

OFFICE OF THE CONTROLLER OF BUDGET



# ANNUAL REPORT

---


AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR 2022/2023



REPUBLIC OF KENYA

OFFICE OF THE CONTROLLER OF BUDGET  
*Promoting Prudent Utilization of Public Funds*



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 JUL 2023	DAY: WEDNESDAY
TABLED BY:	HON. SAMUEL CHEPKOROGA MP
CLERK-AT THE TABLE:	Anne Shibuko

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR 2022/2023**

Prepared in accordance with the Cash Basis of Accounting Basis under International Public Sector Accounting Standards (IPSAS) and issued under Article 254(1) of the Constitution of Kenya



### VISION

A country where public funds are utilised prudently and efficiently.



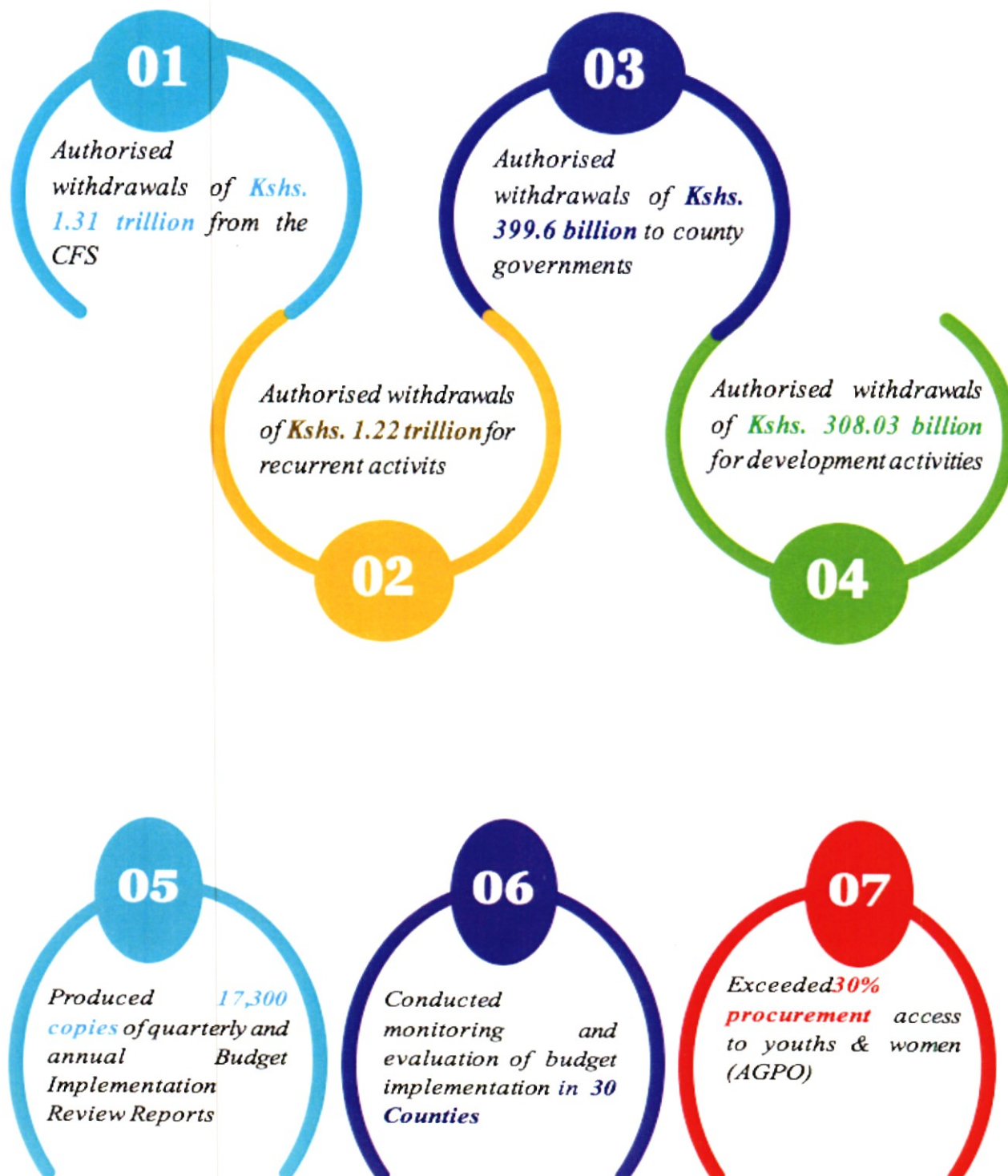
### MISSION

To oversee the implementation of all Government budgets through the timely authorization of withdrawals from Public Funds and ensuring prudent and efficient use of public finances by monitoring, evaluating and reporting following the law.

## CORE VALUES



## KEY ACHIEVEMENTS, FY 2022/2023



## TABLE OF CONTENTS

CORE VALUES .....	II
KEY ACHIEVEMENTS, FY 2022/2023 .....	III
LIST OF TABLES .....	V
LIST OF FIGURES .....	V
ABBREVIATIONS AND ACRONYMS .....	VI
STATEMENT BY THE CONTROLLER OF BUDGET .....	VII
1. CHAPTER ONE .....	VIII
1.1. Introduction .....	VIII
1.2. The Mandate of The Controller of Budget .....	VIII
1.3. Key Information and Management .....	2
2. CHAPTER TWO .....	7
2.1. Institutional and Administrative Structure .....	7
3. CHAPTER THREE.....	14
3.1. Review of FY 2022/23 Performance .....	14
4. CHAPTER FOUR.....	27
4.1. Challenges in Budget Implementation and Recommendations.....	27
5. CHAPTER FIVE .....	29
5.1. Statement of Management Responsibilities .....	29

## LIST OF TABLES

Table 1: Composition of OCOB Senior Management .....	7
Table 2: Management with Fiduciary Responsibilities .....	8
Table 3: Composition of Executive Committee .....	8
Table 4: Composition of Management Committee .....	9
Table 5: Composition of Audit and Risk Committee .....	10
Table 6: List of meetings held by the Audit and Risk Committee .....	10
Table 7: Composition of Budget Implementation Committee .....	11
Table 8: Attendance Schedule for the Budget Implementation Committee .....	11
Table 9: Composition of Human Resource Management Advisory Committee .....	12

## LIST OF FIGURES

Figure 1: Access to Government Procurement Opportunities in OCOB .....	22
Figure 2: Construction of the West Pokot Governor’s Residence.....	25
Figure 3: Ongoing construction of Kericho County Speaker’s Residence .....	25
Figure 4: Kilifi County Assembly .....	26

## ABBREVIATIONS AND ACRONYMS

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

## STATEMENT BY THE CONTROLLER OF BUDGET



The FY 2022/23 Annual report has been prepared in line with Article 254(1) of the Constitution which requires each Commission and each holder of an independent office to submit a report to the President and Parliament. The report has also been prepared in conformity with Sections 81(1,2,3,4) of the Public Finance Management Act, 2012 and by the Public Sector Accounting Standards (IPSAS) cash basis, which requires the Accounting Officer for a national government entity to prepare financial statements in respect of the entity.

