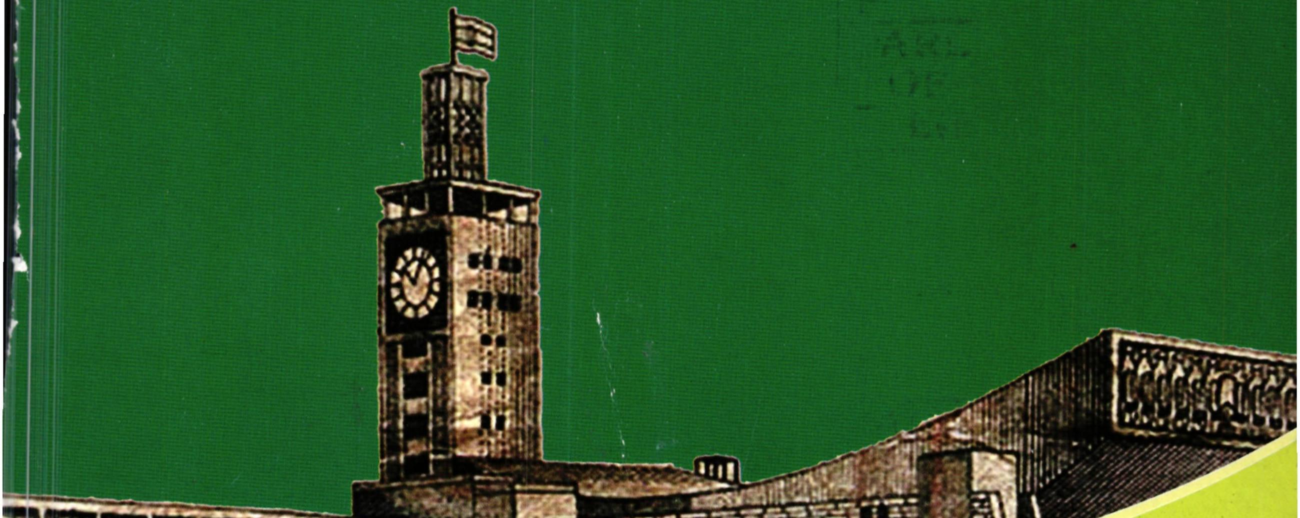
Parliament of Kenya

The National Assembly

The National Assembly and Budget Making



Fact Sheet
No. 29

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FactSheet 29: The National Assembly and Budget Making

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This Factsheet on **The National Assembly and Budget Making** is part of the Kenya National Assembly Factsheets Series that are supposed to enhance public understanding, awareness and knowledge of the work of the Assembly and its operations. It is intended to serve as easy guide for ready reference by Members of Parliament, staff and the general public. The information contained here is not exhaustive and readers are advised to refer to the original sources for further information.

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The National Assembly and Budget Making

1.0 Introduction

Since 2010, the National Assembly of Kenya has progressively increased its role in the approval and oversight of the budget, which comprises approval of expenditure allocations to the national government departments, approval of taxes and other forms of revenue including loans raised for purposes of funding development projects. This far-reaching role is critical to MPs since it enhances their oversight role through the determination of how much each government department, commission, or agency should be given to spending on its activities and services to Kenyans every year. In so doing, MPs assess, review and make changes where necessary to the amounts earmarked for various activities and projects contained in the spending proposals or estimates from the National Treasury, Parliament itself and the Judiciary. In other words, the National Assembly approves spending requests and particular projects or activities for the three arms of government: Executive, Parliament and Judiciary.

2.0 "Budget Making National Assembly"

The National Assembly's function of budget making is unambiguously provided in various Articles of the Constitution. Primarily, Article 95 sets out the functions of National Assembly in budget making as:

- **Determining the allocation of national revenue** between national and county governments
- **Appropriating funds** for expenditure by national government and other national State organs, and

Presentation of 2017 Budget Highlights in Parliament

- Exercising **oversight over national revenue and its expenditure**

These functions are expounded below.

