Pension Scheme and the Amana Umbrella Pension Scheme in line with the requirements of the Retirement Benefits Authority.



**Mrs. Irene Arimi**  
**Chief Manager HR and Administration**

Mrs. Arimi is currently pursuing PhD program at the Jomo Kenyatta University of Agriculture and Technology and 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. Previously she worked at the Kenya Methodist University as Administrative Officer – HR, at the William J. Clinton Foundation HIV/AIDS Initiative (CHAI) in Papua New Guinea as HR Coordinator, and at Marketing, Travel and Credit Consultancy (MTC), Botswana as Products and Services Manager. She has also worked with Deloitte, South Africa/Botswana as HR Management Assistant. She is a member of the Institute of Human Resources Management (IHRM).



**Mr. Stephen Wangaji**  
**Chief Manager Public Relations and Communication**

Mr. Wangaji is a skilled Public Relations practitioner with over fifteen years' experience in Journalism and Public Relations in the Public, Private and Civil Society sectors in Kenya. He holds a Master in Business Administration (Marketing) degree from Egerton University, a Post-graduate Diploma in Mass Communication and a Bachelor of Arts, Economics and

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Geography both from the University of Nairobi. He is the immediate former president of the East Africa Public Relations Association (EAPRA), immediate former Vice Chairman of the Public Relations Society of Kenya (PRSK) and 2012 recipient of the PRSK Golden Honors Award for significant contribution to the PR industry in the region.



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

Ms. Muli is currently pursuing a PhD in Information Technology (PhD IT) at Jomo Kenyatta University of Agriculture and Technology (JKUAT) and holds a Master of Science in Information Systems from the University of Nairobi, a Master of Business Administration (Strategic Management Option) from Moi University and Bachelor of Science in Mathematics with bias in computing from the University of Nairobi. She previously worked as a lecturer at Jomo Kenyatta University of Agriculture and Technology (JKUAT) and as an ICT Manager and consultant in both Public and Private sector. She has been involved with ICT research and has participated in diverse research at Research ICT Africa (RIA). She has also pursued several professional courses on ICT leadership and management. She is a member of Computer Society of Kenya (CSK), Internet Society (ISOC) and a Lister with Kenya ICT Action Network (KICTANet).

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**Mr. Anthony Lusuli**  
**Chief Manager Supply Chain Management**

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



**CPA Pamela Okatch**  
**Chief Manager Finance and Accounts**

Pamela holds a Masters of Business Administration (Finance Option) and a Bachelor of Commerce degree (Finance option) from the University of Nairobi and Catholic University of Eastern Africa respectively. Previously, she worked for Kenya Institute of Special Education (KISE) as Head of Finance and Administration. She also worked for Jaribu Credit Traders Ltd as Senior Accountant. She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and Association of Women Accountants of Kenya (AWAK) and currently pursuing Certified Public Secretaries (CPS) course.

She has vast experience in financial management gained at supervisory level in her career in the accounting and finance sector.

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**1.9 Fiduciary Oversight Arrangements**

**1.9.1 Executive Management Committee**

The Controller of Budget in running the Office is assisted by various sub-committees with specific terms and reference in carrying out the activities and includes; the Executive Management Committee, Audit Committee, Budget Committee, Human Resource Management and Advisory/Training Committee, ICT Steering Committee and Integrity Committee .

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

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

In execution of its functions, the Management Committee has the power to appoint sub-committees to assist in discharging the mandate of the office.

In discharging their duties, Members of the Executive Management Committee are guided by:

- The organisation’s policies and procedures
- The organisation’s strategic plan and other legislations.

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#### Composition of the Sub-Committee Members

- The members of the various sub-committees are drawn from the departments and have a wide range of skills and experience and each contributes independently to the committee discussions
- On appointment each member is provided with the appointment letter outlining the responsibilities to be undertaken.

#### 1.9.2 Audit Committee

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

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

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

The Audit Committee has direct access to the External Auditors, and OCOB Internal Auditors. The Committee's membership comprises of 3 members with head of internal audit providing secretariat services to the committee, namely:

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

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Committee Attendance For the Year Ended 30 <sup>th</sup> June 2017	Audit Committee Meeting	Total Attendance
	19/8/2016	
Mr. Joshua Musyimi	√	1
Ms. Judith Muli	√	1
CPA Pamela Okatch	√	1
CPA Joseph Tulula	√	1

√- Attended

X -Absent with apology

The key achievements during the year include the following:-

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

**1.9.3 Budget Committee**

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

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

This is a Sub-Committee of the Executive Management Committee set up to ensure the resources are utilised as per the OCOB budgetary allocation and work plan. The main responsibility of the Budget Committee is to assist the COB to discharge her responsibility in the following areas:

- Review the actual departmental expenditures to determine the absorption rate for the budgeted activities and identify the reasons behind non utilization of funds.

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- 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

Attendance of Budget Committee members to meetings.

The following shows the number of budget committee meetings held during the year and the attendance of individuals

Committee Attendance For The Year Ended 30 <sup>th</sup> June 2017	Budget Committee Meeting			Total Attendance
	8/8/2016	16/8/2016	23/08/2016	
CPA Macklin Ogolla	√	x	√	2
Mr. Joshua Musyimi	√	x	x	1
Ms. Judith Muli	√	√	x	2
Ms. Irene Arimi	√	x	x	1
CPA Pamela Okatch	√	√	√	3
Mr. Anthony Lusuli	x	√	x	1
Mr. Shadrack Chando	√	√	√	3
CPA Hope Keah	√	√	√	3
CPA Antonette Kanani	√	√	√	3

√- Attended

X -Absent with apology

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

- Discuss and make recommendations to Controller of Budget on general staff welfare and motivation issues among others;
- To discuss, consider and recommend officers training requests to the Controller of Budget for approval purposes;

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- Investigate and make recommendations to the Controller of Budget on disciplinary matters;
- Discuss and make recommendations on existing HR regulations and policies to the Controller of Budget;

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

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

The Committee was instrumental in the process of setting up the OCOB Staff Retirement Benefits Scheme, which was operationalized on the 1<sup>st</sup> July, 2017. The Committee made recommendations on the formation of OCOB Staff Welfare Association. The aim of the association is to enable staff members support one another by providing financial support to members in case of bereavement, hospitalisation, wedding and new born babies. Members contribute Kshs. 500 monthly from their salary through check off to support the kitty.

The Committee organised the Annual General Meeting (AGM) for the Welfare Association that was held in December, 2016. During the AGM, staff welfare matters were discussed and also a detailed presentation of the welfare accounts was presented to the members.

An election was conducted to elect officials to oversee the running of the affairs of the Welfare Association.

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The Committee ensures continuous training and development for OCOB staff by making recommendations to the Controller of Budget. Major group trainings conducted in the last FY 2016/17 were; Monitoring and Evaluation, Leadership and Integrity and Risk Management. Each individual staff attended at least two trainings within the stated financial year.

Committee Attendance For The Year Ended 30 <sup>th</sup> June 2017	HRMACECT Committee Meeting		Total Attendance
	26/9/2016	23/3/2017	
CPA Macklin Ogolla	√	√	2
Mr. Joshua Musyimi	√	√	2
CPA Mark Kipkoech	x	x	0
CPA Patrick Kamore	√	√	2
Ms. Judith Muli	√	√	2
Mr. Stephen Wangaji	√	√	2
CPA Pamela Okatch	x	x	0
Mr. Anthony Lusuli	x	x	0
Mr. Shadrack Chando	√	√	2
Mr. George W. Tuti	√	√	2
Ms. Irene Arimi	√	√	2

√- Attended

X -Absent with apology

#### 1.9.5 ICT Steering Committee

The ICT Steering Committee provides advice to the Controller of Budget with regard to strategic decisions in Information and Communication Technology (ICT) with particular attention to risk management, compliance and change management. The Committee ensures that OCOB's ICT strategic objectives and their implementation remain aligned with the mandate and strategic objectives of the organization. ICT steering Committee plays one of the key ICT governance roles within the OCOB and is given appropriate strategic status within the organizational planning and management environment.

During the Fiscal Year 2016/2017 the ICT Steering Committee provided guidance and direction on various ICT Strategies and activities with a focus at ensuring efficiency, effectiveness, agility and innovation in the adoption and use of ICTs.

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The Committee has continued to steer and to strengthen ICT deliverables in the following strategic areas:

- **ICT Strategy and Vision**
  - ICT strategy formulation in line with OCOB strategy
  - Yearly review and operationalization of ICT policy's, work plans and guidelines
  - Efficient and effective ICT Project Management
  - Facilitating the exploration, development, and adoption of new tools and technologies that enhance deployment of efficient digital services for OCOB.
- **Connectivity and technology infrastructure**
  - Overseeing ICT equipment and resource Improvements
  - Maintenance and enhancement of the network infrastructure capacity at OCOB
  - Maintenance, servicing and support of ICT equipment and IP telephony services.
  - Improvements in ICT resource access and promoting information security.
  - User support and service excellence
- **Systems and application development**
  - Efficient and effective digital services
  - Implementation of management information systems (MIS) for OCOB
  - Superior support for IFMIS, Internet Banking, Payroll system and other legally prescribed integrated financial management Solutions in Kenya.
  - ICT risk management framework
  - ICT business continuity and disaster recovery plan
- **Social and cultural environment**
  - Assessment of the adequacy of ICT resources and existing systems
  - Training and development for an innovative and skilled working team.
- **Stakeholder engagements**
  - Maintenance of the OCOB website, mobile application and the Intranet in enhancing information sharing and collaboration.
  - Development of a road map for advanced and widely accessible ICT systems to broaden the development, and accessibility of OCOB products and services.

#### 1.9.6 Integrity Committee

The Integrity Committee was constituted during 2016/17 financial period. The purpose of the formation of the Committee is to institutionalize the anti-corruption initiatives in the

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operations of the Office of the Controller of Budget. The mandate of the Committee includes;

- Coordinating formulation and implementation of Codes of Conduct and Ethics, Anti-Corruption Policy, Integrity Testing Programme, Whistle Blowers Protection Systems, Corruption Reporting Channels, Customer Service Charters for all Departments, Financial, Procurement, and Human Resource Manuals, Corruption Risk Assessment and Mitigation Plan and Performance Contracting Targets.
- Holding periodic meetings to deliberate on anti-corruption and other integrity issues
- Setting priorities in the prevention of corruption in functional areas
- Planning and coordinating corruption prevention strategies
- Integrating integrity in the institutional programs and activities
- Receiving and reviewing corruption reports and recommending action
- Planning staff training on integrity issues
- Spearheading anti-corruption public campaigns within their areas
- Monitoring the impact of corruption prevention initiatives
- Preparing and submitting regular progress reports to Ethics and Anti-Corruption Commission and other appropriate agencies
- Strengthening internal control systems

#### 1.9.7 Procurement Activities

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

The Office has implemented the Act of 2015 where professional opinions are prepared by the Head of Procurement and forwarded to the Accounting Officer for approval or otherwise. The Office has embraced use of E-procurement (IFMIS) where all our procurement processes for procure to pay are done online. The Office plans to introduce inventory module in E-procurement to facilitate management of inventories.

#### 1.9.8 Parliamentary Committees Activities

Article 228 (6) of the Constitution requires the Controller of Budget to submit to each House of Parliament a report on budget implementation of the national and county governments

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

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

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

#### 1.9.9 Development Partner Oversight Activities

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

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*1.9.10 Legal Activities*

In the financial year 2016/17 the Controller of Budget was enjoined as party to ten (10) number of legal suits. Nine of the suits related to disputes touching on county governments and one related to payment of pension benefits to retired teachers.

The cases touching on county governments include three cases that arose from budget disputes in Bomet County and the Controller of Budget was enjoined in all of them. In one of the three suits, an application was filed seeking order to commit the Controller of Budget to civil jail allegedly for contempt of court. In the application, the County Assembly Service Board averred that the Controller of Budget had refused to release to it development funds which had been budgeted for construction of the County Assembly Chamber.

The Controller of Budget responded to the application and demonstrated to the court that she could only approve requests which had been presented to her; that all the requests for withdrawal of funds, which had been received from the County Executive Committee Member for Finance for Bomet County had been approved; and, that none of the requests received related to development funds for the County Assembly. The contempt application was consequently dismissed.

Another case related to the passage of Nyeri County Budget estimates. Some residents of Nyeri County went to court challenging the budget estimates passed by the County Assembly on grounds that there was no public participation.

Three suits related to disputes arising from the passage of the supplementary budgets for Nyamira, Muranga and Mandera. The petitioners sought to stop implementation of the supplementary budgets, none succeeded in stopping implementation of the supplementary budgets. In the Muranga case however, an interim order stopping the implementation of the Supplementary Appropriation Act was issued but the said order was later lifted. The case for Muranga County was later withdrawn by the petitioners.

One case relates to the Controller of Budget's refusal to authorize release of money for the Car and Mortgage Fund for Members of the County Assembly for Makueni. The Controller of Budget declined to release the funds because the Regulations setting up the Fund contravened the circular issued by the Salaries and Remuneration Commission. Whereas the Salaries and Remuneration Commission circular requires that the loan advanced to a Member

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of the County Assembly be repaid within the term of the member, the Regulations provide that the loan could be repaid over a period of eight years. The matter is yet to be heard.

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

Apart from court matters relating to county governments, the Controller of Budget was also summoned to court regarding delayed payment of additional Pension to teachers who retired from 1997. Although the Controller of Budget is not a party to this suit, which commenced way before the Office was established, misrepresentation was made in court to the effect that the reason for the delay in payment of the Pension for the teachers was that the Controller of Budget had refused to authorize the payment. The Court summoned the Controller of Budget to go and shed light on the matter. The Controller of Budget appeared in person in court in Nakuru before Lady Justice Janet Mulwa and demonstrated, to the satisfaction of the court, that the Controller of Budget was not the cause of the delay for payment of Pension.

#### 1.9.11 Public Participation Activities

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

Through proactive media relations, the Office has managed to regularly publicize key issues contained in our quarterly Budget Implementation Review Reports through both print and electronic media and through other publicity materials.

To sensitize and actively engage citizens in budget preparation and implementation, the Office organized a public participation forum in Machakos that sensitized the public on the budgeting processes. Over 300 stakeholders drawn from Machakos, Kitui, Makueni, Kajiado and Nairobi counties came together to interact with and understand the mandate of the Office in order to assist in social audit and safeguard the principles of inclusivity, transparency and accountability in budget preparation and execution in the counties.

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This was to ensure that the public is informed on their roles in;

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

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**(i) Office of the Controller of Budget**

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

**(j) Contacts**

Telephone: (254) 020-2211068  
E-mail: [cob@cob.go.ke](mailto:cob@cob.go.ke)  
Website: [www.cob.go.ke](http://www.cob.go.ke)

**(k) Bankers**

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

**(l) Independent Auditors**

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

**(m) Principal Legal Adviser**

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

**2 COMMENTARY BY THE CONTROLLER OF BUDGET**



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

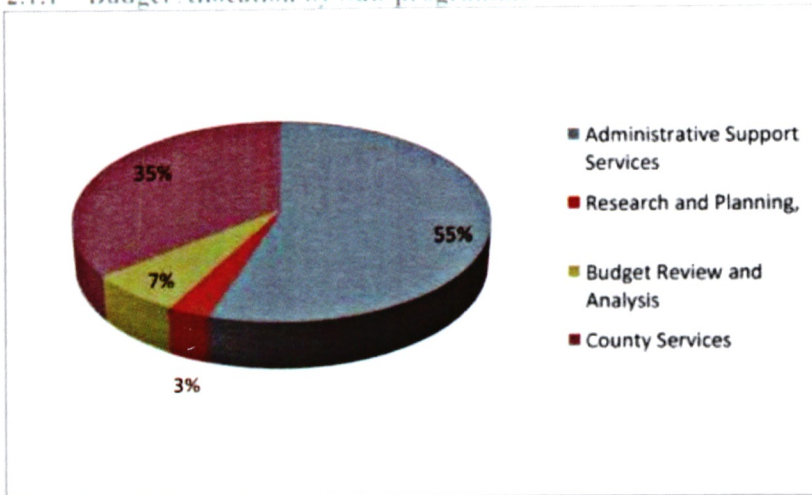
**2.1 BUDGET ALLOCATION**

In the FY 2016/17, the Office had a gross budget of **Kshs.561, 269,850** which was revised to **Kshs.521,174,791** in the Supplementary Estimates for recurrent vote. The Office was to expend the approved budget of **Kshs.521,174,791** under the following sub programmes. to cater for the main programme of *control and management of public finances* in four sub-programmes, namely;

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

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2.1.1 Budget Allocation by Sub-programme



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

The objective of this sub-programme is to ensure timely approval of withdrawals from the Consolidated Fund, County Revenue Fund and Equalization fund. This sub programme was allocated **Kshs. 185,143,528** representing 35% of the budget. A total of **Kshs. 175,249,733.70** was spent under this sub programme hence absorption rate of **95%**.

**2.1.1.2 Sub-Programme 2: Budget Review and Analysis**

The objective of this sub-programme is to oversee and regularly monitor the utilization of public funds released to spending units. This sub programme was allocated **Kshs. 34,287,546** representing 7% of the budget. A total of **Kshs. 33,434,863** was spent under this sub programme hence absorption rate of **98%**.