In addition to the audited financial statements for the period ending 30<sup>th</sup> June 2023, the FY 2022/23 Annual Report provides information on the progress the office has made towards the implementation of its mandate. During the reporting period, the CoB approved the release of Kshs. 3.24 trillion from the Consolidated Fund to support budget implementation at the national and county governments. This comprised of Kshs. 2.85 trillion to the national government and Kshs. 399.60 billion to the 47 county governments. Other activities undertaken during the period included; (i) publication and publicisation of the Budget Implementation Review Reports (BIRRs) for the national and county governments, (ii) Enforcement of approved budget ceilings, (iii) sensitisation of the public on budget implementation, and (iv) monitoring and evaluation of the implementation of approved projects at the county government level.

To strengthen our capacity to effectively serve our clients, the COB has acquired additional office space at the National Bank of Kenya building, which is adjacent to the OCOB headquarters at Bima House. The added space will enable the office to onboard additional staff to support the delivery of the COB's mandate. To improve staff productivity, the office has initiated the review of the current organisation structure, the development of career progression guidelines, and a review of the grading structure and revision of the current human resource policies and procedures manuals.

To promote access to information by the members of the public, the COB has continued to upload the quarterly and annual budget implementation review reports on its official website in line with Section 39(8) of the PFM Act 2012. Members of the public are therefore invited to regularly visit the COB website to access current information on budget implementation.

Finally, I wish to acknowledge the support the office has received from the MDAs, County governments and other agencies over the period and the members of the public for promoting accountability in the use of public funds.

A handwritten signature in black ink, appearing to read 'Margaret N. Nyakang'o', written in a cursive style.

FCPA Dr Margaret N. Nyakang'o, CBS  
CONTROLLER OF BUDGET



## 1. CHAPTER ONE

### 1.1. Introduction

The Office of the Controller of Budget (OCOB) is an independent office established under Article 228 of the Constitution. The roles and functions of the Controller of Budget (COB) are further articulated in the Controller of Budget Act, 2016.

The core mandate of the COB is to oversee the implementation of the budgets of the national and county governments by authorizing withdrawals from public funds, and preparing, publishing and publicising budget implementation reports thirty days after the end of each quarter. In addition, the COB will conduct investigations on its initiative or upon receipt of a complaint by the public; undertake negotiations, conciliation and mediation to resolve disputes involving budget implementation; monitor, evaluate and make recommendations to both levels of government to improve budget implementation; enforcing budget ceilings set by Parliament and providing information to the public on budget implementation at both levels of government. The COB is also mandated to advise Parliament when the Cabinet Secretary responsible for finance stops the transfer of funds to state organs or other public entities.

In discharging the mandate mentioned above, Section 5 of the COB Act 2016 compels the Controller of Budget to ensure prudent and efficient utilisation of public funds. In addition, the COB seeks to, among other things; promote fiscal discipline and equitable allocation of available resources whilst improving transparency and accountability in the budget implementation process, which is significant for the devolved system of government. Prudent financial management will ensure that the country fast-tracks the implementation of the flagship programmes and projects envisaged in Kenya's Vision 2030 and other international commitments.

### 1.2. The Mandate of The Controller of Budget

The COB oversees the implementation of the budgets of the national and county governments by authorizing withdrawals from public funds as provided under Articles 204, 206 and 207 of COK, 2010. The roles and functions of the COB are stipulated in the Constitution of Kenya 2010, the PFM Act, 2012 and the Controller of Budget Act, 2016, among other laws, as summarized below: -

#### 1) Oversight Role

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

#### 2) Controlling Role

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

#### Public funds include: -

**Consolidated Fund:** All funds raised or received by or on behalf of the National Government are deposited into the Consolidated Fund. Article 206 (4) of the constitution states that money shall not be withdrawn from the Consolidated Fund unless the Controller of Budget approves the withdrawal.

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

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

### 3) **Reporting on Budget Implementation**

Article 228(6) provides that, every four months the Controller of Budget shall submit to each House of Parliament a report on the implementation of budgets of the national and county governments. The reporting role entails the preparation of quarterly, annual and special reports to the Legislature and Executive on budget implementation matters of the national and county governments. During the period, the OCOB produced the following reports: Quarterly National and County Government Budget Implementation Review Reports (BIRRs) and annual reports to the President and Parliament with Article 254 (1).

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

### 4) **Advisories on Prudent Public Financial Management**

The Constitution, Article 225(7) mandates the Controller of Budget to give advisories to Parliament on financial matters where a Cabinet Secretary for Finance has stopped transferring funds to a State organ or public entity. The suspension of funds cannot be lifted or sustained before the Controller of Budget presents a report to Parliament. The COB is expected to investigate the matter leading to the suspension of the transfer of funds to a state organ or public entity and, after that, prepare and present a report on the subject to Parliament, which will then be used to approve or renew the decision to stop the transfer of funds to a State organ or public entity.

The Controller of Budget also advises government entities on improving budget implementation and promoting accountability in using public financial resources.

### 5) **Investigation Role**

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

### 6) **Dispute Resolution on Budget Implementation Matters**

Under Article 252(1) (b) of the Constitution, the Controller of Budget has powers to initiate conciliation, mediation and negotiation on matters touching on the use of public finances. The Mediation role involves resolving conflicts between the national and the county governments or between county governments concerning budget implementation. The part consists of conducting alternative dispute resolution to resolve disputes relating to budget implementation.

**7) Public Sensitization**

The sensitization role involves the COB disseminating information to the public on budget implementation at both levels of government, as provided for under Section 39(8) of the Public Finance Management Act, 2012. This role is buttressed by Article 35 of the Constitution, which provides that the public has the right to access any information held by the State.

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

**8) Enforcement of Budget Ceilings**

The Controller of Budget is mandated to ensure that all expenditure requisitions submitted by the national and county governments are within the approved budget ceilings as approved by Parliament and County Assemblies for national and county governments, respectively (COB Act, 2016, Sec. 5 (d)).

**9) Monitoring and Evaluation**

Section 5(b) of the Controller of Budget Act 2016 mandates the COB to ensure prudent and efficient use of public funds by undertaking monitoring and evaluation of programmes and projects at the national and county governments. The CoB uses monitoring and evaluation reports to provide information to the accounting officers on how to improve the implementation of programmes and activities.