2.1 Revenue Sharing

Allocation of revenue is done through the approval of bills highlighted in Article 218 of the Constitution, namely the Division of Revenue Bill and County Allocation of Revenue Bill, subject to Article 202 on conditional and unconditional grants, the criteria for revenue sharing in Article 203 and recommendations of the Commission on Revenue Allocation. The Division of Revenue Bill is the instrument for sharing of the revenue raised by the national government, primarily from ordinary taxes, between the National and County governments. The division takes into account the criteria in Article 203(1) which includes consideration to fund national interests, debt payments, national government expenditure, development needs of counties, financing of county functions, among others. Every financial year, counties are entitled to receive at least 15% of the nationally raised revenue calculated on the basis of the most recent audited accounts of revenue approved by the National Assembly.

This notwithstanding, counties can also be issued with additional funds from the National Government's share of revenue in form of conditional or unconditional grants (Article 202). Parliament enacts a Division of Revenue Act every financial year as required by the Constitution with counties getting in excess of 30% of revenue as stipulated under Article 203(2).

The National Assembly equally participates in enactment of the County Allocation of Revenue Bill. The County Allocation of Revenue Bill is the instrument for sharing the revenue allocated through the Division of Revenue Bill among the 47 counties. The Bill is typically introduced in the Senate while the Division of Revenue Bill is introduced in the National Assembly. The County Allocation of Revenue Bill sets out the revenue allocation per county from the amount allocated to county governments in the Division of Revenue Act. Each county is allocated its revenue amount based on the basis or formula approved in line with Article 217. The most recent County Allocation of Revenue Act shares revenue among counties on the basis of their share of population, land size, poverty rates, a developmental index, and a component for equal share. The Bill may include conditional allocations and some loans which are channeled through the national government. Typical conditional grants in recent revenue Acts include allocation for Level Five hospitals, allocations for maternal health care among others.

The National Assembly enacts the Equalization Fund in accordance with Article 204 of the Constitution. The Equalization Fund comprises half percent (0.5%) of revenue collected by national government each year, calculated based on the most recent audited accounts of revenue as approved by the National Assembly. The Fund is used to provide basic services such as water, roads, and health in marginalized areas.

2.2 Appropriation of funds for expenditure

The role of the National Assembly in appropriation of funds for expenditure by the national government and all its organs is explicitly provided for in Article 221. The Cabinet Secretary responsible for finance is required, every year, to submit estimates of revenue and expenditure of the National Government for tabling in the House two months before the end of the financial year. This

The National Treasury CS and Parliamentary Leaders during the 2017 Budget Day translates to a day not later than April 30 of each financial year. Together with the estimates of the Parliamentary Service Commission and Judiciary, which are separately tabled in the House, the National Assembly considers the estimates for approval after review by a Committee of the National Assembly. The said Committee, known as the Budget and Appropriations Committee, is established by the Standing orders of the National Assembly. In consideration of the estimates the Committee is equally mandated to incorporate the representations of the public on the budget in its report to the House for approval. Conduct of public hearings entails outreach to receive views from the public on budget and economy, and any matter affecting them and which may be addressed through the annual budget.

Ordinarily, and according to the Standing Orders of the National Assembly, the budget is first committed to the Departmental Committees to review the budget in line with their respective mandates. These Committees are given 21 days to review and prepare reports with consultations with relevant government departments under their purview. The Departmental Committees' recommendations are then considered by the Budget and Appropriations Committee, which through consultations and interactions with the National Treasury, prepares and tables a report with recommendations on the budget. The Committee may propose reductions or increases of expenditure, particularly at the program or departmental level often without causing the need for additional resources. This approach ensures that the budget is well funded or that the government can raise the money required for the approved expenditure.

Upon approval of the estimates, an Appropriation Bill to authorize the withdrawal from the Consolidated Fund of the amounts needed for expenditure is introduced and approved. Alternatively if the bill has not been assented to or is unlikely to be assented to by the beginning of the financial year, then the National Assembly may authorize withdrawal of half the amount required for expenditure for that financial year. This instrument is called the Vote on Account. This expenditure is later included in the Appropriation Act as necessary during its approval.

The appropriating role of the National Assembly does not end with the annual estimates and vote on account since the House regularly considers and approves Supplementary budgets and appropriations whenever needed. Article 223 sets out the requirements for supplementary budgets. These are budgets to approve the expenditure of money which had not been appropriated and if original appropriations were insufficient or new expenditure requirements have been identified. This fairly means approval of use of public money for purposes for which were unforeseen in the first place as expounded by the Public Financial Management (PFM) Act and the regulations.