**2.1.1.3 Sub-Programme 3: Administrative Support Services**

The objective of this sub-programme is to enhance openness, accountability and public participation in prudent financial management. This sub programme was allocated **Kshs. 286,335,436** representing 55% of the budget. A total of **Kshs. 270,670,689** was spent under this sub programme hence absorption rate of **95%**.

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

The objective of this sub-programme is to conduct research and analysis on budget implementation policy issues and advice on improvement with budget implementation. This sub programme was allocated **Kshs. 15,408,281** representing 3% of the budget. A total of **Kshs. 14,057,921** was spent under this sub programme hence absorption rate of **91%**.

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2.2 Key Performance Highlights

Below is an overview of the financial performance for the year ended 30<sup>th</sup> June 2017 as reported in the detailed financial statements together with the commentary and comparative analysis against budget and prior year for the key items in the financial statements

**Financial Performance Summary:**

Actual performance against budget for the year to 30<sup>th</sup> June 2017

<b>Financial Performance</b>	<b>Printed Estimates Kshs</b>	<b>Actual Kshs</b>	<b>Variance Kshs</b>	<b>% Utilisation Variance</b>
Total Receipts	521,174,791	510,000,000.00	(11,174,791)	(2%)
Total Payments	521,174,791	504,275,449.05	(16,899,342)	(3%)
<b>Surplus for the year</b>	-	<b>5,724,550.95</b>	<b>5,724,551.00</b>	

Actual receipts stood at 2% below budget while actual payments were 3% below budget. This is attributable to under receipts of exchequer and underutilization of budget allocation for programme.

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**Budget Utilization**

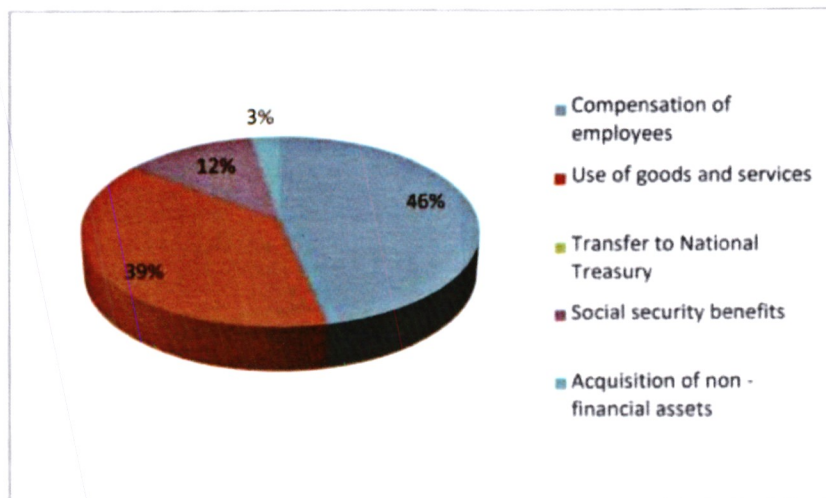
The office spent **Kshs. 504,275,449.05** against an approved budget of **KShs. 521,174,791.00** representing absorption of **97%**. Utilization of the budget was carried out through various activities (economic classifications) as shown in the chart below:

<b>Economic Classification</b>	<b>Approved Budget Allocation</b>	<b>Actual Payments</b>	<b>Variance</b>
Compensation of employees	242,737,490.00	240,286,212.80	2,451,277.20
Use of goods and services	202,483,506.00	181,361,198.00	21,122,308.00
Transfer to National Treasury	-	10,862,242.70	-
Social security benefits	62,273,500.00	62,146,709.55	126,790.45
Acquisition of non -financial assets	13,680,295.00	9,619,086.00	4,061,209.00
<b>Total Payments</b>	<b>521,174,791.00</b>	<b>504,275,449.05</b>	<b>27,761,584.65</b>

It is noted that 46% of the budget allocation was used in compensation of employees while 39%, 12% and 3% was utilized on use of goods and services, social security benefits and acquisition of non -financial assets respectively.

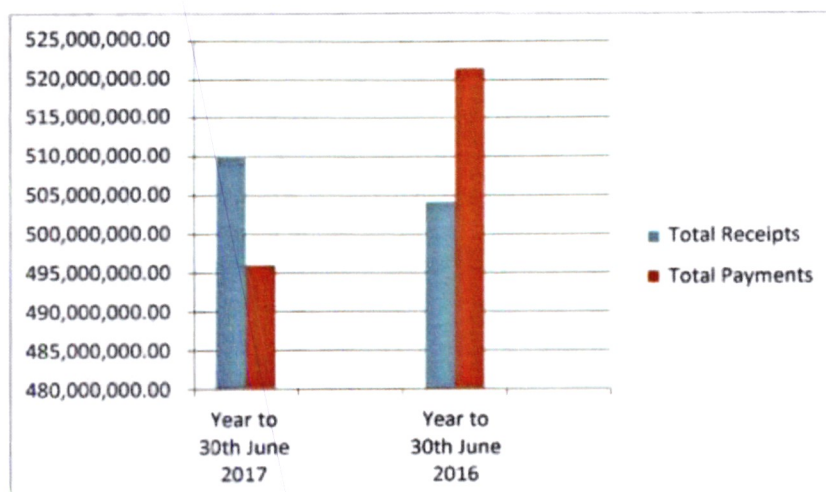
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**Budget Utilization as per Economic items**



**Current Year Performance against Prior Year**

Financial Performance	Year to 30th June 2017	Year to 30th June 2016	Change	%
Total Receipts	510,000,000.00	496,000,000.00	14,000,000.00	3%
Total Payments	504,275,449.05	521,532,015.95	(17,256,566.90)	(3%)
<b>Surplus/(Deficit) for the year</b>	<b>5,724,550.95</b>	<b>(25,532,015.95)</b>	<b>31,256,566.90</b>	<b>(122%)</b>



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Total receipts increased by 3% due to increase funding mainly through exchequer releases while there was an equivalent decrease of 3% in payments attributed to resignation of some staff and some two advertised positions were never taken up, non- purchase of Electronic Documents and Records Management Systems(EDRMS) due to challenges in the procurement process in terms of timelines and responses., some court cases were represented up by the Attorney General which led to non- payment of legal fees. There was also a savings on contracted professional services due to diligence and prudence on procurement for the consultancy.

**Receipts**

The office receipts mainly comprise of exchequer releases from the National Treasury. The total receipts for FY 2016/2017 stood at Kshs 510,000,000, representing a 3% increase from Kshs 496,000,000 for FY 2015/2016.

**Total Receipts Breakdown**

<b>Receipts</b>	<b>Year to 30<sup>th</sup> June 2017</b>	<b>Year to 30<sup>th</sup> June 2016</b>	<b>Change</b>	<b>%</b>
Exchequer	510,000,000	496,000,000	14,000,000.00	3%
<b>Total Receipts</b>	<b>510,000,000</b>	<b>496,000,000</b>	<b>14,000,000.00</b>	<b>3%</b>

The increase in total receipts is as a result of an increase in exchequer releases from the National Treasury by Kshs 14,000,000 due to increased planned activities carried out during the FY 2016/2017.

**Payments**

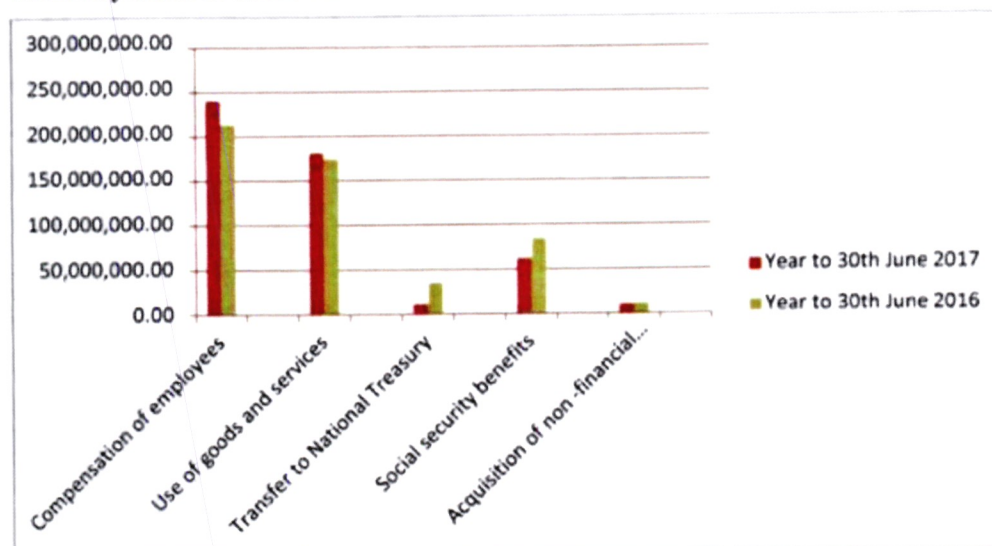
The payments mainly comprise of employee compensation, use of goods and services, social security benefits and acquisition of assets. The total payments for FY 2016/2017 stood at Kshs 504,275,449.05 representing a 3% decrease from Kshs 521,332,015.95 for FY 2015/16

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**Total Payments Breakdown**

Payments	Year to 30 <sup>th</sup> June 2017	Year to 30 <sup>th</sup> June 2016	Change	%
Compensation of employees	240,286,212.80	214,177,677.15	26,108,535.65	12
Use of goods and services	181,361,198.00	175,234,388.70	6,126,809.30	3
Transfer to National Treasury	10,862,242.70	35,668,574.65	(24,806,331.95)	(70)
Social security benefits	62,146,709.55	85,334,303.40	(23,187,593.85)	(27)
Acquisition of non - financial assets	9,619,086.00	11,117,072.05	(1,497,986.05)	(13)
<b>Total Payments</b>	<b>504,275,449.05</b>	<b>521,532,015.95</b>	<b>(17,256,566.90)</b>	<b>(3)</b>

**Total Payments Breakdown**



*Total Payments Breakdown*

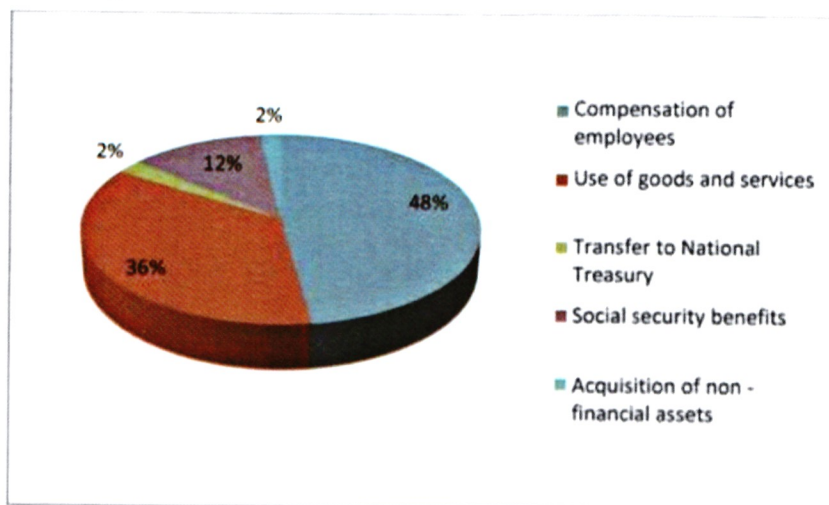
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The significant reduction (70%) in payments is attributed to a decrease in the unspent bank balance which was refunded to the National Treasury (exchequer account) during the year as per the Public Finance Management (PFM) Act, 2015, section 45(2). Reduction in the payment of the staff gratuity as only a few staff whose contracts were ending within the FY 2016/17 were paid. Non- purchase of Electronic Documents and Records Management Systems (EDRMS) due to challenges in the procurement process in terms of timelines and responses hence a reduction on acquisition of non -financial assets by 13%.

**Total Payments**



**Financial Assets Summary**

Financial Assets	As at 30 <sup>th</sup> June 2017	As at 30 <sup>th</sup> June 2016	Change	%
Bank Balances	19,559,844.40	12,990,537.05	6,569,307.35	51%
Cash Balances	342,137.00	377,255.00	(35,118.00)	(9%)
Accounts Receivables - Outstanding Imprest & Salary Advances	137,677.40	301,881.00	(164,203.60)	(54%)
<b>Total Financial Assets</b>	<b>20,039,658.80</b>	<b>13,669,673.05</b>	<b>6,369,985.75</b>	<b>47%</b>

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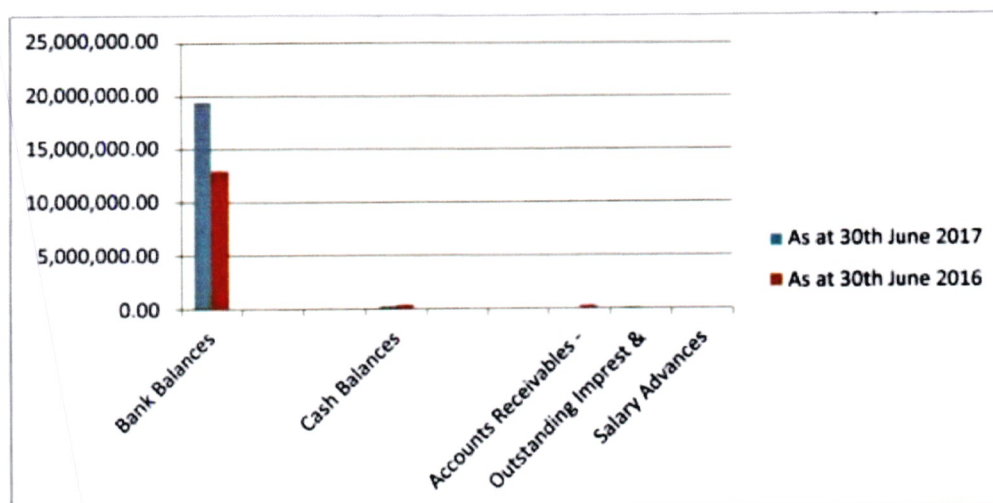
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Bank balances increased by 51% as a result of reduced spending towards year end.

Cash balances decreased by 9% due to decreased cash related transactions at the year-end.

There was also a decrease in accounts receivables by 54% as a result of advance training levy recoveries made by the office.



### Cash Flows and Cash Position

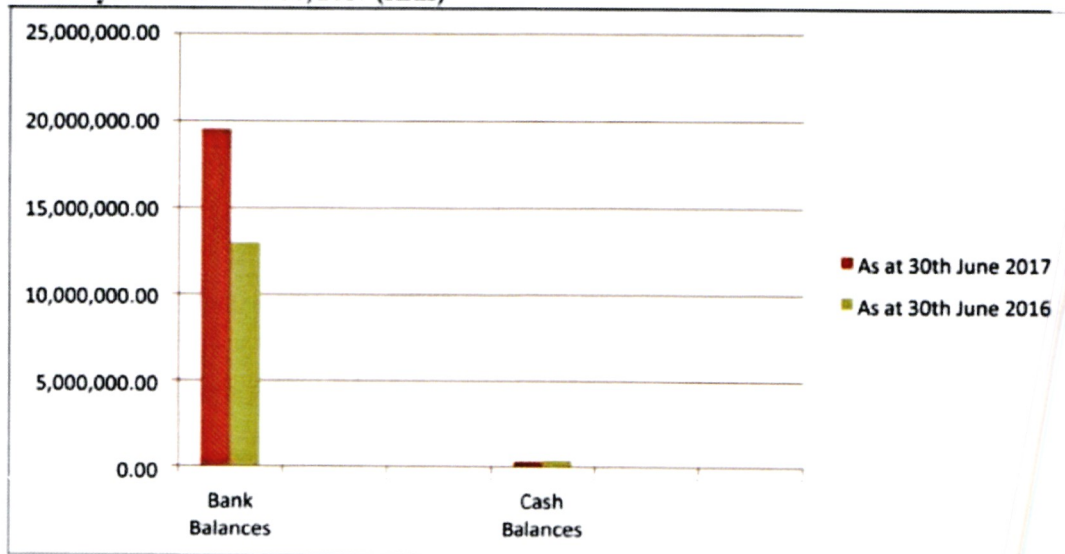
The cash and bank balances held as at 30th June 2017 was **Kshs 19,559,844.40** compared to **Kshs 12,990,537.05** held as at 30th June 2016. The breakdown of the cash and bank balances is as summarized in the table below.

Financial Assets	As at 30 <sup>th</sup> June 2017	As at 30 <sup>th</sup> June 2016	Change	%
Bank Balances	19,559,844.40	12,990,537.05	6,569,307.35	51%
Cash Balances	342,137.00	377,255.00	(35,118.00)	(9%)
<b>Total Financial Assets</b>	<b>19,901,981.40</b>	<b>13,367,792.05</b>	<b>6,534,189.35</b>	<b>49%</b>

Bank balances increased by 51% as a result of reduced spending towards year end.