### 1.3. Key Information and Management

#### a) Background Information

The Office of the Controller of Budget (OCOB) is an independent office established under Article 228 of the Constitution. The core mandate of the Controller of Budget (CoB) is to oversee the implementation of the budgets of both the National and County governments by authorising withdrawals from public funds. The roles and functions of the CoB are further articulated in the Controller of Budget Act, 2016, PFM Act 2012 and the attendant Regulations. The CoB is further mandated to: prepare, publish and publicize budget implementation reports within thirty days after the end of each quarter, conduct investigations on its initiative or upon receipt of a complaint by a member of the public, undertake negotiations, conciliation and mediation, and resolve disputes involving budget implementation.

#### b) Key Management



**FCPA Dr Margaret Nyakang'o, CBS  
CONTROLLER OF BUDGET**

Dr Nyakang'o holds a Doctorate in Business Administration from the University of Liverpool, UK (2016). She holds an MBA in Strategic Management and a Bachelor of Commerce (Accounting) degrees from the University of Nairobi. She is a Fellow of the Certified Kenya Institute of Certified Public Accountants. Before she was appointed the Second Controller of Budget, Dr. Nyakang'o served as the Director of Finance and Administration at the Kenya National Bureau of Statistics (KNBS). Dr Nyakang'o is also an active member of the Women on Boards Network, the Association of Women Accountants of Kenya (AWAK), and is a Certified Mediator, Online trainer and Professional Coach.

Mr Masha is the Deputy Controller of the Budget and heads the Budget Implementation Directorate. He has over 27 years of progressive experience gained in the private and public sectors in Kenya. He holds a Master of Science (Finance) degree from the University of Leicester and a Bachelor of Education degree from Kenyatta University.

Mr Masha is a Certified Public Accountant and a fellow of the Institute of Certified Public Accountants of Kenya (ICPAK). He represents the Office of the Controller of Budget in the Public Sector Accounting Standards Board (PSASB).



**FCPA Stephen Masha, EBS  
Deputy Controller of Budget**



**CPA Macklin Ogolla**  
Director, Corporate Services

Mr Ogolla has over 32 years of professional experience in the public sector. Mr Ogolla has a Master of Business Administration from Moi University and a Bachelor of Science ( Mathematics) degree from the University of Nairobi. In addition, he has a Post-graduate Diploma in Finance from Maas-tricht.

He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Investment and Financial Analysts (ICI-FA). Before joining the OCOB, he served at the National Treasury of Kenya.



**Mr Joshua Musyimi** - Director, Planning,  
Research and Knowledge Management

Mr Musyimi has over 28 years of professional experience in the public sector. He holds a Master of Arts degree in Economic Policy Management from the University of Ghana, Legon and a Bachelor of Science in Statistics and Computer Science from Kenyatta University. Mr Musyimi is a member of the Institute of Economic Affairs (IEA). He left OCOB in June 2023.



**Ms Rhoda Rutto**  
Director, Legal Services

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

Before joining the OCOB, Ms Rutto served as the Deputy Director of Legal Services at the Teachers Service Commission.



**CPA Joseph Tulula**  
Chief Manager Internal Audit

Mr Tulula has over 27 years of professional experience in Auditing, Finance, and Management in the public sector. He has a Master of Arts (Economics) and a Bachelor of Commerce (Accounting) degree from the University of Nairobi.

Mr Tulula is also a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Internal Auditors of Kenya (IIA(K)).



**CPA Patrick Kamore**

Chief Fiscal Analyst, National Government

Mr Kamore has over 19 years of professional experience in the private and public sectors. He holds a Master of Business Administration (Finance) and a Bachelor of Education Arts (Economics) degree from the University of Nairobi.

Mr Kamore is also a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).



**CPA Mark Kipkoech**

Chief Fiscal Analyst, County Governments

Mr Kipkoech has over 16 years of professional experience in the private and public sectors. He holds a Master of Arts (Economics) degree from the University of Nairobi and a Bachelor of Arts (Economics) from Kenyatta University.

Mr Koech is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Public Secretaries of Kenya (ICS(K)).



**Ms Irene Arimi**

Chief Manager, Human Resource Management

Ms Arimi has over 19 years of professional experience in the private and public sectors. She has a Master of Business Administration (MBA) degree from Kenya Methodist University, a Bachelor's degree in Human Resource Management from UNISA and a Certificate in Executive Human Resource Management from the Institute of Human Resource Management. Ms Irene is a member of the Institute of Human Resource Management.



**Ms Judith Muli**

Chief Manager, ICT

Ms Muli has over 17 years of professional experience in ICT practice in the private and public sectors. She holds a Master of Science (Information Systems) degree from the University of Nairobi, a Master of Business Administration (Strategic Management) from Moi University, and a Bachelor of Science (Mathematics) from the University of Nairobi.

Judith is a member of the Computer Society of Kenya (CSK), ISACA, and Internet Society of Kenya (ISOC) and a Lister with Kenya ICT Action Network (KICTANet).



**Mr Stephen Wangaji, OGW**  
Chief Manager,  
Public Relations & Communications

Mr Wangaji, OGW has over 30 years of professional experience in journalism, public relations, and communications. He holds a Master of Business Administration (Marketing) degree from Egerton University and a Bachelor of Arts (Geography & Economics) from the University of Nairobi. In addition, he holds a Post-graduate Diploma in Mass Communication from the University of Nairobi. Wangaji is a fellow of the Public Relations Society of Kenya.



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

Mrs Okatch has over 12 years of professional experience in the public sector. She has a Master of Business Administration degree from the University of Nairobi and a Bachelor of Commerce (Finance) from the Catholic University of Eastern Africa.

Mrs Okatch is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Association of Women Accountants of Kenya (AWAK).



**Mr Boniface Ikumu Chimuani**  
Chief Manager, Supply Chain Management

Mr Chimuani has over 22 years of professional experience in the public sector. He holds a Master of Science degree in Procurement and Logistics, a Bachelor in Procurement and Supply Chain Management from the Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Laws degree from Mount Kenya University.

He holds a Post-graduate Diploma in Law, a Final Diploma in Purchasing and Supply Management and a Foundation Diploma in Purchasing and Supply Management. He is also a member of the Kenya Institute of Supplies Management (KISM).



**CPA Patric Ontita Kebiro**  
Chief Fiscal Analyst Parliamentary Liaison

Mr Kebiro has over 11 years of experience in the Finance and Accounting environment from both the Public and Private Sectors. He holds a Master of Science degree in Finance (Finance and Investment) from the University of Nairobi, and a Bachelor of Commerce (Accounting) from Egerton University. He is a Certified Public Accountant, a Professional Mediator, and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

Before moving to his current role, he served as the Manager of Finance and Accounts at the Office of the Controller of Budget and as an Accountant at Simbisa Brands Kenya.