2.3 Financing the Budget

The National Assembly is equally concerned about where money, taxes and borrowings will be sourced from to pay for the various expenditure of the government. The budget is normally financed through tax collected from persons and businesses, grants and loans borrowed from local and foreign banks, concessional or low interest loans from multilateral international institutions and from foreign governments.

Collection of taxes is assured through various existing tax laws on income taxes, excise duties, customs duties and value added taxes. Main tax laws include: The Income Tax Act, Excise Duty Act, Value Added Tax Act, Miscellaneous Fees and Charges law, and Tax Procedures Act. When the Cabinet Secretary for the National Treasury tables the expenditure estimates, the estimates of taxes, loans and grants are also part of the budget for consideration by the National Assembly. The estimates outline the projections for tax collection for the year, grants expected for the year, expected borrowing and debt repayments within the year.

If the tax system and the existing tax laws require some changes to improve attainment of the tax collection target, then the government introduces a Finance Bill containing the proposed changes. Annually the National Assembly passes a Finance Bill to provide for changes to taxation and its administration in a bid to help the government raise adequate taxes to fund the approved budget. A finance bill is submitted by the Cabinet Secretary for the National Treasury during the presentation of the Budget Highlights in June (Standing Order 241). The bill is approved by National Assembly 90 days upon approval of the Appropriation Bill which ordinarily is by end of September every year (section 41 of PFM Act).

The revenue raised by the National Government is shared between the national government and county governments. Allocation of revenue is well defined in Articles 202, 203 and 216, 217 and 218 of the Constitution. The Division of Revenue Bill, which divides revenue between the two levels of government is considered by the two Houses in time to allow county governments prepare their budgets. The County Allocation of Revenue Bill is the instrument for sharing the revenue allocated through the Division of Revenue Bill among the 47 counties.

2.4 Oversight of Expenditure

Article 95 set out the oversight mandate of Parliament, and in particular, the National Assembly as:

- Exercising oversight over national revenue and its expenditure, and
- Exercising oversight of State organs.

Expenditure oversight refers to review, interrogation, investigation, and holding to account government agencies on their expenditure. Oversight therefore relates to how national government agencies and state organs apply funds appropriated by National Assembly for expenditure. Committees and Members of Parliament may on their own initiative cause investigations, or invite relevant agencies to give information on matters under their purview. Expenditure issues relevant for such investigations may include suspected fraud, over expenditure or under expenditure, performance information and attainment of targets or set outputs of the agencies among others. While a Committee may visit sites or the affected agency, substantial oversight takes place in Committee rooms in Parliament.

The mainstay of Parliamentary expenditure oversight is exercised by two watchdog Committees, Public Accounts Committee and Public Investments Committee. The Public Accounts Committee primarily uses the reports of the Auditor General to review and recommend appropriate action on any unlawful use of public resources. The National Assembly has three months upon receipt of the audit report from the Auditor General to debate and take appropriate action. The Public Investments Committee mainly focuses on the investment activities of state agencies funded by the national government. If the reports are expedited in a timely manner, the findings of these oversight committees of the Assembly can help inform budget allocation in the next budgeting cycle.

Oversight usually requires receiving and interrogating reports on the budget implementation. These reports include the following:

- Controller of Budget reports on the implementation of the budget;
- Quarterly Budget and Economic Review reports;
- Annual reports of various state agencies.

The Controller of Budget's report is a constitutional report on implementation of budgets of national and county governments which is required to be submitted to Parliament every four months. Given the Controller of Budget's primary role is to oversee the implementation of the budgets by authorizing withdrawals from public funds (Article 204, 206 and 207), then this report captures crucial information on how government releases appropriated amounts for expenditure. The National Assembly can therefore use the report to interrogate implementing agencies on any spending gaps, including any over-expenditure. Unlike audits, these reports can be used by the National Assembly for rapid interventions if something is going wrong in the budget implementation for development and for operations within the financial year.

The Quarterly Budget and Economic Review prepared by National Treasury generally reports on overall economic performance, tax collection, expenditure, and debt repayments. This report helps National Assembly discern emerging problem in the economy, for example if inflation or interest rates are getting out of hand, whether the pace of tax collection is adequate to meet the cash flow requirement of the government, etc. Similarly, the report captures information on accumulation of new debt and debt repayment levels every quarter.

These two reports often give Committees and Members of the National Assembly information needed to monitor quarterly performances of government departments. However, these reports lack audit information which could help reveal in detail how the money is actually being spent, including status of ongoing projects. It is anticipated that in future the Controller of Budget's reports shall include performance information even at the aggregate level.