Cash balances declined by 9% due to decrease cash related transactions at the year end

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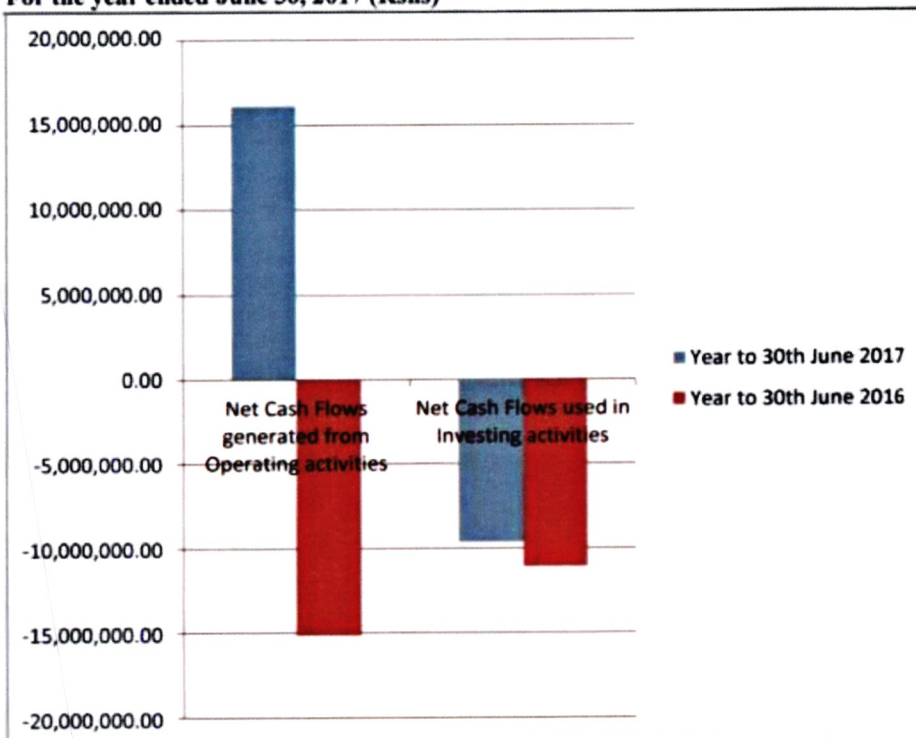


**Cash Flow Activities**

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

<b>Cash Flow Activities</b>	<b>Year to 30th June 2017</b>	<b>Year to 30th June 2016</b>	<b>Change</b>	<b>%</b>
Net Cash Flows generated from Operating activities	16,153,275.35	(15,156,672.00)	29,911,747.35	(197)
Net Cash Flows used from Investing activities	(9,619,086.00)	(11,117,072.05)	1,497,986.05	(13)
Net Cash Flows generated from Financing activities	-	-	-	-
<b>Net increase in Cash and Cash Equivalents</b>	<b>6,534,189.35</b>	<b>(26,273,744.05)</b>	<b>32,807,933.40</b>	<b>(124)</b>
<b>Cash and Cash Equivalents at 1 July</b>	<b>13,367,792.05</b>	<b>39,641,536.10</b>	<b>(26,273,744.05)</b>	<b>66</b>
<b>Cash and Cash Equivalents at 30 June</b>	<b>19,901,981.40</b>	<b>13,367,792.05</b>	<b>6,534,189.35</b>	<b>(49)</b>

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Net cash flows in operating activities declined due to a decrease from Kshs.36million to 11million unspent bank balance which was refunded to the National Treasury (exchequer account) during the two financial years as per the Public Finance Management (PFM) Act, 2015, section 45(2).Reduction in the payment of the staff gratuity from Kshs 85 million to Kshs 62 million as only a few staff whose contracts were ending within the FY 2016/17 were paid gratuity.

Net cash flows utilized in investing activities decreased due non- purchase of Electronic Documents and Records Management Systems (EDRMS) due to challenges in the procurement process in terms of timelines and responses. The office doesn't have any financing activities.

**2.3 Key Achievements in the FY 2016/17**

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

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

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2.3.1 Administrative Support Services

**2.3.1.1 Institutional Capacity**

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

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

2.3.2 Information Communication & Technology

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

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

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**2.3.3 Legal Framework**

The Controller of Budget Act came into force in August 2016. . The Office is now in the process of developing regulations to fully operationalize the Act. In the meantime the office has developed policies to guide operations and delivery of mandate, which include the Investigation, Complaints, Having Access to Information and Alternative Dispute Resolution Policies.

**2.3.4 Partnership and Collaborative Ventures**

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

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

**2.3.5 Collaboration with the UN Women on Gender Responsive Budgeting**

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

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

Consequently, the Office together with other stakeholders in the public finance management including the National Treasury (Budget Department & Public Finance Management Reforms Secretariat), Ministry of Public Service, Youth and Gender Affairs (Department of Gender Affairs), Kenya School of Government, National Gender and Equality Commission, Council of Governors and; a Non-State Actor, the Institute of Economic Affairs participated in a benchmarking visit to Morocco for capacity building in GRB given the success the country has made in institutionalizing GRB. The team learnt that successful institutionalization of GRB requires key drivers of the process, mainstreaming gender in PFM policies, budget and programmes as well as building capacity of key players and oversight institutions.

As a result of the above initiative among others, the National Treasury included in the 2016/17 Budget Policy Statement a requirement that all budgets be prepared using Gender Responsive Budget framework and presentation of the targets, indicators and beneficiaries should reflect gender dis-aggregated data that will be achieved during the implementation of the budget. Consequently, the Office together with Council of Governors and with support from UN Women carried out training of County officials from all the 47 Counties and OCOB's County Budget Coordinators on Gender Responsive Budgeting.

#### 2.4 Other Collaborations

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

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

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2.5 Financial Reporting (FiRe) Awards

The Financial Reporting (FiRe) Award is an initiative of the Institute of Certified Public Accountants of Kenya (ICPAK), Public Sector Accounting Standards Board, the Capital Markets Authority (Kenya) and the Nairobi Securities Exchange (NSE). The initiative is aimed at promoting excellence in financial reporting, fostering sound corporate governance practices, and enhancing both corporate social responsibility and environmental reporting. The Public Sector Accounting Standards Board issued a directive that all public sector entities shall submit their annual reports and financial statements for the FiRe Award so as to benefit from feedback provided as a way of monitoring compliance as provided under section 194 (4) of the PFMA, 2012. To this end, the OCOB submitted its accounts for the financial year 2014-2015 for the FiRe Award during the financial year 2015/16. The Office was nominated in two categories namely the Ministries, Departments & Agencies and International Public Sector Accounting Standards (IPSAS) Cash Category. The Office won in both categories. The office has presented its accounts for financial year 2015/16 for the FiRe award and is expecting good results.

2.6 Compliance

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

- In compliance with Article 228 (5) of the COK, the office developed procedure manual to guide authorization of withdrawals from Public Funds
- Reviewed and analyzed planning documents such as SDGs, MTPs, CIDP, BROP, ADPs, DMSP, CBROP, BPS, and CFSP to ensure both national and county government budgets conform to the PFM Act, 2012.
- In compliance with other relevant public sector legislations and policies, the office developed the following:
  - a. Human resource Management procedures manual
  - b. ICT policy
  - c. Finance Management policy
  - d. Internal audit manual
- Reviewed and analyzed laws, regulations and policies relating to public finance

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- Complied with the 30 per cent rule reservation for women, youth and persons with disabilities with regard to procurement contracts.
- Developed an interactive websites and held several public sensitization fora in compliance with public information sharing requirement.
- Trained staff in compliance with Leadership and Integrity Act, 2012, and Public Officer Ethics Act, 2003.
- To fully operationalize the Office a COB Bill was developed and has been enacted as COB Act, 2016

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

- Regulations to COB Act, 2016
- OCOB service charter
- Communication policy
- Investigation policy
- Complaints handling manual
- Develop a scheme of service
- Succession policy
- Reward and sanction policy for staff
- Talent management policy to ensure staff retention

## 2.7 Monitoring and Reporting on Budget Implementation

### 2.7.1 Quarterly Budget Implementation Review Reports

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

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budgets of the MDAs and Counties. For the FY 2016/17, a total of eight BIRRS were published by the OCOB. These reports were submitted to Parliament and widely publicized, and consisted of four quarterly reports for the National Government and the County Governments. In these reports, the OCOB has highlighted the following challenges which hindered effective budget implementation;-

#### **National Government:-**

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

#### **County Governments:-**

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

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

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#### **2.7.2 Special Reports**

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

#### **2.7.3 Advice to Government and Stakeholders**

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

#### **2.7.4 Monitoring and Evaluation Framework**

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

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

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

The OCOB recommends the need for counties to link planning to budget to ensure enhanced implementation of projects and programmes. The National and County Governments should embrace Programme Based Budgeting (PBB) which lay more emphasis on outputs and outcomes for increased benefits to the public. Further, the governments should enhance their

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internal M&E functions to continuously monitor their project implementation and address issues arising as the projects are being implemented with corrective actions being taken in real time. Monitoring and evaluation should be an integral part of the operations of both national and county governments and must be used as a management tool if governments are to achieve their aspirations.

## 2.8 Control of Withdrawals from Public Funds

### 2.8.1 Exchequer Releases and Budget Absorption

Article 228 (4) of the Constitution states that;

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

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

### 2.8.2 Exchequer Releases to National Government

In the year, a total of Kshs. 1,712.2 billion to finance national government programmes was approved for withdrawal by the Office, and represented 94.7 per cent of the revised net estimates of Kshs. 1,808.6 billion.

Table 2.1 shows the summary of exchequer issues to national government in FY 2016/17.

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Table 2.1: Exchequer Issues to National Government in FY 2016/17

<b>Types of expenditure</b>	<b>Revised Gross Estimates (Ksh Billion)</b>	<b>Revised Net Estimates (Ksh Billion)</b>	<b>Exchequer Issues (Ksh Billion)</b>	<b>Actual Expenditure (Ksh Billion)</b>	<b>% of Exchequer Issues to Net Estimates</b>	<b>Absorption rate ( Ratio of Actual expenditure to Gross Estimates)</b>
Recurrent	927.5	840.6	819.9	858.3	97.5	92.5
Development	861.2	441.8	394.2	602.3	89.2	69.9
Consolidated Fund Services	526.2	526.2	498.1	499.0	94.7	94.8
<b>Total</b>	<b>2,314.9</b>	<b>1,808.6</b>	<b>1,712.2</b>	<b>1,959.6</b>	<b>94.7</b>	<b>84.7</b>

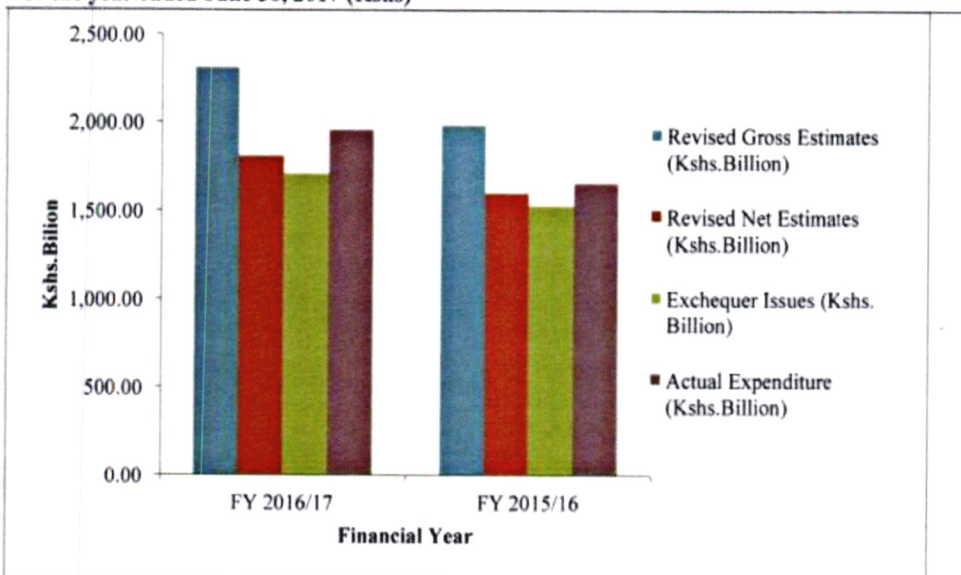
Source: OCOB

In FY 2016/17, the overall absorption rate was 84.7 per cent as total actual expenditure amounted to Kshs. 1,959.6 billion against the revised gross estimates of Kshs.2,314.9 billion.

Table 2.2: Exchequer Issues to National Government in FY 2015/16

<b>Type of Expenditure</b>	<b>Revised Gross Estimates (Kshs. Billion)</b>	<b>Net Estimates (Kshs. Billion)</b>	<b>Exchequer Issues Released (Kshs. Billion)</b>	<b>Actual Expenditure (Kshs. Billion)</b>	<b>% Exchequer Issues Released To Net Estimates</b>	<b>Absorption (% of Actual Expnd. To Revised Gross Estimates)</b>
Recurrent	811.55	734.51	720.28	735.43	98.1 %	90.62 %
Development	681.95	369.66	333.17	448.8	90.1 %	65.81 %
Consolidated Fund Services	494.68	494.68	476.25	474.54	96.3 %	95.93 %
<b>Total</b>	<b>1,988.18</b>	<b>1598.85</b>	<b>1529.7</b>	<b>1658.72</b>	<b>95.7 %</b>	<b>83.43 %</b>

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### 2.8.3 Exchequer Releases to County Governments

The COB authorised withdrawals of Kshs.328.24 billion from the County Revenue Funds to County Operational Accounts of the County Governments. The transfers comprised of Kshs.219.95 billion (67 per cent) for recurrent expenditure and Kshs.108.3 billion (33 per cent) for development expenditure. Table 2.3 shows the summary of exchequer releases to the forty seven county governments in FY 2016/17.

Table 2.3: Exchequer Releases from CRF to County Operations Accounts, FY 2016/17 (Ksh. Million)

County	Budget Estimates (Ksh. Million)			Exchequer Issues (Ksh. Million)			Expenditure (Ksh. Million)			Overall Absorption Rate
	Dev	Dev	Dev	Rec (Kshs)	Dev (Kshs)	Total	Rec (Kshs)	Dev (Kshs)	Total	
	A	B	C=A+B	D	E	F=D+E	G	H	I=G+H	J=I/C*100
Baringo	3,901.72	2,609.72	6,511.44	3,871.65	1,521.50	5,393.15	3,748.09	1,466.30	5,214.39	80.
Bomet	3,911.94	1,671.01	5,582.95	3,828.38	1,706.96	5,535.35	3,322.59	1,491.95	4,814.54	86.
Bungoma	6,685.75	3,784.24	10,469.99	6,374.08	2,904.40	9,278.48	6,147.99	1,844.19	7,992.18	76.
Busia	4,471.32	3,074.32	7,545.63	4,120.73	2,645.38	6,766.10	3,917.79	1,963.61	5,881.40	77.
Elgeyo/Marakwet	2,886.76	1,852.41	4,739.17	2,815.90	1,234.47	4,050.37	2,797.01	1,167.67	3,964.68	83.
Embu	4,145.77	2,579.70	6,725.47	3,990.78	1,940.47	5,931.25	3,660.08	2,099.16	5,759.24	85.
Garissa	4,764.56	2,805.96	7,570.52	4,681.63	2,442.06	7,123.69	4,681.63	2,442.06	7,123.69	94.
Homa Bay	4,633.84	2,098.07	6,731.91	4,916.00	1,593.00	6,509.00	4,319.67	1,417.52	5,737.18	85.