**i) OCOB Headquarters**

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

**ii) OCOB Contacts**

Telephone: (254) (0) 20318939, 2211056  
E-mail: [CoB@CoB.go.ke](mailto:CoB@CoB.go.ke)  
Website: [www.CoB.ke](http://www.CoB.ke)

**iii) OCOB Bankers**

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

**iv) Independent Auditors**

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

**v) Principal Legal Adviser**

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



## 2. CHAPTER TWO

### 2.1. Institutional and Administrative Structure

The Office of the Controller of Budget (OCOB) is headed by the Controller of Budget (CoB). The CoB is responsible for the day-to-day management of the office. The COB is assisted by the Deputy Controller of Budget (DCOB), who is also the head of the Budget Implementation Directorate. The Office has the following Directorates and one Division:

1. **Directorate of Budget Implementation.**
2. **Directorate of Corporate Services.**
3. **Directorate of Research and Planning.**
4. **Directorate of Legal Services and,**
5. **Division of Internal Audit.**

**Table 1: Composition of OCOB Senior Management**

S/NO.	DESIGNATION	NAME
1	Controller of Budget	FCPA Dr Margaret Nyakang'o, CBS
2	Deputy Controller of Budget	FCPA Stephen Masha, EBS
3	Director, Corporate Services	CPA Macklin Ogolla
4	Director, Legal Affairs	Ms Rhoda Rutto
5	Director, Planning, Research & Knowledge Management	Mr Joshua Musyimi (Resigned on 30 <sup>th</sup> June 2023)
6	Chief Internal Auditor	CPA Joseph Tulula
7	Chief Fiscal Analyst-National Government	CPA Patrick Kamore
8	Chief Fiscal Analyst-County Government	CPA CS Mark Kipkoech
9	Chief Manager, Public Relations & Communication	Mr Stephen Wangaji, OGW
10	Chief Manager, Human Resource & Administration	Ms Irene Arimi
11	Chief Manager, Information Communication & Technology	Ms Judith Muli
12	Chief Manager Finance & Accounts	CPA Pamela Okatch
13	Chief Manager Supply Chain Management	Mr Boniface Ikumu

#### (c) **Fiduciary Management**

The key management personnel who held office during the financial year that ended June 30, 2023, and who had direct fiduciary responsibility were as shown in Table 2:

**Table 2: Management with Fiduciary Responsibilities**

S/NO.	DESIGNATION	NAME
1	Controller of Budget	FCPA Dr Margaret Nyakang'o, CBS
2	Deputy Controller of Budget	FCPA Stephen Masha, EBS
3	Director Corporate Services	CPA Macklin Ogolla
4	Director Legal Affairs	Ms Rhoda Rutto
5	Director of Planning, Research and Knowledge Management	Mr Joshua Musyimi (Resigned on 30 <sup>th</sup> June 2023)
6	Chief Manager, Human Resource & Administration	Ms Irene Arimi
7	Chief Manager Finance & Accounts	CPA Pamela Okatch
8	<b>Chief Manager Supply Chain Management</b>	<b>Mr Boniface Ikumu</b>

**(d) Fiduciary Oversight Arrangements**

The COB has established administrative structures to entrench good governance practices. Further, the OCOB has created several committees to aid fiduciary oversight.

**a) Executive Committee**

The Executive Committee (EXCOM) has the mandate to oversee the overall performance and delivery of the office. The Executive Committee comprises the Controller of Budget, Deputy Controller of Budget, Directors and any such members as may be co-opted into the Committee on a need basis. It focuses on strategic leadership, management and direction, ensuring the most effective prioritization of resources. Further, the Committee spearheads the developing and implementing policies and the OCOB Strategic Plan. The Executive Committee is responsible for the following:

- (i) Oversee the Office of the Controller of Budget's overall performance by focusing on strategic leadership, management and direction;
- (ii) Ensure effective and efficient service delivery and prioritization of resources;
- (iii) Spearhead the development and implementation of policies and the OCOB Strategic Plan;
- (iv) Develop and monitor the performance of the OCOB Strategic Plan;
- (v) Approve and monitor the implementation of OCOB policies and procedures;
- (vi) Approve OCOB's organisation structure;
- (vii) Oversee risk management in the organisation;
- (viii) Provide direction on succession planning; and
- (ix) Promote stakeholders' engagements as provided in the OCOB Strategic Plan.

The composition of the Executive Committee is shown in Table 3.

**Table 3: Composition of Executive Committee**

S/NO.	DESIGNATION	NAME	POSITION
1	Controller of Budget	FCPA Dr Margaret Nyakang'o, CBS	Chairperson
2	Deputy Controller of Budget	FCPA Stephen Masha, EBS	Member
3	Director, Corporate Services	CPA Macklin Ogolla	Member
4	Director, Legal Services	Ms Rhoda Rutto	Member
5	Director, Planning, Research & Knowledge Management	Mr Joshua Musyimi	Member (Resigned on 30 <sup>th</sup> June 2023)

## b) The Management Committee

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

- (i) Establish and review the OCOB strategic and operational plans through policy and decision-making processes.
- (ii) Develop policies and procedures that guide the operations of the OCOB and record decisions and actions on matters concerning the office.
- (iii) Ensure that members of staff properly perform their tasks according to their job descriptions and further ensure that the COB mandate is executed correctly;
- (iv) Confirm that the OCOB establishes sound governance structures and complies with the laws of Kenya in the discharge of its mandate;
- (v) Ensure that all finances are properly managed, annual financial records are audited, and that the principles of public finance management articulated under Article 201 of the Constitution are adhered to.

In discharging their duties, members of the committees are guided by the organisation's policies and procedures, the Strategic Plan and other legislation.