2.5 National Assembly and the economy

Approval of expenditure and revenue estimates does not happen in a vacuum. The state of the Kenyan economy at the time of the budget can

REPUBLIC OF KENYA

NATIONAL ASSEMBLY
ELEVENTH PARLIAMENT – FIFTH SESSION

In the Matter of consideration by the National Assembly – National Government Estimates of Revenue and Expenditure for FY - 2017/2018 Articles 127(6)(c), 173(3) and 221(1) of the Constitution

PUBLIC HEARINGS/SUBMISSION OF MEMORANDA

In line with Article 221(4) of the Constitution, the Estimates for National Government, Judiciary, and Parliament were committed to the Budget and Appropriations Committee.

Pursuant to the provisions of Article 221(5) of the Constitution, the Budget and Appropriations Committee now invites interested members of the public to submit any representations that they may have on the Estimates of Revenue and Expenditure for the Financial Year 2017/2018. The representations may be made orally or by submission of written memoranda in the following manner:-

i. Written Memoranda may be forwarded to the **Clerk of National Assembly, P.O. Box 41842-00100, Nairobi,** hand-delivered to the **Office of the Clerk, Main Parliament Buildings, Nairobi** or emailed to clerk@parliament.go.ke, pbo@parliament.go.ke, to be received **on or before Tuesday, 14th March, 2017.**

ii. Public Hearings shall be held in the following four (4) venues on the **Monday 13th March, 2017 from 9.30 am. to 4.00 pm as indicated below:-**

	Counties	Venues
1.	Kajiado	Kajiado Town
2.	Machakos	Machakos Town
3.	Kiambu	Kiambu Town
4.	Nakuru	Naivasha Town

JUSTIN BUNDI, CBS
CLERK OF THE NATIONAL ASSEMBLY

A newspaper advert calling for submission of Memoranda

possibly affect revenue collection and the implementation of the budget. A set of factors such as how fast prices of goods and services are rising (inflation), or how expensive bank loans are (interest rates) can directly affect cash flow and the actual implementation of the budget by state departments. For instance, high inflation can reduce the reach of government services due to high costs of goods (books, equipment for road construction) and services.

Thus, Natio[illegible] Assembly, in the course of budgeting, considers macroeconomic factors such as the rate of growth of the whole economy, level of prices, cost of loans or interest rates, and the value of Kenya's shilling compared to foreign currencies. The National Assembly may also deliberate on the conditions and effect of regional economic arrangements such as the East African Community and COMESA on the budget for any particular financial year. Economic conditions across Kenyan borders can have direct or indirect effect on Kenya's cost of borrowing, strength of Kenya shilling exchange rate, among other effects.

The primary macroeconomic policies are considered by the National Assembly during the review and approval of the Budget Policy Statement (BPS) in February every financial year (PFM, Standing Orders). The policies on inflation, economic growth, interest rates and exchange rates should be consistent with expenditure and financing (revenue raising) policies to ensure stability in the economy.

3.0 Other Budgetary Roles of the National Assembly

The role of National Assembly is not limited to estimates approval and appropriation bills, but equally on regulating introduction of "money bills" in the Assembly. Money bills are bills, motions, or amendment bills containing provisions on expenditure, financial matters, and economy. As defined in Article 114 of the Constitution and the National Assembly Standing Order 114, a money bill is a bill or a motion that deals with the following:

- Taxes, including rates, fees, and charges
- Variation of charges on public funds. This implies direct or implied changes on existing expenditure, introduction of new spending, government functions with expenditure implications. new or variation, more intuitively expenditure
- Appropriation, custody, receipt, investment, issue of public money
- Loans and guarantees

The Division of Revenue Bill and County Allocation of Revenue Bill are excluded from the definition of a money bill. Additionally, any bill which concerns the application of taxes and money raised by a county may not be defined as a money bill. Some money bills may contain vast consequential implications on the economy, government borrowing, and may therefore directly affect various provisions in Chapter 12 of the Constitution, including Articles 203, 210, 211, 212, 221, among others.

Thus, Article 114 deals with bills which may impinge on or change government expenditure and revenue (taxes and borrowing, public money), and which may have other economic effects. To complete the expenditure and financing loop, the National Assembly considers and approves certain money bills such as the finance bills, annual and supplementary appropriation bills, repeal and amendment of tax laws, and any bills and motions for approval of government borrowing and debt repayment.