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County	Budget Estimates (Ksh. Million)			Exchequer Issues (Ksh. Million)			Expenditure (Ksh. Million)			Overall Absorption Rate  J=I/C*100
	Dev	Dev	Dev	Rec (Kshs)	Dev (Kshs)	Total	Rec (Kshs)	Dev (Kshs)	Total	
	A	B	C=A+B	D	E	F=D+E	G	H	I=G+H	
Isiolo	2,316.97	1,429.46	3,746.42	2,303.63	1,202.02	3,505.65	2,200.22	1,266.24	3,466.45	92.5
Kajiado	4,354.48	2,655.90	7,010.38	4,217.88	1,177.48	5,395.35	3,811.52	1,250.40	5,061.92	72.2
Kakamega	6,044.61	6,325.15	12,369.76	6,042.44	5,052.50	11,094.94	5,636.36	5,208.76	10,845.12	87.7
Kericho	3,854.29	2,444.66	6,298.95	3,723.32	2,089.18	5,812.49	3,578.22	2,022.50	5,600.72	88.9
Kiambu	8,806.63	3,592.52	12,399.15	8,794.63	2,553.69	11,348.32	8,301.08	2,510.49	10,811.57	87.2
Kilifi	6,502.05	6,830.75	13,332.80	5,659.92	3,571.06	9,230.98	5,711.10	4,473.13	10,184.22	76.4
Kirinyaga	3,369.02	1,875.84	5,244.86	3,334.02	1,123.12	4,457.14	3,163.04	1,083.54	4,246.58	81.0
Kisii	6,361.32	3,709.21	10,070.53	5,982.06	2,040.60	8,022.66	5,970.72	2,014.89	7,985.61	79.3
Kisumu	6,230.62	3,164.60	9,395.21	6,160.55	1,908.38	8,068.93	4,855.29	1,982.57	6,837.85	72.8
Kitui	5,750.30	5,220.10	10,970.41	5,302.46	3,958.48	9,260.94	4,625.95	3,688.65	8,314.60	75.8
Kwale	4,326.16	3,622.35	7,948.51	3,727.79	2,301.29	6,029.08	3,803.95	2,056.69	5,860.63	73.7
Laikipia	3,500.27	2,466.22	5,966.49	3,381.19	1,379.19	4,760.38	3,163.58	1,547.09	4,710.67	79.0
Lamu	1,991.54	1,219.72	3,211.26	1,902.25	1,049.93	2,952.17	1,526.22	467.34	1,993.56	62.1
Machakos	7,508.05	3,373.91	10,881.96	6,904.36	2,771.08	9,675.44	5,805.22	3,343.57	9,148.79	84.1
Makueni	5,154.66	5,497.78	10,652.44	4,887.07	4,504.60	9,391.66	4,885.98	4,036.53	8,922.50	83.8
Mandera	4,789.97	7,238.82	12,028.79	4,336.71	5,858.90	10,195.62	4,365.46	5,831.48	10,196.94	84.8
Marsabit	3,609.18	3,210.00	6,819.18	3,386.48	2,979.28	6,365.76	3,349.74	2,791.75	6,141.49	90.1
Meru	6,924.21	3,216.89	10,141.10	6,317.46	2,431.56	8,749.02	6,105.03	2,238.99	8,344.02	82.3
Migori	4,749.07	2,981.63	7,730.69	4,756.22	2,330.00	7,086.22	3,949.18	1,869.61	5,818.79	75.3
Mombasa	7,657.84	3,989.86	11,647.70	6,166.02	2,611.49	8,777.52	6,390.49	2,743.15	9,133.63	78.4
Murang'a	4,707.53	3,505.29	8,212.82	4,162	2,547	6,709	4,394.89	2,037.43	6,432.31	78.3
Nairobi City	23,460.81	11,324.05	34,784.86	15,447.49	94	15,541.49	21,078.91	3,779.73	24,858.64	71.5
Nakuru	9,251.15	5,839.40	15,090.55	8,034.40	3,238.34	11,272.74	8,613.38	2,049.83	10,663.21	70.7
Nandi	4,377.21	2,526.11	6,903.32	3,534.23	1,703.40	5,237.63	3,497.04	1,803.76	5,300.80	76.8
Narok	5,682.88	3,396.67	9,079.55	5,323.59	2,150.83	7,474.42	5,323.29	2,150.67	7,473.96	82.3
Nyamira	3,938.16	1,670.90	5,609.06	3,757.01	958.41	4,715.42	3,522.39	979.21	4,501.60	80.3
Nyandarua	3,722.63	1,945.50	5,668.12	3,429.65	1,726.66	5,156.31	3,320.30	1,642.72	4,963.02	87.6
Nyeri	4,977.49	2,304.91	7,282.40	4,661.06	1,261.16	5,922.22	4,464.40	1,220.70	5,685.09	78.1

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	Dev	Dev	Dev	Rec (Kshs)	Dev (Kshs)	Total	Rec (Kshs)	Dev (Kshs)	Total	
	A	B	C=A+B	D	E	F=D+E	G	H	I=G+H	
Samburu	3,206.18	1,462.13	4,668.31	3,045.70	1,233.04	4,278.73	2,903.56	1,263.84	4,167.40	89
Siaya	3,917.08	3,153.25	7,070.33	3,883.00	2,500.00	6,383	3,646.81	1,983.35	5,630.16	79
Taita/Taveta	3,240.52	1,415.92	4,656.44	2,922.26	971.56	3,893.83	2,979.38	405.65	3,385.03	72
Tana River	2,227.56	2,357.66	4,585.21	2,204.50	2,297.06	4,501.56	1,767.24	1,779.13	3,546.37	77
Tharaka – Nithi	2,686.75	1,273.16	3,959.90	2,577.24	982.66	3,559.90	2,227.13	546.72	2,773.84	70
Trans Nzoia	4,224.48	2,650.52	6,875.00	4,224.48	1,980.24	6,204.72	4,293.25	1,711.19	6,004.44	87
Turkana	5,487.83	8,878.12	14,365.95	5,162.65	7,633.29	12,795.94	5,031.50	6,159.91	11,191.41	77
Uasin Gishu	5,042.94	2,676.15	7,719.09	4,591.59	1,861.52	6,453.12	4,134.22	1,460.35	5,594.56	72
Vihiga	3,529.59	1,511.05	5,040.64	3,289.32	1,023.73	4,313.06	2,925.55	793.12	3,718.68	73
Wajir	4,588.44	4,093.50	8,681.95	4,553.08	3,549.04	8,102.12	4,559.41	3,688.78	8,248.19	95
West Pokot	3,414.26	1,832.13	5,246.39	3,258.60	1,701.52	4,960.12	3,238.44	1,565.65	4,804.09	91
<b>Total</b>	<b>240,886.37</b>	<b>158,357.2</b>	<b>399,243.57</b>	<b>219,947</b>	<b>108,296</b>	<b>328,243</b>	<b>215,714.26</b>	<b>103,341.53</b>	<b>319,055.8</b>	<b>79</b>

Source: OCOB

The total expenditure by County governments in FY 2016/17 was Kshs.319.06 billion representing an absorption rate of 79.9 per cent of the total annual County Government's Budgets of Kshs.399.24 billion.

## 2.9 County Services and Enabling Activities

### 2.9.1 Review of County Government Budgets for FY 2016/17

The Office received the Approved Budget and planning documents for the FY 2016/17 for all the forty seven County Governments, which were reviewed these for conformity with the Public Financial Management Framework. Our review identified the areas of non-conformity with law and best practice, which were shared with the County Governments for action. Some of the areas identified were:-

- Budget conformity with the County Allocation of Revenue Act (CARA), 2017 in terms of revenue allocation and ceilings for the County Executive and County Assembly.
- Conformity of the budgets to the Programme Based Budgeting (PBB) Requirement as provided under Section 12 of the Second Schedule of the Public Finance Management (PFM) Act, 2012.

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- Whether the Set Local Revenue Target is realistic and achievable based on available data.
- Development Budget compliance with Section 107 (2(b)) of the PFM Act, 2012 which requires a County Government to allocate at least 30 per cent of the total budget to development expenditure.
- Presence of unclear budget allocation contrary to Article 201 of the Constitution which calls for openness and accountability in public financial matters.
- Link between Budgeting and the Planning Framework as provided in Section 104 (1) of the County Government Act, 2012 which stipulates that a County Government shall plan for the County and no public funds shall be appropriated outside an approved planning framework.
- Personnel Emoluments compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 which sets a ceiling on County Government expenditure on wages and benefits at 35 per cent of the County's total revenue.
- Budgeting for Pending Bills which should be a first charge on the budget as provided under Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.
- Comparison of the Approved Budget with the County Fiscal Strategy Paper (CFSP) ceilings to ascertain conformity with Regulation 32 (d) of the PFM (County Governments) Regulations, 2015.
- Adequacy for budget allocation for Emergencies as provided in Section 110, 112 & 113 of the PFM Act, 2012 which allows Counties to establish an Emergency Fund of up to 2 per cent of its last audited revenue in a single year to cater for any unforeseen occurrences.
- Conformity of budget allocation to established County Funds as provided for under Section 116 of the PFM Act, 2012.

#### **2.9.2 Advisories to County Governments**

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

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2.9.3 County Visits

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

2.10 Mediation

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

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

2.11 Public Information Sharing

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

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

2.12 Emerging Issues/Challenges

2.12.1 Emerging Issues

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

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

2.12.2 Incomplete/Credibility of the data submitted to the office

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

2.13 Challenges

The challenges encountered by the office include:

2.13.1 IFMIS Procurement module

There are no regulations to operationalize the new Public Procurement and Assets Disposal Act, 2015. Consequently, the Office relies on the old regulations which were to expire in December 2016. Many suppliers are not conversant with IFMIS procurement module hence

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experience difficulties in submitting bids on-line. This has affected timely procurement of goods and services by the Office.

**2.13.2 Inadequate Office Space**

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

Legal challenges; There is a lot of passage of legislation which breaches the Constitutional and the law by the county government particularly the principle of separation of powers

**2.13.3 Inadequate staff capacity**

- There is no enough staff in various departments to enable the office to carry its mandate effectively e.g. There is only one staff per county, the M&E unit has only one person to coordinate monitoring exercise for both National and Counties
- The pension unit (a newly added function for OCOB) is also understaffed to be able to effectively process pension files for payment
- Some of the positions envisioned to be filled in various departments remain vacant
- Conflict of interest as some audit staff work in Pension audit

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**2.13.4 Challenges in monitoring development projects**

- Poor recording of project files
- Poor planning in terms of time, frequency, scope of work, and resources
- Inadequate monitoring and evaluation framework including the reporting format
- Inadequate framework for dissemination of monitoring report to stakeholders
- Inadequate technical staff to undertake monitoring of projects at both county and national government

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

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

**2.13.6 Records management**

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

**2.14 Strategic plan 2018-2022**

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

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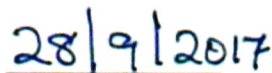
To effectively fulfil OCOB's mandate of overseeing budget implementation and specifically monitoring, evaluating, reporting and advising MDAs, OCOB is reviewing the 2013-2017 strategic plan. The review shall be guided by the Constitution and other existing and emerging legislations such as the CoB Act,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

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

The office will pursue collaborations, partnerships and linkages with other external stakeholders to ensure that strategies are regular in all aspects and implemented smoothly. Annual work plans for different departments will be aligned to the strategic plan to ensure that strategic plan is implemented along the fiscal years. The annual work plans will be further broken down into individual work plans and captured in annual targets. Key indicators that will inform management decision making will be identified and the frequency of reporting on these indicators will be determined.



FCPA, Agnes Odhiambo, CBS  
**CONTROLLER OF BUDGET**



**DATE**

**3 STATEMENT OF THE OFFICE OF THE CONTROLLER OF BUDGET**  
**MANAGEMENT RESPONSIBILITIES**

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

Controller of Budget is responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state of affairs of the office for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the office; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

Controller of Budget confirms that the Office has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, Controller of Budget confirms that the financial statements have been prepared in a format that complies with

**OFFICE OF THE CONTROLLER OF BUDGET**

**Reports and Financial Statements**

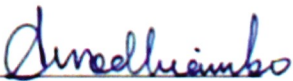
**For the year ended June 30, 2017 (Kshs)**

relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The Office of the Controller of Budget financial statements were approved and signed by

Controller of Budget on 28 - 9 - 2017.



FCPA Agnes Odhiambo CBS

**CONTROLLER OF BUDGET**

# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-mail: [oag@oagkenya.go.ke](mailto:oag@oagkenya.go.ke)  
Website: [www.kenao.go.ke](http://www.kenao.go.ke)



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON OFFICE OF THE CONTROLLER OF BUDGET FOR THE YEAR ENDED 30 JUNE 2017 - THE NATIONAL TREASURY

#### REPORT ON THE FINANCIAL STATEMENTS

##### **Opinion**

I have audited the accompanying financial statements of the Office of the Controller of Budget set out on pages 62 to 82, which comprise the statement of assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Office of the Controller of Budget as at 30 June, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

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

##### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Office of the Controller of Budget in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Key Audit Matters**

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

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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 such 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.

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

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

Those charged with governance are responsible for overseeing the Office of the Controller of Budget's financial reporting process.

## **Auditor-General's Responsibilities for the Audit of the Financial Statements**

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.

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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Office of the Controller of Budget's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office of the Controller of Budget's ability 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 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 of the Controller of Budget to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**24 April 2018**

**OFFICE OF THE CONTROLLER OF BUDGET**  
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<b>5 STATEMENT OF RECEIPTS AND PAYMENTS</b>			
	<b>Note</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>RECEIPTS</b>			
Exchequer releases	1	510,000,000.00	496,000,000.00
<b>TOTAL RECEIPTS</b>		<b>510,000,000.00</b>	<b>496,000,000.00</b>
<b>PAYMENTS</b>			
Compensation of Employees	2	240,286,212.80	214,177,677.15
Use of goods and Services	3	181,361,198.00	175,234,388.70
Transfer to other Government Units	4	10,862,242.70	35,668,574.65
Social Security Benefits	5	62,146,709.55	85,334,303.40
Acquisition of Assets	6	9,619,086.00	11,117,072.05
<b>TOTAL PAYMENTS</b>		<b>504,275,449.05</b>	<b>521,532,015.95</b>
<b>SURPLUS/DEFICIT</b>		<b>5,724,550.95</b>	<b>-25,532,015.95</b>

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 28<sup>th</sup> September 2017 and signed by:



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



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



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

**OFFICE OF THE CONTROLLER OF BUDGET**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017 (Kshs)**

<b>6 STATEMENT OF ASSETS AND LIABILITIES</b>			
	<b>Note</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	7	19,559,844.40	12,990,537.05
Cash Balances	8	342,137.00	377,255.00
<b>Total Cash And Cash Equivalents</b>		<b>19,901,981.40</b>	<b>13,367,792.05</b>
Accounts Receivables - Outstanding Imprest	9	137,677.40	301,881.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>20,039,658.80</b>	<b>13,669,673.05</b>
<b>Financial Liabilities</b>			
Accounts Payables- Deposit and Retentions	10	3,733,984.15	3,088,549.35
<b>NET FINANCIAL ASSETS REPRESENTED BY</b>		<b>16,305,674.65</b>	<b>10,581,123.70</b>
<b>Fund Balance b/fwd</b>	11	10,581,123.70	36,113,139.65
<b>Surplus/Deficit for the Year</b>		5,724,550.95	-25,532,015.95
<b>NET FINANCIAL POSITION</b>		<b>16,305,674.65</b>	<b>10,581,123.70</b>

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Controller of Budget

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Chief Manager Finance and Accounts

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Director Corporate Services

Name: CPA Macklin Ogolla

ICPAK Member: 4077

**OFFICE OF THE CONTROLLER OF BUDGET**  
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**For the year ended June 30, 2017 (Kshs)**

<b>7 STATEMENT OF CASH FLOW</b>			
	<b>Note</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Receipts and operating income</b>			
Exchequer releases	1	510,000,000.00	496,000,000.00
<b>Payments for Operating Expenses</b>			
Compensation of Employees	2	-240,286,212.80	-214,177,677.15
Use of goods and Services	3	-181,361,198.00	-175,234,388.70
Transfer to other Government Units	4	-10,862,242.70	-35,668,574.65
Social Security Benefits	5	-62,146,709.55	-85,334,303.40
<b>Adjusted for :</b>			
Changes in Receivables	12	164,203.60	167,944.00
Changes in Payables	13	645,434.80	-909,672.10
<b>Net Cash From Operating Activities(A)</b>		<b>16,153,275.35</b>	<b>-15,156,672.00</b>
<b>Cash Flow From Investing Activities</b>			
Acquisition of Assets	6	-9,619,086.00	-11,117,072.05
<b>Net Cash Flow From Investing Activities(B)</b>		<b>-9,619,086.00</b>	<b>-11,117,072.05</b>
<b>Cash Flow From Borrowing Activities</b>			
<b>Net Cash Flow From Financing Activities(C)</b>			-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT(A+B+C)</b>			
		<b>6,534,189.35</b>	<b>-26,273,744.05</b>
<b>Cash and Cash Equivalent at BEGINNING of The Year</b>		<b>13,367,792.05</b>	<b>39,641,536.10</b>
<b>Cash and Cash Equivalent at END of The Year</b>	<b>7+8</b>	<b>19,901,981.40</b>	<b>13,367,792.05</b>

**OFFICE OF THE CONTROLLER OF BUDGET**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017 (Kshs)**

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**OFFICE OF THE CONTROLLER OF BUDGET**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017 (Kshs)**

<b>8 SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED</b>						
<b>Receipt/Expense Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>
<b>RECEIPTS</b>	a	b	c=a+b	d	e=c-d	f=d/c
<b>Exchequer releases</b>	<b>561,269,850</b>	<b>-40,095,059</b>	<b>521,174,791</b>	<b>510,000,000.00</b>	<b>11,174,791.00</b>	<b>98</b>
<b>PAYMENTS</b>						
Compensation of Employees	276,579,850	-33,842,360	242,737,490	-240,286,212.80	2,451,277.20	99
Use of goods and services	215,755,486	-13,271,980	202,483,506	-181,361,198.00	21,122,308.00	90
Social Security Benefits	48,832,114	13,441,386	62,273,500	-62,146,709.55	126,790.45	100
Acquisition of Assets	20,102,400	-6,422,105	13,680,295	-9,619,086.00	4,061,209.00	70
<b>TOTALS</b>	<b>561,269,850</b>	<b>-40,095,059</b>	<b>521,174,791</b>	<b>-493,413,206.35</b>	<b>27,761,584.65</b>	<b>95</b>
Transfers to Other Government Entities- <i>Refer to Note 4</i>	-	-	-	-10,862,242.70	-	
<b>TOTALS</b>	<b>561,269,850</b>	<b>-40,095,059</b>	<b>521,174,791</b>	<b>5,724,550.95</b>	<b>-16,586,793.65</b>	<b>95</b>

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 28<sup>th</sup> September 2017 and signed by:

**OFFICE OF THE CONTROLLER OF BUDGET**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017 (Kshs)**


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**Notes**

Underutilisation in acquisition of assets of 70% was as a result;

- Cancellation for the procurement of ICT Asset-Electronic Documents and Records Management System (EDRMS) due to challenges in the procurement process in terms of timelines and responses.
- The changes between the original and final budget are as a result of a reduction in funding by exchequer of Kshs. 40,095,059 during the supplementary I and II .The office adopted a phased approach in the acquisition of human resources as need arise and workload increase. This approach, in addition to staff exits and delays in reporting of newly recruited officers resulted into some savings in personnel emoluments.