**Table 4: Composition of Management Committee**

S/NO.	DESIGNATION	NAME	Position
1	Controller of Budget	FCPA Dr Margaret Nyakang'o, CBS	Chairperson
2	Deputy Controller of Budget	FCPA Stephen Masha, EBS	Deputy Chairperson
3	Director, Corporate Services	CPA FA Macklin Ogolla	Member
4	Director, Legal Affairs	Ms Rhoda Rutto	Member
5	Director, Planning, Research & Knowledge Management	Mr Joshua Musyimi	Member (Resigned on 30th June 2023)
6	Chief Internal Auditor	CPA Joseph Tulula	Member
7	Chief Fiscal Analyst-National Government	CPA Patrick Kamore	Member
8	Chief Fiscal Analyst-County Government	CPA Mark Kipkoech	Member
9	Chief Manager, Public Relations & Communication	Mr Stephen Wangaji, OGW	Member
10	Chief Manager, Human Resource & Administration	Ms Irene Arimi	Member
11	Chief Manager, Information Communication & Technology	Ms Judith Muli, CISA	Member
12	Chief Manager Finance & Accounts	CPA Pamela Okatch	Member
13	Chief Manager Supply Chain Management	Mr Boniface Ikumu	Member
14	Chief Fiscal Analyst- Parliamentary Liason	Mr. Patric Kebiro	Member

## c) Audit and Risk Committee

The Audit and Risk Committee is appointed by the Controller of Budget according to Gazette Notice No. 2690 of April 15, 2016. The Committee is responsible for monitoring and reviewing the integrity of the financial statements and supporting the COB by observing and reviewing the risk, control and governance processes established in the OCOB. The objectives are met by introducing an independent perspective and a process of constructive challenge, not to undermine the management's actions but to help the management be fully assured that the most cost-effective control and governance processes are in place. The governance processes enhance the performance of the OCOB.

The Committee's role is to ensure continuous improvement and adherence to the organization's policies, procedures and best practices at all levels.

**The specific functions of the Committee are;**

- i. Support the COB concerning the responsibilities of risk management, internal control, governance and associated assurance;
- ii. Follow up on the implementation of the recommendations of internal and external auditors;
- iii. Ensure that the OCOB adopts, maintains and applies appropriate accounting and financial reporting processes and procedures;
- iv. Facilitate the independence of the internal audit process and address issues arising from the audit process; and
- v. Ensure that the OCOB maintains effective risk management and internal control systems.

During the financial year, the committee membership was as follows;

**Table 5: Composition of Audit and Risk Committee**

S/NO.	NAME	DESIGNATION
1	CPA Joseph Sudi Ndinyo	Chairperson
2	CPA Margaret Muinde	Member
3	CPA Joel Simiyu Walucho	Member
4	CPA Agnes Mbaire Maina	Member
5	CPA David Mwangi Gichimu	Member
6	CPA Joseph Tulula	Secretary

The Committee held meetings, and the attendance at the meetings is as shown in Table 6

**Table 6: List of meetings held by the Audit and Risk Committee**

S/NO.	NAME	21.09.2021	16.11.2021	15.02.2022	17.05.2022
1.	CPA Joseph Sudi Ndinyo	√	√	√	√
2.	CPA Margaret Muinde	√	-	-	√
3.	CPA Joel Simiyu Walucho	√	√	-	√
4.	CPA Agnes Mbaire Maina	√	√	√	√
5.	CPA David Mwangi Gichimu	√	√	√	√
6.	CPA Joseph Tulula	√	√	√	√

**d) Budget Implementation Committee**

The Committee ensures the resources are utilised per the OCOB budgetary allocation and work plan. The primary responsibility of the budget implementation committee is to assist the COB in discharging her duty in the following areas:

- (i) Oversee the OCOB budget implementation and regularly advise the Accounting Officer on the performance of the budget;
- (ii) Review and consider the cash flow plan;
- (iii) Review the authorization of cash limits and consider any change as may be required;
- (iv) Review the utilization of development partner funds in the OCOB vote;
- (v) Advise the Accounting Officer on any challenges relating to budget implementation;
- (vi) Review and recommend the allocation of expenditures; and
- (vii) Review and approve the submission of the quarterly performance reports, the expenditure returns, IPPD, and pending bills and recommend action to be taken.

Some of the achievements included; (i) preparation of the OCOB Programme Based Budget, (iii) preparation of the sub-sector report and Programme Performance Review Reports, (iv) Preparation of the Annual budget Estimates and participating in the Sector working groups.

**Table 7: Composition of Budget Implementation Committee**

S/NO.	NAME	DESIGNATION
1	CPA Macklin Ogolla	Chairperson
2	Mr Joshua Musyimi	Vice Chairperson (Resigned on 30 <sup>th</sup> June 2023)
3	Ms Judith Muli	Member
4	Ms Irene Arimi	Member
5	Dr Denis Okungu	Member
6	Mr Boniface Ikumu	Member
7	CPA Patric Kebiro	Member
8	CPA Cheboi Thomas	Member
9	CPA Antonette Kanani	Member
10	CPA Pamela Okatch	Secretary

The Committee held meetings and the attendance of the meetings is as shown in Table 8;

**Table 8: Attendance Schedule for the Budget Implementation Committee**

No.	Name	Meeting Dates				
		31.8. 2022	09.09. 2022	15.09. 2022	03.10.2022	10.10.2022
1	CPA Macklin Ogolla	√	-	√	√	√
2	Mr. Joshua Musyimi	√	√	√	√	√
3	Ms. Judith Muli	√	√	√	√	√
4	Ms. Irene Arimi	√	√	√	-	√
5	CPA Pamela Okatch	√	√	√	√	√
6	Mr. Boniface Ikumu	√	-	√	-	√
7	Mr. George Tuti	√	√	√	√	√
8	CPA Dr. Denis Okungu	√	-	√	√	√
9	CPA Dr. Charles Njoroge	√	√	√	√	√
10	Mr. Geoffrey Mokua	√	√	√	√	√
11	CPA Antonette Kanani	√	√	√	√	√
12	CPA Thomas Cheboi	√	√	√	√	√

**e) Human Resources Management Advisory Committee (HRMAC)**

The Human Resource Management Advisory Committee (HRMAC) committee is responsible for advising the Controller of Budget on all human resource management issues.

The functions of the Committee entail the following:-

- (i) Identify, analyse and recommend available training opportunities to the Controller of Budget on the suitable candidates (based on identified training needs) for various training programs organized locally and internationally;

- (ii) Investigate and make recommendations to the Controller of Budget on disciplinary matters;
- (iii) Discuss and make recommendations on existing HR policies to the Controller of Budget;
- (iv) Discuss and make recommendations to the Controller of Budget on general staff welfare and motivation issues, among others;
- (v) Promotion of Values and Principles of Public Service; and

**Table 9: Composition of Human Resource Management Advisory Committee**

S/No.	Name	Role
1	CPA Macklin Ogolla	Chairperson
2	Mr. Joshua Musyimi	Member (Resigned on 30 <sup>th</sup> June 2023)
3	Ms. Rhoda Rutto	Member
4	CPA Mark Kipkoech	Member
5	CPA Patrick Kamore	Member
6	Ms. Judith Muli	Member
7	Mr. Stephen Wangaji	Member
8	CPA Pamela Okatch	Member
9	Boniface Ikumu	Member
10	CPA Patrick Kebiro	Member
11	Mr. Waweru Tuti	Member
12	Mr. Geoffrey Abuga	Member
13	Ms. Irene Arimi	Secretary

**f) Mortgages and Car Loans Committee**

The functions of the Committee entail the following:

- (i) Receive and process applications for loans by the existing terms and conditions of borrowing;
- (ii) Approve criteria for the beneficiaries of the scheme;
- (iii) Cause to keep proper books and records of accounts of the income, expenditure, assets and liabilities of the scheme;
- (iv) Forward the successful applications with recommendations to the Controller of Budget for approval before forwarding them to relevant financial institutions; and
- (v) Prepare and verify financial statements for auditing.