PFM Act and regulations expound the roles of National Assembly in a more practical way. For example, the PFM Act, Section 7 defines the functions of the Committee of National Assembly contemplated in the Article 221(5). In particular, the said Committee has the following functions in accordance with the PFM law:

- Review the Budget Policy Statement and the budget estimates and make recommendations to the National Assembly;
- Provide general direction on budgetary matters including examining budgetary, debt, and financial reports tabled in the National Assembly;
- Monitor and report on functions and matters under the purview of the National Assembly in the PFM law;
- Monitor adherence to the principles of public finance in the Constitution including fiscal responsibility principles across the entire national government;
- Consider money bills in line with Article 114,
- Review the Division of Revenue Bill; and,
- Introduce Appropriations Bill;

The PFM law also sets out particular National Assembly roles in the budget process itself and in making various approvals throughout the approval, review and implementation of the budget. For instance, the National Assembly approves the Budget Policy Statement and the Medium Term Debt Strategy including setting ceilings on expenditure through a resolution of the House which is communicated to the National Treasury. The Act also defines how the House may amend the BPS and the budget so as to keep financing and expenditure balance intact without unduly taking away the budget making power of the National Assembly. Other roles of the National Assembly include approving borrowing, debt service reports, approving loans and loan limits among others. The role also includes approval of tax measures to help fund the budget.

Other Committees of the Assembly equally play a major role during the budget process. With respect to the annual estimates of revenue and expenditure, various departmental committees sit and consider the budget according to their respective mandates. The reports of these Committees are presented to the Budget and Appropriations Committee which consolidates and makes recommendations for approval by the House, comprising of the full membership of the Assembly. The approval of the report of the Budget and Appropriations Committee sets off the introduction of the Appropriations Bill to authorize withdrawal of the approved expenditure for the financial year.

For the last 7 years, the National Assembly and its Committees has carried this role effectively with necessary support of primary stakeholders, the National Treasury, government agencies and departments, and members of the public.

4.0 Budget Cycle and the role of National Assembly

National Assembly is central to the budget process. Every financial year the National Assembly participates in the various critical activities, from the beginning of the financial year through to the next financial cycle. The budget process starts through issuance of budget preparation circular by the National Treasury by end of August in every financial year followed by various steps within the Executive. The cycle is superimposed with Auditor General's audits and budget implementation review reports by the Controller of Budget. This ensures regular feedback throughout planning, budgeting and implementation of the budget.

The following are the major milestones, policy documents, laws and activities in the budget process requiring important input by the National Assembly. A table on the budget cycle is also provided in Appendix.

4.1 Consideration of vital budgetary and financial reports

National Assembly reviews and takes action on various statutory and constitutional reports submitted by the Controller of Budget and the Auditor General. The Controller of Budget's implementation reports are provided for in Article 228(6). The first quarterly report of the Controller of Budget on the implementation of the budget of the National and County Governments is submitted by October 31st of every financial year. Subsequent reports are received by January 31st, April 30th, and July 31st. The National Assembly through the Budget Appropriations Committee reviews the report and makes recommendations for the approval by the House for further action.

The Auditor General's audit reports are submitted to Parliament within 6 months after end of the financial year. This means that the audit reports of all national government entities funded through public funds should be received in Parliament by December 31st of every financial year. Parliament has 3 months to debate and consider the audit reports and take action (Article 229(8)). Other important reports include the Commission on Revenue Allocation's recommendation on sharing of revenue between the levels of government and among county governments, and the Budget Review and Outlook Paper from the National Treasury.

4.2 Approval of the Budget Policy Statement and the Medium Term Debt Strategy

The National Treasury submits the Budget Policy Statement and the Medium Term Debt Strategy by February 14th every financial year. The National Assembly considers these documents through the departmental committees and the Budget Appropriations Committee. The Budget Policy Statement and the Medium Term Debt Strategy are approved by the House with or without amendments by February 27 of each fiscal year.. The Budget Policy Statement sets broad government economic policies and major programs for the medium term including the financing framework. The Budget Policy Statement further sets out the indicative revenue sharing between the national and county governments which forms the basis for the introduction of the Division of Revenue Bill.