The entity financial statements were approved on 28<sup>th</sup> September 2017 and signed by:



Controller of Budget

Name: FCPA Agnes Odhiambo, CBS

ICPAK Member Number: 1123



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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9 SUMMARY STATEMENT OF APPROPRIATION: RECURRENT						
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	a	b	c=a+b	d	e=c-d	f=d/c
<b>RECEIPTS</b>						
Exchequer releases	561,269,850	-40,095,059	521,174,791	510,000,000	11,174,791	98
<b>PAYMENTS</b>						
Compensation of Employees	276,579,850	-33,842,360	242,737,490	-240,286,212.80	2,451,277.20	99
Use of goods and services	215,755,486	-13,271,980	202,483,506	-181,361,198.00	21,122,308.00	90
Social Security Benefits	48,832,114	13,441,386	62,273,500	-62,146,709.55	126,790.45	100
Acquisition of Assets	20,102,400	-6,422,105	13,680,295	-9,619,086.00	4,061,209.00	70
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Transfers to Other Government Entities- <i>Refer to Note 4</i>				-10,862,242.70		
<b>TOTALS</b>	<b>561,269,850</b>	<b>-40,095,059</b>	<b>521,174,791</b>	<b>5,724,550.95</b>	<b>-16,586,793.65</b>	<b>95</b>

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 28<sup>th</sup> September 2017 and signed by:

**OFFICE OF THE CONTROLLER OF BUDGET**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017 (Kshs)**

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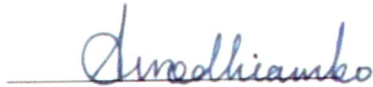
**Notes**

- Underutilization in acquisition of assets of 70% was due to cancellation for the procurement of ICT Asset-Electronic Documents and Records Management System (EDRMS) due to challenges in the procurement process in terms of timelines and responses
- The changes between the original and final budget are as a result of a reduction in funding by exchequer of Kshs. 40,095,059 during the supplementary I and II. The office adopted a phased approach in the acquisition of human resources as need arise and workload increase. This approach, in addition to staff exits and delays in reporting of newly recruited officers resulted into some savings in personnel emoluments.

**SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT**

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

The entity financial statements were approved on 28<sup>th</sup> September 2017 and signed by:



Controller of Budget

Name: FCPA Agnes Odhiambo, CBS

ICPAK Member Number: 1123



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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<b>10 BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES</b>											
<b>Head</b>	<b>Programme/Sub-Programme</b>	<b>Original Budget</b>		<b>Adjustments</b>		<b>Final Budget</b>		<b>Actual on comparable basis</b>		<b>Budget utilization difference</b>	<b>% of Utilisation</b>
		<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>		
<b>2121000100</b>	<b>Control and Management of Public finances</b>	<b>300,015,724</b>		<b>(13,680,288)</b>		<b>286,335,436</b>		<b>270,670,688.65</b>		<b>29,345,035.35</b>	
	Sub-Programme 1: Administration Support Services	300,015,724		(13,680,288)		286,335,436		270,670,688.65		29,345,035.35	95%
<b>2121000200</b>	<b>Control and Management of Public finances</b>	<b>15,593,634</b>		<b>(185,353)</b>		<b>15,408,281</b>		<b>14,057,921.00</b>		<b>1,535,713.00</b>	
	Sub-Programme 2: Research and Planning	15,593,634		(185,353)		15,408,281		14,057,921.00		1,535,713.00	91%
<b>2121000300</b>	<b>Control and Management of Public finances</b>	<b>41,633,736</b>		<b>(7,346,190)</b>		<b>34,287,546</b>		<b>33,434,863.00</b>		<b>8,198,873.00</b>	
	Sub-Programme 3: Budget Review and Analysis	41,633,736		(7,346,190)		34,287,546		33,434,863.00		8,198,873.00	98%
<b>2121000400</b>	<b>Control and Management of Public finances</b>	<b>204,026,756</b>		<b>(18,883,228)</b>		<b>185,143,528</b>		<b>175,249,733.70</b>		<b>28,777,022.30</b>	
	Sub-Programme 4: County Services	204,026,756		(18,883,228)		185,143,528		175,249,733.70		28,777,022.30	95%

**OFFICE OF THE CONTROLLER OF BUDGET**  
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2121000100	<b>Control and Management of Public finances</b>	-	-	-	-	10,862,242.70	-	
	Sub-Programme 1:Administration Support Services	-	-	-	-	10,862,242.70		
	<b>TOTAL</b>	<b>561,269,850</b>	<b>(40,095,059)</b>	<b>521,174,791</b>	<b>504,275,449.05</b>	<b>67,856,643.65</b>	<b>95%</b>	

## **11 SIGNIFICANT ACCOUNTING POLICIES**

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

### **11.1 Going Concern Principle**

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

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

### **11.2 Statement of compliance and basis of preparation**

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

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

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

### **11.3 Recognition of revenue and expenses**

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

**OFFICE OF THE CONTROLLER OF BUDGET**  
**Reports and Financial Statements**  
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**11.4 In-kind contributions**

In-kind contributions are donations that are made to the Office *in* the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Office includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded. During the period under review, the Office did not have any in-kind contributions.

**11.5 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**11.6 Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**11.7 Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Included in the accounts payable is an amount of Kshs. 417,600 payable to Kenya

## **OFFICE OF THE CONTROLLER OF BUDGET**

### **Reports and Financial Statements**

#### **For the year ended June 30, 2017 (Kshs)**

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Institute of Management as the initial payment was returned to drawer (RD) due to wrong account details

#### **11.8 Non-current assets**

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements. The office of the controller of budget recognises the fixed assets at cost value.

#### **11.9 Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Office at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made. During the period under review, the Office had no pending bill.

#### **11.10 Budget**

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

#### **11.11 Comparative figures**

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

#### **11.12 Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017

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**12 NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM NATIONAL TREASURY**

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

<b>Item Description</b>	<b>Item Code</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
Total Exchequer Releases for quarter 1	9910201	80,000,000	45,000,000
Total Exchequer Releases for quarter 2	9910201	100,000,000	112,000,000
Total Exchequer Releases for quarter 3	9910201	100,000,000	169,000,000
Total Exchequer Releases for quarter 4	9910201	230,000,000	170,000,000
<b>TOTAL</b>		<b>510,000,000.00</b>	<b>496,000,000.00</b>

During the year ,the office was to receive Kshs.521,174,791.However,it received Kshs.510,000,000 falling short by Kshs 11,174,791

**2. COMPENSATION OF EMPLOYEES**

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

<b>Item Description</b>	<b>Item Code</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
Basic Salaries - Permanent Employees	2110100	168,309,526.20	148,691,616.55
Basic Salaries - Temporary Employees	2110200	72,163.00	-
Personal Allowances paid as part of Salary	2110300	71,675,323.60	65,266,060.60
Employer Contributions to Compulsory National Social Security Schemes	2120100	229,200.00	220,000.00
<b>TOTAL</b>		<b>240,286,212.80</b>	<b>214,177,677.15</b>

**OFFICE OF THE CONTROLLER OF BUDGET**  
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There was an increase in compensation of employees as result annual salary increment and increase of staff

**3. USE OF GOODS AND SERVICES**

These comprise the total value of goods and services consumed.

<b>Item Description</b>	<b>Item Code</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
Utilities, Supplies and Services	2210100	10,460.00	454,828.80
Communication, Supplies and Services	2210200	10,277,745.20	9,174,535.20
Domestic Travel and Subsistence, and Other Transportation Costs	2210300	14,886,718.00	19,397,714.40
Foreign Travel and Subsistence, and other transportation costs	2210400	3,722,775.00	2,478,888.00
Printing , Advertising and Information Supplies and Services	2210500	62,128,980.25	56,452,800.00
Rentals of Produced Assets	2210600	1,850,340.00	1,833,600.00
Training Expenses	2210700	15,898,038.40	15,401,888.00
Hospitality Supplies and Services	2210800	12,807,349.00	9,833,460.25
Insurance Costs	2210900	34,849,059.65	32,058,760.80
Specialized Materials and Supplies	2211000	1,711,681.00	1,050,894.00
Office and General Supplies and Services	2211100	7,764,750.60	8,432,644.40
Fuel Oil and Lubricants	2211200	3,629,465.00	3,683,741.00
Other Operating Expenses	2211300	5,704,065.00	9,081,543.80
Routine Maintenance - Vehicles	2220100	4,551,963.00	4,253,800.05
Routine Maintenance - Other Assets	2220200	1,567,807.90	1,645,290.00
<b>TOTAL</b>		<b>181,361,198.00</b>	<b>175,234,388.70</b>

**OFFICE OF THE CONTROLLER OF BUDGET**  
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There was an increase in use of goods and services as a result of increase in the number of copies of the Budget Implementation Review Reports (BIRR) printed and publicized.

**4. TRANSFER TO OTHER GOVERNMENT UNITS**

These amounts was transferred to National Treasury(Exchequer Account)

<b>Item Description</b>	<b>Item Code</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
Exchequer Provisions-FY 2015/16 Recurrent Bank opening Balance Transferred to The National Treasury	9910200	10,484,987.70	35,659,643.65
Exchequer Provisions - FY 2015/16 Recurrent Additional Cash opening Balance Transferred to The National Treasury	9910200	377,255.00	8,931.00
<b>TOTAL</b>		<b>10,862,242.70</b>	<b>35,668,574.65</b>

The amount transferred as opening balance FY 2016/17 which relates to the unspent bank and cash balance for the FY 2015/16

**5. SOCIAL SECURITY BENEFITS**

<b>Item Description</b>	<b>Item Code</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
Government Pension and Retirement Benefits	2710100	62,146,709.55	85,334,303.40
<b>TOTAL</b>		<b>62,146,709.55</b>	<b>85,334,303.40</b>

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

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**6. ACQUISITION OF ASSETS**

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

<b>Item Description</b>	<b>Item Code</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
Refurbishment of Buildings	3110300	328,200.00	1,999,800.00
Purchase of Office Furniture and General Equipment	3111000	4,996,694.80	7,032,499.00
Purchase of Specialized Plant, Equipment and Machinery	3111100	4,294,191.20	2,084,773.05
<b>TOTAL</b>		<b>9,619,086.00</b>	<b>11,117,072.05</b>

**7. BANK ACCOUNTS**

<b>Name of Bank, Account Number &amp; Currency</b>	<b>Amount in Bank account currency</b>	<b>Account Type</b>	<b>Item Code</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>			<b>Kshs</b>	<b>Kshs</b>
Central Bank of Kenya Bank, A/C 1000181338,Kshs	16,243,460.25	Recurrent	6530000	16,243,460.25	9,901,987.70
Central Bank of Kenya Bank ,A/C 1000182369,Kshs	3,316,384.15	Deposit	6550000	3,316,384.15	3,088,549.35
<b>TOTAL</b>	<b>19,559,844.40</b>			<b>19,559,844.40</b>	<b>12,990,537.05</b>

**OFFICE OF THE CONTROLLER OF BUDGET**  
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**8. CASH IN HAND**

<b>Item Description</b>	<b>Item Code</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
Cash in Hand-Held in domestic currency Headquarters, Bima House Building, 12 <sup>th</sup> floor cash office	6580000	342,137.00	377,255.00
<b>TOTAL</b>		<b>342,137.00</b>	<b>377,255.00</b>

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

**9. ACCOUNTS RECEIVABLES - OUTSTANDING IMPREST**

<b>Item Description</b>	<b>Item Code</b>	<b>2016-2017</b>	<b>2015-2016</b>
Government Imprests-Temporary	6760000	-	20,000.00
Other Debtors & Pre-payments	6740000	93,937.00	281,881.00
Other Debtors & Pre-payments		43,740.40	-
<b>TOTAL</b>		<b>137,677.40</b>	<b>301,881.00</b>

Below is the detailed listing of the outstanding receivables.

<b>Name of the Officer or Institution</b>	<b>Date Taken</b>	<b>Amount Taken</b>	<b>Amount Surrendered</b>	<b>Balance</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Other Debtors & Pre-payments: Dennis Okungu	1/7/2016	281,881.00	187,944.00	93,937.00
Kenya Revenue Authority-PAYE	30/6/2017	43,740.40	-	43,740.40
<b>TOTAL</b>		<b>325,621.40</b>	<b>187,944.00</b>	<b>137,677.40</b>

**OFFICE OF THE CONTROLLER OF BUDGET**  
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**10. ACCOUNTS PAYABLE**

<b>Item Description</b>	<b>Item Code</b>	<b>Bank Account Type</b>	<b>2016-2017</b>	<b>2015-2016</b>
			<b>Kshs</b>	<b>Kshs</b>
Deposits	7320000	Deposit	2,560,061.55	2,560,061.55
Other Liabilities	7310000	Deposit	756,322.60	528,487.80
Kenya Institute of Management	7310000	Recurrent	417,600.00	-
<b>TOTAL</b>			<b>3,733,984.15</b>	<b>3,088,549.35</b>

The deposits relates to retention money of 10% retained by the office on behalf of 3<sup>rd</sup> parties, while other liabilities relates to the payroll commissions received by the Office from the insurance companies on behalf of staff.

The Kenya Institute of Management related to return to drawer (RD) due to wrong account details.

**11. FUND BALANCES BROUGHT FORWARD**

<b>Item Description</b>	<b>Item Code</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
Opening Balance Bank- Recurrent	9990100	12,990,537.05	39,271,391.10
Opening Balance Cash	9990200	377,255.00	370,145.00
Opening Balance Receivables - Imprest and Clearance Accounts	9990300	301,881.00	469,825.00
Opening Balance Bank – Deposit	9990100	-3,088,549.35	-3,998,221.45
<b>TOTAL</b>		<b>10,581,123.70</b>	<b>36,113,139.65</b>

These are the fund balance that was brought forward from 2015/16. The bank and cash balances were however were swept back to the exchequer as shown in note.

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**12. CHANGES IN RECEIVABLES**

<b>Item Description</b>	<b>Item Code</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
Receivables at the beginning of the Year-Dennis Okungu	6740000	281,881.00	469,825.00
Changes during the Year -Dennis Okungu	6740000	-187,944.00	- 187,944.00
Receivables at the end of the Year-Temporary Imprests	6760000	-	20,000.00
Other Debtors & Prepayments-KRA	6740000	43,740.40	-
<b>TOTAL</b>		<b>137,677.40</b>	<b>301,881.00</b>

**13. CHANGES IN PAYABLES**

<b>Item Description</b>	<b>Item Code</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
Payables at the beginning of the Year	7320000	3,088,549.35	3,998,221.45
Changes during the Year	7320000	645,434.80	-909,672.10
<b>TOTAL</b>		<b>3,733,984.15</b>	<b>3,088,549.35</b>

**14. RELATED PARTY DISCLOSURES**

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

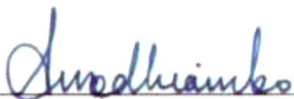
**OFFICE OF THE CONTROLLER OF BUDGET**  
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**15. OTHER IMPORTANT DISCLOSURES**  
**PENDING ACCOUNTS PAYABLE (See Annex 1)**

<b>Item Description</b>	<b>Item Code</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
Amount due to National Government entity(National Treasury)	7310100	297,382.80	72,047.80
Amount due to Office	7310100	456,440.00	310,940.00
Amount due to third parties	7320200	2,562,561.55	2,705,561.55
<b>TOTAL</b>		<b>3,316,384.15</b>	<b>3,088,549.35</b>

**16. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**


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



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



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

<b>Item Description</b>	<b>Item Code</b>	<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
Retention –Fine Tops Enterprises	7320200	229,511.80	229,511.80
Retention –Specicom Technologies Ltd	7320200	497,000.00	497,000.00
Retention –Africa Management Solutions Ltd	7320200	132,600.00	132,600.00
Retention –Pong Agencies	7320200	1,256.50	1,256.50
Tender Bond-Real Insurance	7320200	200,000.00	200,000.00
Commissions(payroll)	7310100	72,162.70	52,017.50
Insurance Refund	7310100	310,940.00	310,940.00
Staff Recoveries	7310100	225,219.90	-
Retention-Pekals Ltd	7320200	1,499,693.25	1,499,693.25
Tender Bond-Losagi Insurance	7310100	145,500.00	145,500.00
AIA-Joel Muema	7310100	-	11,099.30
	7310100	-	8,931.00
KCB Leadership Centre	7310100	2,500	-
<b>TOTAL</b>		<b>3,316,384.15</b>	<b>3,088,549.35</b>

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**ANNEX 2-SUMMARY OF FIXED ASSET REGISTER**

Asset class	Item Code	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Disposals during the year Kshs.	Historical Cost b/f (Kshs)
Refurbishment of buildings	3110300	1,999,800.00	328,200.00	-	2,328,000.00
Vehicles and Other Transport Equipment	3110700	26,799,000.00	-	-	26,799,000
Office Furniture and General Equipment	3111000	64,289,144.00	4,996,694.80	-	69,285,838.80
Specialised Plant, Equipment and Machinery	3111100	12,840,619.35	4,294,191.20	-	17,134,810.55
<b>Total</b>		<b>105,928,563.40</b>	<b>9,619,086.00</b>	<b>-</b>	<b>115,547,649.35</b>

The balance as at the end of the year is the cumulative cost of all assets bought by the office. Additions during the year amounting to Kshs.9, 619,086 are assets acquired during the year (see note 6). There were no disposals during the year.