**g) Pension Scheme Committee**

The Trustees shall ensure that audited accounts of the scheme are submitted according to the format issued by the Retirement Benefits Authority. The functions of the Committee will entail the following:-

- (i) Administer the Scheme under provisions of the Retirement Benefits Act, 1997 Trust Deed and Scheme Rules;
- (ii) Update the Founder (Sponsor) every quarter in any financial year on all matters regarding the Scheme;
- (iii) Ensure that contributions based on the correct pensionable emoluments have been remitted to the Approved Issuer as provided for in the Retirement Benefits Act, 1997 and the Scheme Rules; and
- (iv) Keep records of accounts in respect of income, expenditure, liabilities and assets of the Scheme Fund.

**h) Integrity/Corruption Prevention Committee**

The functions of the Committee entail the following:-

- (i) Coordinate formulation and implementation of integrity initiatives;
- (ii) Setup priorities for the prevention of corruption in functional areas;
- (iii) Plan and coordinate corruption prevention strategies;
- (iv) Mainstream integrity in the institutional programs and activities;
- (v) Spearhead anti-corruption public campaigns within their areas;
- (vi) Monitor the impact of corruption prevention initiatives; and
- (vii) Strengthen internal control systems.

**i) Information Communications Technology (ICT) Committee**

The functions of the Committee entail the following:

- (i) Align ICT strategies with the broader OCOB strategic objectives;
- (ii) Ensure ICT compliance with the law, Public Financial Management (PFM) practice standards and constitutional expectations;
- (iii) Monitor and manage stakeholder expectations concerning ICTs;
- (iv) Ensure that ICT systems are in place to support staff learning and development; and
- (v) Monitor and manage material risks to which the Controller of Budget is exposed.

**j) Records Management Committee**

The functions of the Committee entail the following:

- (i) Develop and implement the records management policies, procedures, systems, retention and disposal schedules;
- (ii) Implement a fully integrated records management system with transparent processes and guidelines by the relevant legislations and acceptable standards;
- (iii) Ensure that all OCOB records are maintained according to acceptable standards in a secure and sustainable environment;
- (iv) Develop and implement Records Disaster Management Procedures Manual for all OCOB records; and
- (v) Develop and implement a Records Disaster Management Plan.

## 3. CHAPTER THREE

### 3.1. Review of FY 2022/23 Performance

The OCOB has one programme: Control and Management of Public Finances, and four sub-programmes namely; Authorization of Withdrawals from Public Funds, Budget Review and Analysis, Administration Support Services, and Research & Planning. The main objective of the OCOB is to promote prudent financial management by authorizing withdrawals from Public Funds and reporting on budget implementation for national and county governments. Each sub-programme has specific objectives to ensure the overall attainment of the COB mandate. This chapter reviews the achievements and challenges realised during FY 2022/2023.

#### **Objective 1: To ensure timely approvals of withdrawals from public funds**

Under Article 228 (4) of the Constitution, the Controller of Budget is mandated to oversee the implementation of the budgets of the national and county governments by authorising withdrawals from public funds under Articles 204 (Equalisation Fund), 206 (Consolidated Fund) and 207 (County Revenue Funds). The CoB also approves the withdrawal of funds from the Judiciary Fund (Article 173). Article 228(5) provides that the Controller of Budget shall not approve any withdrawal from a public fund unless satisfied that the withdrawal is authorised by law. Critical achievements for each output area are discussed below.

##### **a) Timely processing of Exchequer Requisitions**

To ensure the timely approval of exchequer requisitions, the CoB developed Exchequer Requisition Guidelines to provide the required documentation when requisitioning withdrawal of funds. The guidelines contain the requirements to ensure the standardization of the exchequer process and assist all stakeholders in understanding the needs for exchequer approval.

In FY 2022/23, the CoB approved Kshs.3.24 trillion from the Consolidated Fund. This comprised Kshs.308.03 billion for development, Kshs.1.22 trillion for recurrent, Kshs.1.31 trillion for Consolidated Fund Services and Kshs.399.6 billion for County Governments.

During the period, the CoB approved requests for withdrawals from the Equalization Fund worth Kshs. 670.35 million.

To improve efficiency and timeliness in the processing of the withdrawal of public funds, the CoB in consultation with the National Treasury and the Central Bank, are working to automate the exchequer requisition and approval process. During the FY 2022/23, the three institutions completed the process of developing exchequer automation and are preparing to conduct user acceptance tests of transactions from end to end in a live environment.

During the user analysis and design, the COB reviewed the proposed Exchequer Automation System and prepared comprehensive research and recommendations on improving the system while safeguarding and upholding the office's mandate and independence. The recommendations have been incorporated into the system.

##### **b) Timely Processing of Withdrawals for Consolidated Fund Services**

The CoB ensured timely processing of withdrawals for the Consolidated Fund Services by providing timely review, processing and approval or declining requests for withdrawals from the Consolidated Fund Services Account. The COB processed an average of 100 Pensions and Gratuities files per week for FY 2022/23.



### c) Operationalization of the Judiciary Fund

The Judiciary Fund (JF) was operationalized in FY 2022/23. The JF is established by Article 173(1) to be administered by the Chief Registrar of the Judiciary. The Fund is used to defray the administrative expenses of the Judiciary, the acquisition and proper maintenance of buildings, grounds and other assets of the Judiciary and other purposes provided for in the Constitution and other written laws.

To operationalize the JF, the Judiciary, the Central Bank of Kenya, the National Treasury and Economic Planning, and the Controller of Budget formed a joint task force to develop a framework for the operationalization of the Fund. The framework developed recommended a two-level process for the flow of funds. The process involved approval for the withdrawal of funds from the Consolidated Fund to the JF and from the JF to the respective JF Operational Accounts. The CoB developed guidelines for the required documentation when requisitioning for the approval for withdrawal of funds.

During the year, 105 requisitions for withdrawing funds from the Judiciary Fund were submitted to the CoB, of which 89 were processed and approved for withdrawal of Kshs. 20.24 billion, usually granted within one day. Some sixteen (16) requisitions were declined for various reasons, such as non-adherence to SRC Circulars and non-adherence to the Judiciary Fund Exchequer Guidelines requirements.