The Medium Term Debt Strategy provides debt accumulation and debt service policies of the government in the medium term. This document also provides information on existing debt, planned borrowing from domestic and external sources, concessional and commercial debt, debt sustainability analysis, and debt service plan for the next three fiscal years.

4.3 Consideration of the Division of Revenue Bill and County Allocation of Revenue Bill

The drafts of the Division of Revenue Bill and County Allocation of Revenue Bill are submitted to Parliament by the National Treasury in accordance with the PFM Act by February 14th. The Division of Revenue Bill is usually first introduced in the National Assembly for approval before being referred to the Senate. The PFM Act requires that the Bill be introduced in the House by

March 10. The County Allocation of Revenue Bill is usually introduced in the Senate, but its processing starts ideally after the approval of the Division of Revenue Bill by both Houses.

4.4 Annual Estimates of Revenue and Expenditure

By April 30th the Cabinet Secretary responsible for finance or National Treasury submits the estimates of revenue and expenditure for the national government to the National Assembly. Similarly, the estimates for the Parliamentary Service Commission and the Judiciary are submitted separately by the respective accounting officers. Three days upon tabling of the estimates, the estimates stand committed to the departmental committees in line with their respective sectoral mandates. Ordinarily, the departmental committees are given 21 days to discuss, review and seek representations from relevant agencies and give their recommendations to the Budget and Appropriations Committee. The Committees may alter the estimates to the extent that any increase in one vote should be balanced by a decrease in another.

Before considering the estimates and report of the departmental committees the Budget and Appropriations Committee (BAC) conducts public hearings in various parts of the country to receive public representations on the budget. Public views are also received through written memoranda and oral presentations. The National Treasury also submits its comments on the budgets of Parliament and Judiciary by May 15th for consideration by the BAC.

In preparing its report on the estimates to the House, the Budget and Appropriations Committee takes into account the recommendations of the departmental committees and public representations. The report is then laid in the House about mid-May for consideration, amendment and approval. The approval of the report forms the basis for the introduction of and approval of Appropriation Bill before the end of the year. In cases where the Appropriation Bill is unlikely to be assented to by June 30th, then the National Assembly may approve half the amount required for expenditure for the financial year, (Vote on Account).

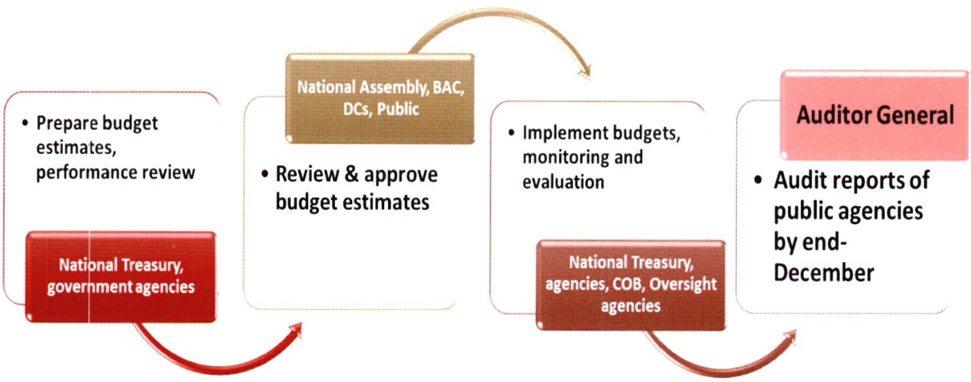
4.5 Budget highlights and revenue raising measures

About mid-June every financial year, or when it is most appropriate for the Cabinet Secretary for the National Treasury after consultation with EAC partner states, presents budget highlights and revenue raising measures to Parliament in keeping with the budget speech tradition. It is during this occasion that the Cabinet Secretary also submits the Finance Bill and any other bill required for the implementation of the budget. The deadline for the approval of the financial bill by the National Assembly is September 30th or 90 days after the approval of the Appropriations Bill.