**ANNEX 3-LIST OF PROJECTS IMPLEMENTED BY THE OFFICE**

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

**ANNEX 4- REPORTS GENERATED FROM IFMIS**

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

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



### Trial Balance

Entity: 2121-Controller of Budget

Current Period: JUL-16 To JUN-17

Compare With: JUL-15 To JUN-16

Account No and Description	Current Period		Previous period	
	Debit Kshs	Credit Kshs	Debit Kshs	Credit Kshs
1420601 Sale of Tender Documents	0.00	0.00	0.00	0.00
1420600 Receipts from Sale of Incidental Goods	0.00	0.00	0.00	0.00
<b>1420000 Sales of Goods and Services</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
2110101 Basic Salaries - Civil Service	0.00	0.00	148,691,616.55	0.00
2110106 Basic Salaries - Commissioners	168,309,526.20	0.00	0.00	0.00
<b>2110100 Basic Salaries - Permanent Employees</b>	<b>168,309,526.00</b>	<b>0.00</b>	<b>148,691,616.55</b>	<b>0.00</b>
2110202 Casual Labour - Others	72,163.00	0.00	0.00	0.00
<b>2110200 Basic Wages - Temporary Employees</b>	<b>72,163.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
2110301 House Allowance	35,038,785.00	0.00	23,041,931.30	0.00
2110303 Acting Allowance	55,073.05	0.00	0.00	0.00
2110307 Hardship Allowance	1,737,740.00	0.00	940,500.00	0.00
2110311 Transfer Allowance	0.00	0.00	366,963.00	0.00
2110313 Entertainment Allowance	1,080,000.00	0.00	840,000.00	0.00
2110314 Transport Allowance	11,046,477.45	0.00	10,291,443.00	0.00
2110315 Extremous Allowance	20,623,620.45	0.00	19,396,580.55	0.00
2110317 Domestic Servant Allowance	1,085,709.70	0.00	936,000.00	0.00
2110319 Top-up House Allowance	0.00	0.00	8,553,543.45	0.00
2110320 Leave Allowance	1,007,917.95	0.00	899,099.30	0.00
<b>2110300 Personal Allowances paid as part of Salary</b>	<b>71,675,323.60</b>	<b>0.00</b>	<b>65,266,060.60</b>	<b>0.00</b>
<b>2110000 Wages and Salary Contributions</b>	<b>240,057,013.00</b>	<b>0.00</b>	<b>213,957,677.15</b>	<b>0.00</b>
2120101 Employer Contributions to National Social Security Fund	229,200.00	0.00	220,000.00	0.00
2120100 Employer Contributions to Compulsory National Social Security Schemes	229,200.00	0.00	220,000.00	0.00
<b>2120000 Social Contributions</b>	<b>229,200.00</b>	<b>0.00</b>	<b>220,000.00</b>	<b>0.00</b>
2210101 Electricity	10,460.00	0.00	11,271.80	0.00
2210102 Water and Sewerage Charges	0.00	0.00	443,557.00	0.00
<b>2210100 Utilities, Supplies and Services</b>	<b>10,460.00</b>	<b>0.00</b>	<b>454,828.80</b>	<b>0.00</b>
2210201 Telephone, Telex, Facsimile and Mobile Phone Services	5,244,253.40	0.00	4,810,031.00	0.00
2210202 Internet Connections	3,003,002.80	0.00	2,841,378.20	0.00
2210203 Courier & Postal Services	2,030,489.00	0.00	1,523,126.00	0.00
<b>2210200 Communication, Supplies and Services</b>	<b>10,277,745.20</b>	<b>0.00</b>	<b>9,174,535.20</b>	<b>0.00</b>
2210301 Travel Costs (airlines, bus, railway, mileage allowances, etc.)	3,338,048.00	0.00	3,995,034.40	0.00
2210302 Accommodation - Domestic Travel	10,609,300.00	0.00	14,341,200.00	0.00
2210304 Sundry Items (e.g. airport tax, taxis, etc?)	836,770.00	0.00	1,061,480.00	0.00
2210305 Shipment of Personal and Household Effects	102,600.00	0.00	0.00	0.00
<b>2210300 Domestic Travel and Subsistence, and Other Transportation Costs</b>	<b>14,886,718.00</b>	<b>0.00</b>	<b>19,397,714.40</b>	<b>0.00</b>
2210401 Travel Costs (airlines, bus, railway, etc.)	1,859,359.00	0.00	988,112.00	0.00
2210403 Daily Subsistence Allowance	1,849,356.00	0.00	1,467,445.00	0.00
2210404 Sundry Items (e.g. airport tax, taxis, etc?)	14,060.00	0.00	23,331.00	0.00
<b>2210400 Foreign Travel and Subsistence, and other transportation costs</b>	<b>3,722,775.00</b>	<b>0.00</b>	<b>2,478,888.00</b>	<b>0.00</b>
2210502 Publishing & Printing Services	60,257,000.00	0.00	54,866,700.00	0.00
2210503 Subscriptions to Newspapers, Magazines and Periodicals	1,871,980.25	0.00	1,584,100.00	0.00
2210504 Advertising, Awareness and Publicity Campaigns	0.00	0.00	0.00	0.00
<b>2210500 Printing, Advertising and Information Supplies and Services</b>	<b>62,128,980.30</b>	<b>0.00</b>	<b>56,452,800.00</b>	<b>0.00</b>
2210603 Rents and Rates -	1,850,340.00	0.00	1,833,600.00	0.00

Account No and Description	Current Period		Previous period	
	Debit	Credit	Debit	Credit
Non-Residential				
<b>2210600 Rentals of Produced Assets</b>	<b>1,850,340.00</b>	<b>0.00</b>	<b>1,833,600.00</b>	<b>0.00</b>
2210701 Travel Allowance	485,260.00	0.00	681,624.00	0.00
2210702 Remuneration of Instructors and Contract Based Training Services	7,613,172.40	0.00	7,878,728.00	0.00
2210704 Hire of Training Facilities and Equipment	4,586,586.00	0.00	4,154,846.00	0.00
2210710 Accommodation Allowance	2,724,900.00	0.00	2,376,130.00	0.00
2210711 Tuition Fees Allowance	488,120.00	0.00	310,560.00	0.00
<b>2210700 Training Expenses</b>	<b>15,896,038.40</b>	<b>0.00</b>	<b>15,401,888.00</b>	<b>0.00</b>
2210801 Catering Services (receptions), Accommodation, Gifts, Food and Drinks	8,432,542.00	0.00	7,761,059.00	0.00
2210802 Boards, Committees, Conferences and Seminars	4,374,807.00	0.00	2,072,401.25	0.00
<b>2210800 Hospitality Supplies and Servi</b>	<b>12,807,349.00</b>	<b>0.00</b>	<b>9,833,460.25</b>	<b>0.00</b>
2210901 Group Personal Insurance	1,425,422.75	0.00	2,005,793.55	0.00
2210903 Plant, Equipment and Machinery Insurance	365,716.00	0.00	0.00	0.00
2210904 Motor Vehicle Insurance	2,557,921.00	0.00	2,866,662.00	0.00
2210910 Medical Insurance	30,499,999.90	0.00	27,186,305.25	0.00
<b>2210900 Insurance Costs</b>	<b>34,849,059.70</b>	<b>0.00</b>	<b>32,058,760.80</b>	<b>0.00</b>
2211009 Education and Library Supplies	1,141,481.00	0.00	487,894.00	0.00
2211016 Purchase of Uniforms and Clothing - Staff	570,200.00	0.00	563,000.00	0.00
<b>2211000 Specialised Materials and Supp</b>	<b>1,711,681.00</b>	<b>0.00</b>	<b>1,050,894.00</b>	<b>0.00</b>
2211101 General Office Supplies (papers, pencils, forms, small office equipment etc)	3,867,933.00	0.00	3,692,971.00	0.00
2211102 Supplies and Accessories for Computers and Printers	3,471,735.60	0.00	4,323,155.40	0.00
2211103 Sanitary and Cleaning Materials, Supplies and Services	425,082.00	0.00	416,518.00	0.00
<b>2211100 Office and General Supplies and Services</b>	<b>7,764,750.60</b>	<b>0.00</b>	<b>8,432,644.40</b>	<b>0.00</b>
2211201 Refined Fuels and Lubricants for Transport	3,629,465.00	0.00	3,683,741.00	0.00
<b>2211200 Fuel Oil and Lubricants</b>	<b>3,629,465.00</b>	<b>0.00</b>	<b>3,683,741.00</b>	<b>0.00</b>
2211301 Bank Service Commission and Charges	58,600.00	0.00	67,420.00	0.00
2211305 Contracted Guards and Cleaning Services	3,389,050.00	0.00	3,660,483.00	0.00
2211306 Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	753,915.00	0.00	1,151,340.80	0.00
2211308 Legal Dues/fees, Arbitration and Compensation Payments	2,000.00	0.00	702,100.00	0.00
2211310 Contracted Professional Services	1,500,500.00	0.00	3,500,200.00	0.00
2211300 Other Operating Expenses	5,704,065.00	0.00	9,081,543.80	0.00
<b>2210000 Goods and Services</b>	<b>175,241,427.00</b>	<b>0.00</b>	<b>169,335,298.65</b>	<b>0.00</b>
2220101 Maintenance Expenses - Motor Vehicles	4,551,963.00	0.00	4,253,800.05	0.00
<b>2220100 Routine Maintenance - Vehicles</b>	<b>4,551,963.00</b>	<b>0.00</b>	<b>4,253,800.05</b>	<b>0.00</b>
2220201 Maintenance of Plant, Machinery and Equipment (including lifts)	235,400.00	0.00	130,920.00	0.00
2220202 Maintenance of Office Furniture and Equipment	547,099.00	0.00	193,400.00	0.00
2220205 Maintenance of Buildings and Stations -- Non-Residential	210,150.00	0.00	299,070.00	0.00
2220210 Maintenance of Computers, Software, and Networks	569,158.90	0.00	1,021,900.00	0.00
2220200 Routine Maintenance - Other Assets	1,567,807.90	0.00	1,645,290.00	0.00
<b>2220000 Routine Maintenance</b>	<b>6,119,770.90</b>	<b>0.00</b>	<b>5,899,090.05</b>	<b>0.00</b>
2710102 Gratuity - Civil Servants	57,803,201.15	0.00	82,242,802.75	0.00
2710107 Monthly Pension - Civil Servants	4,343,508.40	0.00	3,091,500.65	0.00
2710100 Government Pension and Retirement Benefits	62,146,709.60	0.00	85,334,303.40	0.00
<b>2710000 Social Security Benefits</b>	<b>62,146,709.60</b>	<b>0.00</b>	<b>85,334,303.40</b>	<b>0.00</b>
3110302 Refurbishment of Non-Residential Buildings	328,200.00	0.00	1,999,800.00	0.00
<b>3110300 Refurbishment of Buildings</b>	<b>328,200.00</b>	<b>0.00</b>	<b>1,999,800.00</b>	<b>0.00</b>
3111001 Purchase of Office Furniture and Fittings	1,576,250.00	0.00	2,707,750.00	0.00
3111002 Purchase of Computers, Printers and other IT Equipment	2,727,814.80	0.00	2,499,300.00	0.00
3111009 Purchase of other Office	692,630.00	0.00	1,825,449.00	0.00

Account No and Description	Current Period		Previous period	
	Debit	Credit	Debit	Credit
Equipment				
3111000 Purchase of Office Furniture and General Equipment	4,996,694.80	0.00	7,032,499.00	0.00
3111111 Purchase of ICT Networking and Communication Equipment	3,497,041.20	0.00	816,720.00	0.00
3111112 Purchase of Software	797,150.00	0.00	1,268,053.05	0.00
3111100 Purchase of Specialised Plant, Equipment and Machinery	4,294,191.20	0.00	2,084,773.05	0.00
3110000 Acquisition of Fixed Capital Assets	9,619,086.00	0.00	11,117,072.05	0.00
6520101 Exchequer Account/CRF Account	0.00	0.00	0.00	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
6530101 Ministry HQ Recurrent Bank A/C	16,243,460.25	0.00	9,901,987.70	0.00
6530100 Recurrent Bank Accounts	16,243,460.30	0.00	9,901,987.70	0.00
6530000 Recurrent Bank Accounts	16,243,460.30	0.00	9,901,987.70	0.00
6550101 Ministry HQ Deposit Bank A/C	3,316,384.15	0.00	3,088,549.35	0.00
6550100 Deposit Bank Accounts	3,316,384.15	0.00	3,088,549.35	0.00
6550000 Deposit Bank Account	3,316,384.15	0.00	3,088,549.35	0.00
6580101 Cash	342,137.00	0.00	377,255.00	0.00
6580104 Cash in Transit	0.00	0.00	0.00	0.00
6580100 Cash in Hand	342,137.00	0.00	377,255.00	0.00
6580000 Cash in Hand	342,137.00	0.00	377,255.00	0.00
6710103 Salary advance	0.00	0.00	0.00	0.00
6710100 Debtors & Advances - Employees	0.00	0.00	0.00	0.00
6710000 Domestic Debtors & Advances	0.00	0.00	0.00	0.00
6740101 Prepayment	137,677.40	0.00	281,881.00	0.00
6740102 R/D Cheques	0.00	417,600.00	0.00	0.00
6740103 Loss of Cash	0.00	0.00	0.00	0.00
6740100 Other Debtors & Pre-payments	137,677.40	417,600.00	281,881.00	0.00
6740000 Other Debtors & Pre-payments	137,677.40	417,600.00	281,881.00	0.00
6760101 Standing Imprests	0.00	0.00	0.00	0.00
6760103 Temporary Imprests	337,600.00	0.00	20,000.00	0.00
6760100 Imprests	337,600.00	0.00	20,000.00	0.00
6760000 Government Imprests	337,600.00	0.00	20,000.00	0.00
6790102 Receiving Inventory A/C	0.00	0.00	0.00	0.00
6790100 Other Current System A/c's	0.00	0.00	0.00	0.00
6790000 Other Current Assets (System r	0.00	0.00	0.00	0.00
7310111 Miscellaneous Deposits ( Surve	0.00	756,322.60	0.00	528,487.80
7310100 General Deposits Items	0.00	756,322.60	0.00	528,487.80
7310000 Deposits	0.00	756,322.60	0.00	528,487.80
7320001 PAYE	0.00	0.00	0.00	0.00
7320002 NHIF	0.00	0.00	0.00	0.00
7320003 House Rent	0.00	0.00	0.00	0.00
7320006 NSSF	0.00	0.00	0.00	0.00
7320007 Co-operatives	0.00	0.00	0.00	0.00
7320008 Insurances	0.00	0.00	0.00	0.00
7320012 Staff Welfare Associations	0.00	0.00	0.00	0.00
7320013 HELB Deductions	0.00	0.00	0.00	0.00
7320017 Govt. Liability Attachments	0.00	0.00	0.00	0.00
7320018 Salary Control Account	0.00	0.00	0.00	0.00
7320000 Other Liabilities	0.00	0.00	0.00	0.00
7320101 PAYE	0.00	0.00	0.00	0.00
7320102 NHIF	0.00	0.00	0.00	0.00
7320103 House Rent	0.00	0.00	0.00	0.00
7320106 NSSF	0.00	0.00	0.00	0.00
7320107 Co-operatives	0.00	0.00	0.00	0.00
7320108 Insurances	0.00	0.00	0.00	0.00
7320112 Staff Welfare Associations	0.00	0.00	0.00	0.00
7320113 HELB Deductions	0.00	0.00	0.00	0.00
7320115 Save As You Earn (SAYE)	0.00	0.00	0.00	0.00
7320116 Mortgages / Bank Loans	0.00	0.00	0.00	0.00
7320118 Provident Fund	0.00	0.00	0.00	0.00
7320123 Civil Service Housing Fund	0.00	0.00	0.00	0.00
7320199 Salary Control Account	0.00	0.00	0.00	0.00
7320100 Salary Deductions	0.00	0.00	0.00	0.00
7320201 Contractors Retention Money	0.00	2,560,061.55	0.00	2,560,061.55
7320200 Other General Liabilities	0.00	2,560,061.55	0.00	2,560,061.55
7320000 Other Liabilities	0.00	2,560,061.55	0.00	2,560,061.55
7380101 General Withholding Tax	0.00	0.00	0.00	0.00
7380102 VAT Withholding	0.00	0.00	0.00	0.00
7380100	0.00	0.00	0.00	0.00