Table 8 provides a summary of the sub-programmes, strategic objectives and targets, outcome indicators and actual performance recorded during the FY 2022/2023.

**Table 10: Analysis of Programme Targets and Achievements**

Programme	Control and Management of Public Finances				
Sub-Pro-gramme	Strategic Objectives	Output/Outcome	Key Performance Indicator (KPI)	Performance FY 2022/23	Comments
SP.1.1 Author-ization of withdrawals from public funds	To ensure timely approvals of withdrawals from public funds	Timely processing of Exchequer Requisitions	No. of days taken to review, process and approve/decline requests for withdrawal of funds	1	There will be improved efficiency in the exchequer approval process once Exchequer automa-tion by NT is completed.
			No. of requests for withdrawal of funds, reviewed and processed per week (Consolidated Fund)	12	All requests submitted by TNT were reviewed, processed and approved
			No. of requests for withdrawal of funds, reviewed and processed per week (Judiciary Fund)	3	Judiciary Fund was created in FY 2022/23.
			No. of requests for withdrawal of funds, reviewed and processed per week (annual) Equaliza-tion Fund)	7	
			No. of requests for withdrawal of funds, reviewed and processed per week (County Revenue Fund)	157	

Programme	Control and Management of Public Finances				
Sub-Programme	Strategic Objectives	Output/Outcome	Key Performance Indicator (KPI)	Performance FY 2022/23	Comments
			No. of monthly exchequer reports prepared and disseminated to Senate, County Executive and County Assembly	564	
			No. of bills and legislations reviewed to ensure compliance with the PFM Act and the Constitution (National and County Govt)	163	
			No. of days taken on average to review legislations, Bills and advisories to ensure compliance with the Constitution and PFM Act (National and County Government)	5	
			No. of complaints on budget implementation handled (national and county government) and advisories issued	5	Some complaints related to pending Bills, failure to remit statutory deductions, lack of public participation in the budget process, diversion of funds and salary deductions by counties, misappropriation of funds and abuse of office by some of the Counties, recruitment of staff without budgets, the legality of implementing budgets, stalled and unimplemented projects.
			No. of cases relating to budget implementation where CoB was listed as either a petitioner, respondent or an interested party	17	The disputes involved budget implementation between the county executive and the assemblies.
			No. of guidelines and checklist for the approval of exchequer requests developed (CF, EF, JF, CRF)	3	
		Timely processing of withdrawals for the Consolidated Fund Services	No. of days taken to review the files relating to public debt	5	
			No. of public debt requisitions reviewed, processed, approved/declined per week	100	
			No. of days taken to review pensions and gratuities files	4	

Programme	Control and Management of Public Finances				
Sub-Programme	Strategic Objectives	Output/Outcome	Key Performance Indicator (KPI)	Performance FY 2022/23	Comments
			No. of pensions and gratuities files processed for quality assurance per week	100	
0730020 SP.1.2 Budget Review and Analysis	To ensure the provision of quality advice on budgeting and budget implementation	Timely reporting on the Budget implementation process	No. of National and County Government Budget Implementation review reports produced	8 (4 for NG and 4 CGs)	Twenty-three thousand four hundred reports were produced/printed, comprising 10,500 reports for the NG and 12,900 for county governments.
			No. of County Specific budget implementation review reports produced	188	Capacity challenges experienced in the publication and publicization of reports.
			No. of popular versions of budget implementation review report produced.	8	OCOB developed the popular versions but could not be publicized due to budget constraints.
		Review of planning and budget documents	No. of special reports prepared and submitted	29	The OCOB prepared special reports to Parliament during the FY 2022/23 period.
			No. of training undertaken on building capacity on budget implementation	6	
			No. of Planning Documents for National government reviewed (Debt Management Strategy Paper, BRDP and BPS)	3	There is, however, a challenge in receiving the planning documents on time due to a lack of supporting legislation.
			No. of Budget Documents for the National government (Draft Budget Estimates, the Approved Budget and Supplementary Budgets) reviewed.	4	The OCOB reviewed all the budget documents in FY 2022/23.
		Enhanced reporting on Budget Implementation review	No. of Planning Documents for County government (CIDP, CBROP, ADP, CFSP and County Debt Management Strategy Paper) reviewed.	235	There was, however, a challenge in receiving the planning documents on time due to a lack of supporting legislation.
			No. of Budget Documents for County government (Draft Budget, Approved Budgets, Supplementary Budgets) reviewed.	188	All submitted Draft Budgets, Approved Budgets and Supplementary Budgets were reviewed. Counties had, on average, two supplementary budgets each.

Programme	Control and Management of Public Finances				
Sub-Pro-gramme	Strategic Objectives	Output/Outcome	Key Performance Indicator (KPI)	Performance FY 2022/23	Comments
			No. of training undertaken on building capacity on budget implementation	1	Staff performing budget reviews trained on Programme Based Budgeting at Kenya School of Government.
		Public sensitization forums on budget implementation are held	No. of public participation forums and media engagements	8	There were media engagements and comments by theCOB on budget implementation issues and regular coverage of OCOB activities in the print and electronic media each quarter on the publication of BIRRs.
SP.1.3 Administration and Support Services	To enhance operational efficiency	Efficient service delivery	Number of Human Resources trained.	69	Due to inadequate funding.
			Percentage (%) of staff establishment achieved (staff establishment of 253)	57	Due to inadequate funding, there were 136 staff are employed against a target of 253.
			Customer satisfaction surveys	-	A customer satisfaction and public perception survey was undertaken in 2021. The overall satisfaction index was 77% among the staff and 88% among other stakeholders.
			Data Capture and Reporting System in Place.	100%	Central Data Management Retrieval System (CDMRS) for access counties, MDAs and public portal access. Development partners funded it.
			Percentage of ageing ICT assets and infrastructure maintained.	80%	Inadequate ICT funding has hindered the complete maintenance of ICT Infrastructure and assets.
			OCOB data centre (redundancy and business continuity site). Percentage (%) completion	-	Target not met due to inadequate ICT funding hindering the acquisition of a Critical Data Centre hardware and software
SP.1.4 Research & Planning	To Enhance Good Governance	Research on budget implementation	No. of Surveys and Research Reports completed	2	Budget credibility reports were done.
		Research on budget implementation	No. of Annual reports produced to the Executive and Parliament under Article 254 (1) of the Constitution.	1	Three hundred copies of the annual report were produced.
		Monitoring and Evaluation of projects	No. of M&E activities undertaken at the National and County Governments	30	Desk review of programmes and sub-programmes for the 47 county governments done.