5.0 Institutions and Stakeholders in the Budget Process

The National Assembly is at the center of budget approval and oversight during the annual budget process. National Assembly works with a host of institutions and the public to expedite its mandate of budget making, oversight of expenditure, and representation. Some the major institutions include the following:

- National Treasury: National Treasury is critical in the budget process by: preparing and submitting the annual estimates of revenue and expenditure of the national government; preparing draft Division of Revenue Bill and County Allocation of Revenue Bill; preparing and submitting the Budget Policy Statement and Medium Term Debt Strategy; Implementing the resolutions of the House on various reports or budgetary matters; coordinating implementation of the budget across government departments after approval and assenting of the appropriation bills; managing Exchequer releases or release of funds to agencies for expenditure; managing public debt and its repayments; managing the economic broadly including overseeing the financial markets; providing National Assembly with regular, quarterly reports on budget implementation, revenue performance among other financial reports required under the PFM Act or attendant regulations.
- Government departments, ministries, and state agencies: Government agencies prepare budgets for approval by Parliament, implement the budgets and report to National Assembly. During oversight over their budget and budget implementation, these agencies may be called to appear before relevant committees of the National Assembly.
- Auditor General: the Auditor General audits and prepares reports on all national government agencies that receive public money. The audit report is submitted to the National Assembly six (6) months after the end of the financial year.
- Commission on Revenue Allocation: The Commission is responsible for submitting recommendations on the division and sharing of revenue between the level of government and among county governments. The Commission also makes recommendations on the basis for sharing revenue among counties and on the identification of marginalized areas with regard to the Equalization Fund.
- Controller of Budget: The Controller of Budget submits quarterly reports on the implementation of the budgets for consideration by the House.
- Other stakeholders: Other agencies with close roles in the budget include the Central Bank of Kenya, the Kenya Revenue Authority, Retirements Benefits Authority, Council of Governors, Insurance Regulatory Authority, Capital Markets Authority, among others.



6.0 Role of a Member of Parliament in the Budget

A Member of Parliament has immense responsibility in the budget making and oversight of expenditure allocated through the annual budget process. This role spans consideration and approval of budget documents from the Executive and its agencies, financing measures such as taxation and borrowing, and oversight of the expenditure of the appropriated amounts. The role of a Member of Parliament in the Budget can be summarized as follows:

- Considering and approving with or without amendments the Budget Policy Statement. The Member of Parliament exercise his or her role through the Departmental Committees, Budget and Appropriations Committee and the during consideration of reports of the Budget Policy Statement by the whole House.
- Considering and approving with or without amendments planned government borrowing and repayments through the Medium Term Debt Strategy. The Member of Parliament exercises his or her role through the Departmental Committees, Budget and Appropriations Committee and during consideration of reports on the Medium Term Debt Strategy by the whole House.
- Considering and approving the sharing of revenue between the levels of government (National and counties) and the sharing of the revenue allocated to county level of government among all the counties. A Member of Parliament therefore participates in the consideration of the annual Division of Revenue Bill and County Allocation of Revenue Bill.
- Review and approval of the annual estimates of revenue and expenditure. A member participates in this critical role by actively participating in the proceeding of the Committees considering the estimates of various national government departments and agencies in various committees, through participation in the Budget and Appropriations Committee, and through contributing or suggesting amendments at these stages or during the consideration of the report of Budget and Appropriations Committee on the estimates and Committee on Supply.
- Collecting and incorporating the views of the members of the public on the annual estimates. A Member of Parliament, particularly those in the Budget

and Appropriations Committee may participate in the annual budget public hearings as provided for by the Constitution.

- Approval of revenue raising measures, grants and loans: In considering the estimates MPs consider the financing measures of the budget as proposed by the government and may amend these as appropriate. The Finance Bill is an instrument which MPs may use to effect changes to various taxation laws so as to ensure the governments approved spending activities are fully paid for.
- Approving the Appropriations Bill or Vote on Account as necessary.
- Consideration and approval of Supplementary budgets and respective supplementary appropriations bills.
- Regular or routine oversight of government's expenditure, programs and policies, absorption rates, and consideration of audit reports.