Account No and Description	Current Period		Previous period	
	Debit	Credit	Debit	Credit
7380000 Withholding Taxes	0.00	0.00	0.00	0.00
7390101 Inventory AP Accrual	0.00	0.00	0.00	0.00
7390103 AP Liabilities	0.00	337,600.00	0.00	0.00
7390100 System Required Liabilities	0.00	337,600.00	0.00	0.00
7399999 Cash Clearing A/c	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	337,600.00	0.00	0.00
9910101 Provision for Encumbrance	0.00	0.00	0.00	0.00
9910100 General Provisions	0.00	0.00	0.00	0.00
9910201 Exchequer Releases/ Provisioning Account	0.00	951,537,260.00	0.00	441,537,260.00
9910209 Remittances to Exchequer Miscellaneous Revenue	46,530,817.35	0.00	35,668,574.65	0.00
9910200 Exchequer Provisions	46,530,817.40	951,537,260.00	35,668,574.65	441,537,260.00
9910000 Provisions	46,530,817.40	951,537,260.00	35,668,574.65	441,537,260.00
9990101 Opening Balance Bank	0.00	64,872,141.05	0.00	64,872,141.05
9990100 Opening Balance Bank	0.00	64,872,141.10	0.00	64,872,141.05
9990201 Opening Balance Cash	0.00	392,236.00	0.00	392,236.00
9990200 Opening Balance Cash	0.00	392,236.00	0.00	392,236.00
9990301 Opening Balance Receivables - Imprest and Clearance Accounts	0.00	657,769.00	0.00	657,769.00
9990300 Opening Balance Receivables - Imprest and Clearance Accounts	0.00	657,769.00	0.00	657,769.00
9990401 Opening Balance - Deposits	2,493,091.70	0.00	2,493,091.70	0.00
9990400 Opening Balance - Deposits	2,493,091.70	0.00	2,493,091.70	0.00
9999998 Vote Control Account	0.00	395,962,740.00	0.00	395,962,740.00
9999999 Consolidated Fund	854,679,356.00	0.00	368,815,914.70	0.00
9999900	854,679,356.00	395,962,740.00	368,815,914.70	395,962,740.00
9990000 Opening Balance Reserves	857,172,448.00	461,884,886.00	371,309,006.40	461,884,886.05
<b>Total</b>	<b>1,417,493,730.20</b>	<b>1,417,493,730.20</b>	<b>906,510,695.40</b>	<b>906,510,695.40</b>

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

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By: \_\_\_\_\_

Date: \_\_\_\_\_

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_



### Trial Balance

Entity: 2121-Controller of Budget  
 Current Period: JUL-16 To JUN-17  
 Compare With: JUL-15 To JUN-16

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
<b>1420000 Sales of Goods and Services</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
2110100 Basic Salaries - Permanent Employees	168,309,526.00	0.00	148,691,616.55	0.00
2110200 Basic Wages - Temporary Employees	72,163.00	0.00	0.00	0.00
2110300 Personal Allowances paid as part of Salary	71,675,323.60	0.00	65,266,060.60	0.00
<b>2110000 Wages and Salary Contributions</b>	<b>240,057,013.00</b>	<b>0.00</b>	<b>213,957,677.15</b>	<b>0.00</b>
2120100 Employer Contributions to Compulsory National Social Security Schemes	229,200.00	0.00	220,000.00	0.00
<b>2120000 Social Contributions</b>	<b>229,200.00</b>	<b>0.00</b>	<b>220,000.00</b>	<b>0.00</b>
2210100 Utilities, Supplies and Services	10,460.00	0.00	454,828.80	0.00
2210200 Communication, Supplies and Services	10,277,745.20	0.00	9,174,535.20	0.00
2210300 Domestic Travel and Subsistence, and other Transportation Costs	14,886,718.00	0.00	19,397,714.40	0.00
2210400 Foreign Travel and Subsistence, and other transportation costs	3,722,775.00	0.00	2,478,888.00	0.00
2210500 Printing, Advertising and Information Supplies and Services	62,128,980.30	0.00	56,452,800.00	0.00
2210600 Rentals of Produced Assets	1,850,340.00	0.00	1,833,600.00	0.00
2210700 Training Expenses	15,898,038.40	0.00	15,401,888.00	0.00
2210800 Hospitality Supplies and Services	12,807,349.00	0.00	9,833,460.25	0.00
2210900 Insurance Costs	34,849,059.70	0.00	32,058,760.80	0.00
2211000 Specialised Materials and Supplies	1,711,681.00	0.00	1,050,894.00	0.00
2211100 Office and General Supplies and Services	7,764,750.60	0.00	8,432,644.40	0.00
2211200 Fuel Oil and Lubricants	3,629,465.00	0.00	3,683,741.00	0.00
2211300 Other Operating Expenses	5,704,065.00	0.00	9,081,543.80	0.00
<b>2210000 Goods and Services</b>	<b>175,241,427.00</b>	<b>0.00</b>	<b>169,335,298.65</b>	<b>0.00</b>
2220100 Routine Maintenance - Vehicles	4,551,963.00	0.00	4,253,800.05	0.00
2220200 Routine Maintenance - Other Assets	1,567,807.90	0.00	1,645,290.00	0.00
<b>2220000 Routine Maintenance</b>	<b>6,119,770.90</b>	<b>0.00</b>	<b>5,899,090.05</b>	<b>0.00</b>
2710100 Government Pension and Retirement Benefits	62,146,709.60	0.00	85,334,303.40	0.00
<b>2710000 Social Security Benefits</b>	<b>62,146,709.60</b>	<b>0.00</b>	<b>85,334,303.40</b>	<b>0.00</b>
3110300 Refurbishment of Buildings	328,200.00	0.00	1,999,800.00	0.00
3111000 Purchase of Office Furniture and General Equipment	4,996,694.80	0.00	7,032,499.00	0.00
3111100 Purchase of Specialised Plant, Equipment and Machinery	4,294,191.20	0.00	2,084,773.05	0.00
<b>3110000 Acquisition of Fixed Capital Assets</b>	<b>9,619,086.00</b>	<b>0.00</b>	<b>11,117,072.05</b>	<b>0.00</b>
6520100 Treasury Bank Accounts	0.00	0.00	0.00	0.00
<b>6520000 Treasury Bank Accounts (Exchange and CRF Accounts)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
6530100 Recurrent Bank Accounts	16,243,460.30	0.00	9,901,987.70	0.00
<b>6530000 Recurrent Bank Accounts</b>	<b>16,243,460.30</b>	<b>0.00</b>	<b>9,901,987.70</b>	<b>0.00</b>
6550100 Deposit Bank Accounts	3,316,384.15	0.00	3,088,549.35	0.00
<b>6550000 Deposit Bank Account</b>	<b>3,316,384.15</b>	<b>0.00</b>	<b>3,088,549.35</b>	<b>0.00</b>
6580100 Cash in Hand	342,137.00	0.00	377,255.00	0.00
<b>6580000 Cash in Hand</b>	<b>342,137.00</b>	<b>0.00</b>	<b>377,255.00</b>	<b>0.00</b>
6710100 Debtors & Advances - Employees	0.00	0.00	0.00	0.00
<b>6710000 Domestic Debtors &amp; Advances</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
6740100 Other Debtors & Pre-payments	137,677.40	417,600.00	281,881.00	0.00
<b>6740000 Other Debtors &amp;</b>	<b>137,677.40</b>	<b>417,600.00</b>	<b>281,881.00</b>	<b>0.00</b>

Account No and Description	Current Period		Previous period	
	Debit	Credit	Debit	Credit
<b>Pre-payments</b>				
6760100 Imprests	337,600.00	0.00	20,000.00	0.00
<b>6760000 Government Imprests</b>	<b>337,600.00</b>	<b>0.00</b>	<b>20,000.00</b>	<b>0.00</b>
6790100 Other Current System A/cs	0.00	0.00	0.00	0.00
<b>6790000 Other Current Assets (System r</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
7310100 General Deposits Items	0.00	756,322.60	0.00	528,487.80
<b>7310000 Deposits</b>	<b>0.00</b>	<b>756,322.60</b>	<b>0.00</b>	<b>528,487.80</b>
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	2,560,061.55	0.00	2,560,061.55
<b>7320000 Other Liabilities</b>	<b>0.00</b>	<b>2,560,061.55</b>	<b>0.00</b>	<b>2,560,061.55</b>
7380100	0.00	0.00	0.00	0.00
<b>7380000 Withholding Taxes</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
7390100 System Required Liabilities	0.00	337,600.00	0.00	0.00
7399900	0.00	0.00	0.00	0.00
<b>7390000 System Required Liabilities A/cs</b>	<b>0.00</b>	<b>337,600.00</b>	<b>0.00</b>	<b>0.00</b>
9910100 General Provisions	0.00	0.00	0.00	0.00
9910200 Exchequer Provisions	46,530,817.40	951,537,260.00	35,668,574.65	441,537,260.00
<b>9910000 Provisions</b>	<b>46,530,817.40</b>	<b>951,537,260.00</b>	<b>35,668,574.65</b>	<b>441,537,260.00</b>
9990100 Opening Balance Bank	0.00	64,872,141.10	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	854,679,356.00	395,962,740.00	366,815,914.70	395,962,740.00
<b>9990000 Opening Balance Reserves</b>	<b>857,172,448.00</b>	<b>461,884,886.00</b>	<b>371,309,006.40</b>	<b>461,884,886.05</b>
<b>Total</b>	<b>500,300,113.70</b>	<b>500,300,113.70</b>	<b>1,370,825,235.45</b>	<b>1,370,825,235.45</b>

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

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By: \_\_\_\_\_

Date: \_\_\_\_\_

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_



### Trial Balance

Entity: 2121-Controller of Budget

Current Period: JUL-16 To JUN-17

Compare With: JUL-15 To JUN-16

Account No and Description	Current Period		Previous period	
	Debit Kshs	Credit Kshs	Debit Kshs	Credit Kshs
1420000 Sales of Goods and Services	0.00	0.00	0.00	0.00
2110000 Wages and Salary Contributions	240,057,013.00	0.00	213,957,677.15	0.00
2120000 Social Contributions	229,200.00	0.00	220,000.00	0.00
2210000 Goods and Services	175,241,427.00	0.00	169,335,298.65	0.00
2220000 Routine Maintenance	6,119,770.90	0.00	5,899,090.05	0.00
2710000 Social Security Benefits	62,146,709.60	0.00	85,334,303.40	0.00
3110000 Acquisition of Fixed Capital Assets	9,619,086.00	0.00	11,117,072.05	0.00
6520000 Treasury Bank Accounts (Exchequer and CRF Accounts)	0.00	0.00	0.00	0.00
6530000 Recurrent Bank Accounts	16,243,460.30	0.00	9,901,987.70	0.00
6550000 Deposit Bank Account	3,316,384.15	0.00	3,088,549.35	0.00
6580000 Cash in Hand	342,137.00	0.00	377,255.00	0.00
6710000 Domestic Debtors & Advances	0.00	0.00	0.00	0.00
6740000 Other Debtors & Pre-payments	137,677.40	417,600.00	281,881.00	0.00
6760000 Government Imprests	337,600.00	0.00	20,000.00	0.00
6790000 Other Current Assets (System r	0.00	0.00	0.00	0.00
7310000 Deposits	0.00	756,322.60	0.00	528,487.80
7320000 Other Liabilities	0.00	2,560,061.55	0.00	2,560,061.55
7380000 Withholding Taxes	0.00	0.00	0.00	0.00
7390000 System Required Liabilities	0.00	337,600.00	0.00	0.00
A/c's				
9910000 Provisions	46,530,817.40	951,537,260.00	35,668,574.65	441,537,260.00
9990000 Opening Balance Reserves	857,172,448.00	461,884,886.00	371,309,006.40	461,884,886.05
<b>Total</b>	<b>500,300,113.70</b>	<b>500,300,113.70</b>	<b>1,370,825,235.45</b>	<b>1,370,825,235.45</b>

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

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By: \_\_\_\_\_

Date: \_\_\_\_\_

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_



**STATEMENT OF RECEIPTS AND PAYMENTS**

Entity: 2121-Controller of Budget

Current Period: JUL-16 To JUN-17

Compare With: JUL-15 To JUN-16

	Note	Current Period	Previous Period
<b>RECEIPTS</b>			
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	510,000,000 00	496,000,000 00
Transfers from Other Government Entities	5	0 00	0 00
Proceeds from Domestic Borrowings	6	0 00	0 00
Proceeds from Foreign Borrowings	7	0 00	0 00
Proceeds from Sales of Assets	8	0 00	0 00
Reimbursements and Refunds	9	0 00	0 00
Returns of Equity Holdings	10	0 00	0 00
Other Receipts	11	0 00	0 00
<b>TOTAL RECEIPTS</b>		<b>510,000,000 00</b>	<b>496,000,000 00</b>
<b>PAYMENTS</b>			
Compensation of Employees	12	240,286,212 80	214,177,677 15
Use of goods and Services	13	181,361,198 00	175,234,388 70
Subsidies	14	0 00	0 00
Transfers to Other Government Units	15	10,862,242 70	35,668,574 65
Other Grants and Transfers	16	0 00	0 00
Social Security Benefits	17	62,146,709 55	85,334,303 40
Acquisition of Assets	18	9,619,086 00	11,117,072 05
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
<b>TOTAL PAYMENTS</b>		<b>504,275,449 05</b>	<b>521,532,015 95</b>
<b>SURPLUS/DEFICIT</b>		<b>5,724,550 95</b>	<b>(25,532,015 95)</b>

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 -16 To JUN - 17  
 Compare With: JUL - 15 To JUN - 16

	Note	Current Period	Previous Period
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	22A	19,559,844.40	12,990,537.05
Cash Balances	22B	342,137.00	377,255.00
<b>Total Cash And Cash Equivalents</b>		<b>19,901,981.40</b>	<b>13,367,792.05</b>
Accounts Receivables - Outstanding Imprest and Clearance Accounts	23	57,677.40	301,881.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>19,959,658.80</b>	<b>13,669,673.05</b>
<b>Financial Liabilities</b>			
Accounts Payables - Deposits	24	3,653,984.15	3,088,549.35
<b>NET FINANCIAL ASSETS</b>		<b>16,305,674.65</b>	<b>10,581,123.70</b>
<b>REPRESENTED BY</b>			
Fund Balance b/fwd	25	10,581,123.70	36,113,139.65
Surplus/Deficit for the Year		5,724,550.95	(25,532,015.95)
<b>NET FINANCIAL POSITION</b>		<b>16,305,674.65</b>	<b>10,581,123.70</b>

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

Prepared By \_\_\_\_\_  
 Reviewed By \_\_\_\_\_  
 Approved By \_\_\_\_\_

Date: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Date: \_\_\_\_\_



**STATEMENT OF CASH FLOW**  
 Entity 2121 Controller of Budget  
 Current Period: JUL -16 To JUN - 17  
 Compare With: JUL - 15 To JUN - 16

	Note	Current Period	Previous Period
		Kshs	Kshs
<b>Receipts and operating income</b>			
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	510,000,000.00	496,000,000.00
Transfers from Other Government Entities	5	0.00	0.00
Reimbursements and Refunds	9	0.00	0.00
Returns of Equity Holdings	10	0.00	0.00
Other Receipts	11	0.00	0.00
<b>Payments for Operating Expenses</b>			
Compensation of Employees	12	240,286,212.80	214,177,677.15
Use of goods and Services	13	181,361,198.00	175,234,388.70
Subsidies	14	0.00	0.00
Transfers to Other Government Units	15	10,862,242.70	35,668,574.65
Other Grants and Transfers	16	0.00	0.00
Social Security Benefits	17	62,146,709.55	85,334,303.40
Finance Costs including Loan Interest	19	0.00	0.00
Other payments	21	0.00	0.00
<b>Adjusted for:</b>			
<b>Adjustments during the year</b>		509,630.40	(711,728.10)
<b>Net Cash From Operating Activities</b>	A	16,153,275.35	(15,156,672.00)
<b>Cash Flow From Investing Activities</b>			
Proceeds from Sales of Assets	8	0.00	0.00
Acquisition of Assets	18	9,619,086.00	11,117,072.05
<b>Net Cash Flow From Investing Activities</b>	B	(9,619,086.00)	(11,117,072.05)
<b>Cash Flow From Borrowing Activities</b>			
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
<b>Net Cash Flow From Financing Activities</b>	C	0.00	0.00
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>	A+B+C	6,534,189.35	(26,273,744.05)
<b>Cash and Cash Equivalent at BEGINNING of The Year</b>		13,367,792.05	39,641,536.10
<b>Cash and Cash Equivalent at END of The Year</b>	22A+22B	19,901,981.40	13,367,792.05