Appendix 1: National Assembly Budget Calendar: key timelines and activities

Key date	Activity	Remarks
August 30	Issuance of the budget circular by the National Treasury for preparation of next financial years' budget.	The circular sets off the budget process for the next financial year.
October 21	Submission of the Budget Review and Outlook Paper to Parliament.	The paper provides review of previous budget and economic framework and the macroeconomic and resource framework for the next financial year. The National Assembly through the Budget and Appropriations Committee may study the report but no particular action may be taken.
October 31	Submission of the first quarterly report of the Controller of Budget on the implementation of the budget of national and county governments.	The National Assembly through its committees and Budget and Appropriations Committee discusses and considers the report and may make recommendations on the implementation of the budget for necessary action. The other reports are submitted by January 31, April 30, and July 31st.
December 31	Submission of the Auditor General's report on the financial and expenditure of public funds allocated to national government entities.	The Constitution requires that the report be submitted six months after the end of the financial year. The Constitution requires that the National Assembly debates, considers the report and takes necessary action. The audit reports are submitted to the Public Accounts Committee for review and preparation of report and recommendations for discussion by the full House.
December 31	Submission of the Commission on Revenue Allocation recommendations on the Division of Revenue Bill and County Allocation of Revenue Bill.	The National Assembly needs to ensure that the two bills contain a summary of how the recommendations of the Commission on Revenue Allocation were taken into account.
February 15	Submission of the Budget Policy Statement, Medium Term Debt Strategy, and draft Division of Revenue Bill and County Allocation of Revenue Bills by the National Treasury.	The Budget Policy Statement, Medium Term Debt Strategy should be considered and adopted by the House within 14 days. The Division of Revenue Bill should be introduced in National Assembly by March 10.

April 30	Submission of the annual estimates of revenue and expenditure of the national government, and estimates of Parliamentary Service Commission and the Judiciary.	After tabling of the estimates, the estimates stand committed to the departmental committees in line with their respective mandates. The committees have 21 days to submit report to Budget and Appropriations Committee. The Budget and Appropriations Committee prepares a report for approval of the estimates by the House.
May 15	Submission of the National Treasury comments on the budgets of Parliament and Judiciary	
Mid-May	Conduct of public hearings by the Budget and Appropriations Committee	Public representations on the budget are to be taken into account before the committee tables the report on the estimates for approval by the House.
May 21	Submission of the reports and recommendations of departmental committees on the estimates to the Budget and Appropriations Committee	
Mid-June	Pronouncement of budget highlights and revenue raising measures by the Cabinet Secretary responsible for Finance.	The Finance Bill and budget related bills are introduced after the pronouncement on the revenue raising measures.
June 30	Deadline for the approval of the Budget and Appropriations Committee report on the annual estimates, introduction and approval of the Appropriations Bill.	The report of the Committee is approved by the House, followed by the Appropriations Bill about mid-June. The House may approve a vote on account if the Appropriations Bill is unlikely to be assented to by the President before June 30. .
September 30	Deadline for the approval of the Finance Bill.	The Finance Bill should be approved 90 days after the approval of the Appropriations Bill. September 30

Source: Parliamentary Budget Office

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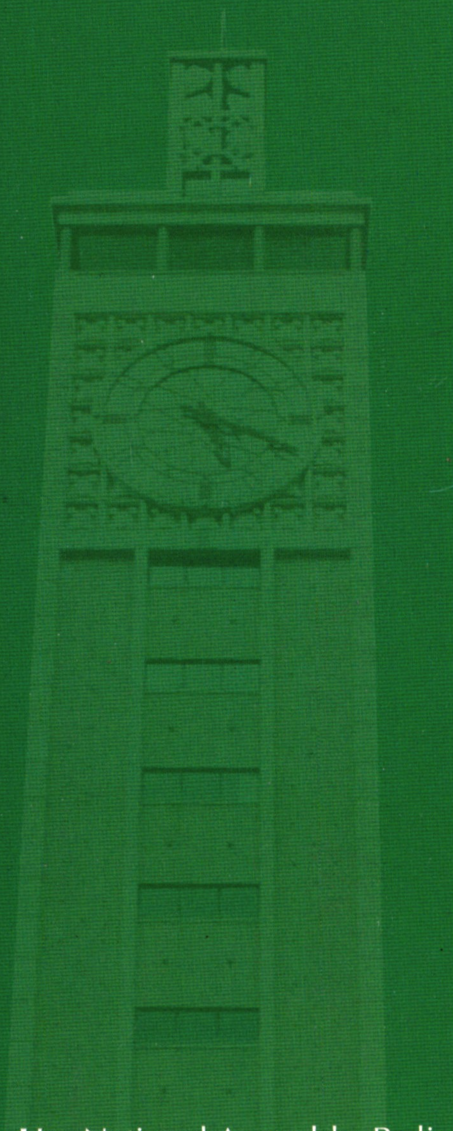
- Constitution of Kenya, 2010
- Public Finance Management Act, 2012
- National Assembly Standing Orders 2017



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