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

Prepared By: \_\_\_\_\_  
 Reviewed By: \_\_\_\_\_  
 Approved By: \_\_\_\_\_

Date: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Date: \_\_\_\_\_



## NOTES TO THE FINANCIAL STATEMENTS

Entity: 2121-Controller of Budget

Current Period: JUL-16 To JUN-17

Compare With: JUL-15 To JUN-16

### 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
<b>TOTAL</b>			<b>0.00</b>		<b>0.00</b>

### 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
<b>TOTAL</b>			<b>0.00</b>		<b>0.00</b>

### 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
<b>TOTAL</b>			<b>0.00</b>		<b>0.00</b>

### 4 Exchequer releases

Item Description	Item Code	Current Period		Previous Period	
			Kshs		Kshs
Exchequer Releases/ Provisioning Account	9910201		510,000,000.00		496,000,000.00
<b>TOTAL</b>			<b>510,000,000.00</b>		<b>496,000,000.00</b>

### 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
<b>TOTAL</b>			<b>0.00</b>		<b>0.00</b>

### 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
<b>TOTAL</b>			<b>0.00</b>		<b>0.00</b>

### 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
<b>TOTAL</b>			<b>0.00</b>		<b>0.00</b>

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
<b>TOTAL</b>			<b>0.00</b>		<b>0.00</b>

9 Reimbursements and Refunds

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

Item Description	Item Code	Current Period	Previous Period
Reimbursement from Local Government Authorities	4540'06	0.00	0.00
Reimbursement from Statutory Organizations	4540'07	0.00	0.00
Reimbursement within Central Government	4540'08	0.00	0.00
Reimbursement Using Bonds	4540'09	0.00	0.00
Reimbursements and Refunds - Other (Budget)	4540'99	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

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
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

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 Quas-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
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
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

Item Description	Item Code	Current Period	Previous Period
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
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

#### 12 Compensation of Employees

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Basic Salaries - Permanent Employees	2110100	168,309,528.20	148,691,616.55
Basic Wages - Temporary Employees	2110200	72,163.00	0.00
Personal Allowances paid as part of Salary	2110300	71,675,323.60	65,266,060.60
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	229,200.00	220,050.00
Employer Contributions to Compulsory Health Insurance Schemes	2120200	0.00	0.00
USE OF GOODS AND SERVICES	2120300	0.00	0.00
<b>TOTAL</b>		<b>240,286,212.80</b>	<b>214,177,677.15</b>

#### 13 Use of goods and Services

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Utilities, Supplies and Services	2210100	10,460.00	454,828.80
Communication, Supplies and Services	2210200	10,277,745.20	9,174,535.20
Domestic Travel and Subsistence, and Other Transportation Costs	2210300	14,886,716.00	19,397,714.40
Foreign Travel and Subsistence, and other transportation costs	2210400	3,722,775.00	2,476,888.00
Printing, Advertising and Information Supplies and Services	2210500	62,128,980.25	56,452,800.00
Rentals of Produced Assets	2210600	1,850,340.00	1,833,600.00
Training Expenses	2210700	15,898,036.40	15,401,888.00
Hospitality Supplies and Servi	2210800	12,807,349.00	9,833,460.25
Insurance Costs	2210900	34,849,059.65	32,058,760.80
Specialised Materials and Supp	2211000	1,711,681.00	1,050,694.00
Office and General Supplies and Services	2211100	7,784,750.60	8,432,644.40
Fuel Oil and Lubricants	2211200	3,629,465.00	3,683,741.00
Other Operating Expenses	2211300	5,704,065.00	9,081,543.80
Routine Maintenance - Vehicles	2220100	4,551,963.00	4,253,800.05
Routine Maintenance - Other Assets	2220200	1,567,807.90	1,645,290.00
Exchange Rate Losses	2230100	0.00	0.00
<b>TOTAL</b>		<b>181,361,198.00</b>	<b>175,234,388.70</b>

#### 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
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

#### 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
Exchequer Provisions	9910200	10,862,242.70	35,668,574.65
County Transfers	9910300	0.00	0.00
<b>TOTAL</b>		<b>10,862,242.70</b>	<b>35,668,574.65</b>

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
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

17 Social Security Benefits

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Government Pension and Retirement Benefits	2710100	62,146,709.55	85,334,303.40
Social Security Benefits	2710200	0.00	0.00
Employer Social Benefits	2710300	0.00	0.00
Refund of Pension to UK Government	2720100	0.00	0.00
	2720200	0.00	0.00
<b>TOTAL</b>		<b>62,146,709.55</b>	<b>85,334,303.40</b>

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	328,200.00	1,999,600.00
Construction of Roads	3110400	0.00	0.00
Construction and Civil Works	3110500	0.00	0.00
Overhaul and Refurbishment of Construction and Civil Works	3110600	0.00	0.00
Purchase of Vehicles and Other Transport Equipment	3110700	0.00	0.00
Overhaul of Vehicles and Other Transport Equipment	3110800	0.00	0.00
Purchase of Household Furniture and Institutional Equipment	3110900	0.00	0.00
Purchase of Office Furniture and General Equipment	3111000	4,996,694.80	7,032,499.00
Purchase of Specialised Plant, Equipment and Machinery	3111100	4,294,191.20	2,084,773.05
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	0.00	0.00
Domestic Equity Participation	4120000	0.00	0.00
Other Domestic Accounts Receivable	4130000	0.00	0.00
Foreign Lending and On-Lending	4140000	0.00	0.00
Foreign Equity Participation	4150000	0.00	0.00
Other Foreign Accounts Receivable	4160000	0.00	0.00
<b>TOTAL</b>		<b>9,619,086.00</b>	<b>11,117,072.05</b>

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
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

20 Repayment of Principal on Domestic and Foreign Borrowing

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Repayments on Borrowings from Domestic	5510000	0.00	0.00
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
	5620100	0.00	0.00
Repayments on Borrowings from Other Domestic Creditors - Public Enterprises	5620100	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

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
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

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	16,243,460.25	9,901,987.70
Development Bank Accounts	6540000	0.00	0.00
Deposit Bank Account	6550000	3,316,384.15	3,088,549.35
Project Specific Bank Accounts	6570000	0.00	0.00
Foreign Currency and Foreign D	6590101	0.00	0.00
<b>TOTAL</b>		<b>19,559,844.40</b>	<b>12,990,537.05</b>

22B Cash Balances

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Cash in Hand	6580000	342,137.00	377,255.00
Foreign Currency and Foreign D	6590201	0.00	0.00
<b>TOTAL</b>		<b>342,137.00</b>	<b>377,255.00</b>

23 Accounts Receivables - Outstanding Imprest and Clearance Accounts

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Domestic Debtors & Advances	6710000	0.00	0.00
Debtors & Advances - Govt Owne	6720000	0.00	0.00
Foreign Debtors & Advances	6730000	0.00	0.00
Other Debtors & Pre-payments	6740000	(279,922.60)	281,881.00
Government Imprests	6760000	337,600.00	20,000.00
Agency Accounts	6770000	0.00	0.00

Item Description	Item Code	Current Period	Previous Period
Suspense & Clearance Account	6780000	0.00	0.00
Other Current Assets (System r	6790000	0.00	0.00
<b>TOTAL</b>		<b>57,677.40</b>	<b>301,681.00</b>

24. ACCOUNTS PAYABLE

Item Description	Item code	Current Period	Previous Period
		Kshs	Kshs
Other Liabilities	7320000	2,560,061.55	2,560,061.55
Deposits	7310000	756,322.60	526,487.80
Withholding Taxes	7380000	0.00	0.00
System Required Liabilities A/cs	7390000	337,600.00	0.00
<b>TOTAL</b>		<b>3,653,984.15</b>	<b>3,088,549.35</b>

25. FUND BALANCES BROUGHT FORWARD

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Opening Balance Bank	22A	12,990,537.05	39,271,391.10
Opening Balance Cash	22B	377,255.00	370,145.00
Opening Balance Receivables - Imprest and Clearance Accounts	23	301,881.00	469,825.00
Opening Balance - Deposits	24	(3,088,549.35)	(3,998,221.45)
<b>TOTAL</b>		<b>10,581,123.70</b>	<b>36,113,139.65</b>

REPUBLIC OF KENYA  
**BANK RECONCILIATION**

F.O. 30

From Date : 01-JUL-16 To : 30-JUN-17

CBK165-CONTROLLER OF BUDGET

Bank : Central Bank of Kenya , Branch : Haile Selassie , Account Number : 1000182628

Balance as per bank certificate

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

0.00

Reconciled by: ..... Signature: ..... Date: .....

Reviewed by : ..... Signature: ..... Date: .....

Approved by: ..... Signature: ..... Date: .....

**REPUBLIC OF KENYA**  
**BANK RECONCILIATION**

From Date : 01-JUL-16 To : 30-JUN-17

CBK165-CONTROLLER OF BUDGET

Bank : Central Bank of Kenya , Branch : Haile Selassie , Account Number : 1000182628

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	

F.O. 30

REPUBLIC OF KENYA  
BANK RECONCILIATION  
CONTROLLER OF BUDGET

DEP-CONTROLLER OF BUDGET

From Date : 01-JUL-16 To : 01-JUN-17

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

<b>Balance as per bank certificate</b>	3,316,384.15
<b>Less --</b>	
1. Payment in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)	
2. Receipts in Bank Statement not yet recorded in Cash Book	
<b>Add --</b>	
3. Payment in Bank Statement not yet recorded in Cash Book	
4. Receipts in Cash Book not yet Recorded in Bank Statement	
<b>Bank Balance as per Cash Book</b>	3,316,384.15

Reconciled by: ..... Signature: ..... Date: .....

Reviewed by : ..... Signature: ..... Date: .....

Approved by: ..... Signature: ..... Date: .....

REPUBLIC OF KENYA  
**BANK RECONCILIATION**  
 CONTROLLER OF BUDGET

From Date : 01-JUL-16 To : 01-JUN-17

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			

F.O. 30

**BANK RECONCILIATION**  
CONTROLLER OF BUDGET

REC-CONTROLLER OF BUDGET

From Date : 01-JUL-16 To : 30-JUN-17

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

<b>Balance as per bank certificate</b>	16,243,460.25
<b>Less --</b>	
1. Payment in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)	
2. Receipts in Bank Statement not yet recorded in Cash Book	
<b>Add --</b>	
3. Payment in Bank Statement not yet recorded in Cash Book	52,140.40
4. Receipts in Cash Book not yet Recorded in Bank Statement	
<b>Bank Balance as per Cash Book</b>	<b>16,295,600.65</b>

Reconciled by: ..... Signature: ..... Date: .....

Reviewed by : ..... Signature: ..... Date: .....

Approved by: ..... Signature: ..... Date: .....

REPUBLIC OF KENYA  
**BANK RECONCILIATION**  
 CONTROLLER OF BUDGET

From Date : 01-JUL-16 To : 30-JUN-17

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		
1010069	30-JUN-17		8,400.00
1009947	30-JUN-17		43,740.40
Total			52,140.40
4. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT			
Receipts			Amount
No	Date		
FT17118RJ4DC	28-APR-17		
Total			



**Statement of Budget Execution**  
 Entity: 2121-Controller of Budget  
 Current Period: JUL-16 To JUN-17

	Note	Printed Estimate a	Reallocation / Transfer b	Supplementary Estimates c	Final Approved Estimate (Net) D=g+b+c	Actual e	Budget Utilization Differences f=d-e	% of Utilization g=e/d%
<b>RECEIPTS</b>								
Tax Receipts	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Social Security Contribution	2	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Proceeds from Domestic and Foreign Grants	3	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Exchange releases	4	0.00	0.00	0.00	0.00	510,000,000.00	(510,000,000.00)	0.00%
Transfers from Other Government Entities	5	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Proceeds from Domestic Borrowings	6	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Proceeds from Foreign Borrowings	7	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Proceeds from Sales of Assets	8	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Reimbursements and Refunds	9	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Returns of Equity Holdings	10	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Other Receipts	11	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
<b>Total</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>510,000,000.00</b>	<b>(510,000,000.00)</b>	<b>0.00%</b>
<b>PAYMENTS</b>								
Compensation of Employees	12	276,579,850.00	0.00	(33,842,360.00)	242,737,490.00	240,286,212.80	2,451,277.20	98.99%
Use of goods and Services	13	215,755,486.00	0.00	(13,271,980.00)	202,483,506.00	181,361,198.00	21,122,308.00	89.57%
Subsidies	14	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Transfers to Other Government Units	15	0.00	0.00	0.00	0.00	10,862,242.70	(10,862,242.70)	0.00%
Other Grants and Transfers	16	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Social Security Benefits	17	48,832,114.00	0.00	13,441,386.00	62,273,500.00	62,146,709.55	126,790.45	99.80%
Acquisition of Assets	18	20,102,400.00	0.00	(6,422,105.00)	13,680,295.00	9,619,086.00	4,061,209.00	70.31%
Finance Costs, including Loan Interest and Foreign Borrowing	19	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Repayment of Principal on Domestic and Foreign Borrowing	20	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Other payments	21	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
<b>Total</b>		<b>561,269,850.00</b>	<b>0.00</b>	<b>(40,095,059.00)</b>	<b>521,174,791.00</b>	<b>504,275,449.05</b>	<b>56,994,400.95</b>	<b>89.85%</b>



**Statement of Budget Execution**  
Entity: 2121 - Controller of Budget  
Current Period: JUL-16 To JUN-17

The Statement has been prepared, reviewed and approved by the following  
Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By: \_\_\_\_\_

Date: \_\_\_\_\_

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_





**Budget Execution By Programmes and Sub-Programmes**

Entity: 2121-Controller of Budget

Period: JUL-16 To JUN-17

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0000000000		<b>Default - Non Programmatic</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	0000000000	Default - Non Programmatic	0.00	0.00	0.00
0730000000		<b>Control and Management of Public finances</b>	<b>521,174,791.00</b>	<b>493,413,206.35</b>	<b>27,761,584.65</b>
	0730010000	Authorization of withdrawal from public Funds	185,143,528.00	175,249,733.70	9,893,794.30
	0730025000	Budget implementation and Monitoring	34,287,546.00	33,434,863.00	852,683.00
	0730030000	General Administration Planning and Support Services	286,335,436.00	270,670,888.65	15,664,747.35
	0730040000	Research & Development	15,408,281.00	14,057,921.00	1,350,360.00
<b>T000000</b>			<b>521,174,791.00</b>	<b>493,413,206.35</b>	<b>27,761,584.65</b>
	T0000		521,174,791.00	493,413,206.35	27,761,584.65
		<b>Grand Total</b>	<b>1,042,349,582.00</b>	<b>986,826,412.70</b>	<b>55,523,169.30</b>

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-16 To JUN-17

Program	Item	Description	Approved Budget	Actual Payments	Variance
0000000000		<b>Default - Non Programmatic</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	2990000	System Required Expense A/cs	0.00	0.00	0.00
0730000000		<b>Control and Management of Public finances</b>	<b>521,174,791.00</b>	<b>493,413,206.35</b>	<b>27,761,584.65</b>
	2110000	Wages and Salary Contributions	242,451,490.00	240,057,012.80	2,394,477.20
	2120000	Social Contributions	286,000.00	229,200.00	56,800.00
	2210000	Goods and Services	194,147,788.00	175,241,427.10	18,906,340.90
	2220000	Routine Maintenance	8,335,738.00	6,119,770.90	2,215,967.10
	2710000	Social Security Benefits	62,273,500.00	62,146,709.55	126,790.45
	3110000	Acquisition of Fixed Capital Assets	13,680,295.00	9,619,086.00	4,061,209.00
T000000			<b>521,174,791.00</b>	<b>493,413,206.35</b>	<b>27,761,584.65</b>
	2110000	Wages and Salary Contributions	242,451,490.00	240,057,012.80	2,394,477.20
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	2710000	Social Security Benefits	62,273,500.00	62,146,709.55	126,790.45
	2990000	System Required Expense A/cs	0.00	0.00	0.00
	3110000	Acquisition of Fixed Capital Assets	13,680,295.00	9,619,086.00	4,061,209.00
		<b>Grand Total</b>	<b>1,042,349,582.00</b>	<b>986,826,412.70</b>	<b>55,523,169.30</b>

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

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By: \_\_\_\_\_

Date: \_\_\_\_\_

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_

BIMA HOUSE 12<sup>TH</sup> FLOOR, HARAMBEE AVENUE

P.O. Box 35516 - 00100 Nairobi, Kenya

Tel: +254 (0) 20 318939, 2211068, 2211056

Fax: +254 (0) 20 2211920

Email: [info@bima.co.ke](mailto:info@bima.co.ke)

[www.bima.co.ke](http://www.bima.co.ke)

BIMA HOUSE 12<sup>TH</sup> FLOOR HARAMBEE AVENUE  
P.O. Box 35616-00100 Nairobi, Kenya  
Tel: +254 (0) 20 318939, 2211088, 2211056  
Fax: +254 (0) 20 2211920  
Email: [info@obg.co.ke](mailto:info@obg.co.ke)  
[www.obg.co.ke](http://www.obg.co.ke)