Programme	Control and Management of Public Finances				
Sub-Pro-gramme	Strategic Objectives	Output/Outcome	Key Performance Indicator (KPI)	Performance FY 2022/23	Comments
			No. of M&E reports produced for county governments	30	The remaining 17 counties will be covered during the FY 2023/24
		Partnerships and collaborations	No. of collaborations and partnerships established	2	We developed and signed MOUs with 2 partners and stakeholders to implement the COB mandate.
		Online subscriptions to journals and magazine	No. of online subscriptions	24	We subscribed to twenty (20) international online databases that provide journals, e-books and other reference materials.

### Objective 2: To ensure the provision of quality advice on budgeting and budget implementation

The objective is to provide advice on prudent financial management in the public service and enhance reporting on budget implementation. It ensures the public is sensitized to the budgeting process. The critical outputs in this area included; (i) preparation and publication of the National and County Governments' Budget Implementation Review Reports (BIRRS), (ii) management of exchequer records, (iii) compliance with the public financial management framework, (iv) sensitization of the public on the budget implementation and (v) tracking and monitoring the implementation of budgets.

Other achievements include the preparation of summary reports with critical issues in the BIRRS to national and county governments including a continuous review and provision of recommendations on planning and budgeting documents such as the budget review and outlook papers (BROPs), county Budget Review and Outlook papers (CBROP), Budget Policy Papers (BPS), and County Fiscal Strategy Papers (CFSP). The office has also undertaken capacity building for its staff on complaints handling and alternative dispute resolution. The specific achievements during the period under review are highlighted below:

#### a) Engagement with Development Partners

During the FY 2022/23, the COB collaborated with UNICEF, the World Bank, and the UNCDF through the Public Finance Management Reforms (PFMR) to support capacity building on public finance management and promote accountability at both levels of Government. The partnerships were in the following areas:

- The GESDeK program under the Public Finance Management Reforms (PFMR) Secretariat partnered with the Controller of Budget to fund consultations and training of County Executive and County Assembly staff on cash management including the exchequer approval process by the Controller of Budget that was held in November 2022 in Mombasa.
- UNCDF trained staff of the Office of the Controller of Budget on the Tax Administrative Diagnostic Assessment Tool (TADAT) Methodology and supported assessments for 11 County governments during the reporting period.

#### b) Engagement with Parliamentarians

The COB continues to engage with Parliament on the oversight of budget implementation and accountability of both the National and County governments. During FY 2022/23, the COB established a Parliamentary Liaison Office to engage with and support Parliament closely.

The CoB submitted the quarterly BIRRs to Parliament and shared monthly County government exchequer release reports with the respective Senators to enhance their oversight role. Specifically, the office engaged with the following National Assembly Committees;

- i. Standing Committee on Public Debt & Privatization.
- ii. Standing Committee on Budget & Appropriation.
- iii. Departmental Committee on Finance and National Planning.
- iv. Public Petitions Committee.
- v. National Assembly Committee on Delegated Legislation
- vi. Departmental Committee on Labour.
- vii. Six Watchdog Committees (Public Accounts Committee; Public Investment Committee on Social Services, Administration and Agriculture; Public Investment Committee on Commercial Affairs and Energy; Decentralized Fund Committee; Specialized Accounts Fund Committee; Public Investment Committee on Governance and Education.

In addition, the office engaged with the following Senate Committees: Devolution and Intergovernmental Relations, Finance and Budget, County Public Investment and Special Funds, Senate Standing Committee on Health, Office of the Deputy Speaker, Senate, and County Public Investments Committee.

The office provided information to the Senate during the following functions:

- i. The impeachment proceedings for the Governor of Kirinyaga County.
- ii. The impasse between the County Executive and County Assembly of Kitui.
- iii. The Budget Implementation issues touching on Bungoma County in June/July 2021.
- iv. A report on the National Government's release and utilisation of COVID-19 pandemic funds.
- v. A report to the Senate Finance and Budget Committee on the County Government's Wage Bill for Public Officers.
- vi. A report on the status of pending bills to the Senate Finance and Budget Committee.

### **Objective 3: To enhance public access to government budget implementation reports**

The COB has ensured that the public can access understandable, credible, and timely information on budget implementation. Some achievements include undertaking a customer satisfaction survey to get feedback from stakeholders on OCOB services, developing a Customer Service Charter, and media engagement through robust media relations initiatives and planned meetings.

### **Objective 4: To enhance operational efficiency**

The objective seeks to achieve efficient service delivery by enhancing the capacity of the COB to deliver on the constitutional mandate. To improve service delivery to the members of the public and stakeholders, the office has developed the OCOB service charter. The charter is available at all OCOB offices countrywide and provides information on the services offered by the office with corresponding delivery times. The significant achievements under this objective are presented below:

#### **1) Human Resource Development and Capacity Building**

##### **a. Training of Staff**

The COB acknowledges the importance of staff training and development, an exercise to develop all-round skill sets. The office sponsored staff to relevant training to improve productivity and efficiency. The CoB launched capacity-building programs and facilitated officers to attend professional development courses, seminars and

workshops. These training interventions are aligned with the organisation's performance management systems. However, the office did not achieve the targets set for the period due to inadequate funding.

**b) Compliance with the Values & Principles of Public Service**

The office is required to comply with the values and principles in Articles 10 and 232 of the Constitution as guided by the PSC. The OCOB recorded a 15.1 percentage increase in the performance index score from 44.10 per cent recorded in FY 2021/2022 to 59.20 per cent in FY 2022/2023 in its compliance with the PSC values and principles.

**c) Development and Management of the Staff Establishment**

To ensure optimum staffing levels, the office has designed a phased approach to address the ever-increasing workload. The COB recruited 30 staff to fill vacant positions within the establishment during the period. This comprised six staff at the management level, 23 at technical level and one at the support level. The staff recruitment was informed by the skills set analysis provided by the Heads of Department after a comprehensive skills gap review.

In recognition of the exemplary performance recorded by the office over the years, the CoB and the DCoB were awarded State Commendations of CBS and EBS honours respectively.

**d) Staff Mortgage Facilities**

The OCOB has continued to provide mortgages to its staff to promote the Government's plan of access to affordable housing under the Bottom-Up Economic Transformation Agenda (BETA) on accessible and adequate housing at reduced interest rates. So far, twenty-three (23) staff members have accessed the facility, and other applications are at various stages of approval.

**e) Information Communication & Technology**

The office has embraced technology in the delivery of services and is moving towards acquiring modern ICT and infrastructure equipment. During the year, the office replaced parts and materials (array software) for the existing data storage appliance and procured a server, a data storage appliance and a network switch to improve data centre operations. The office also acquired six (6) laptop computers for staff. The office looks forward to additional support to effectively deliver on its mandate.

**f) Financial Reporting**

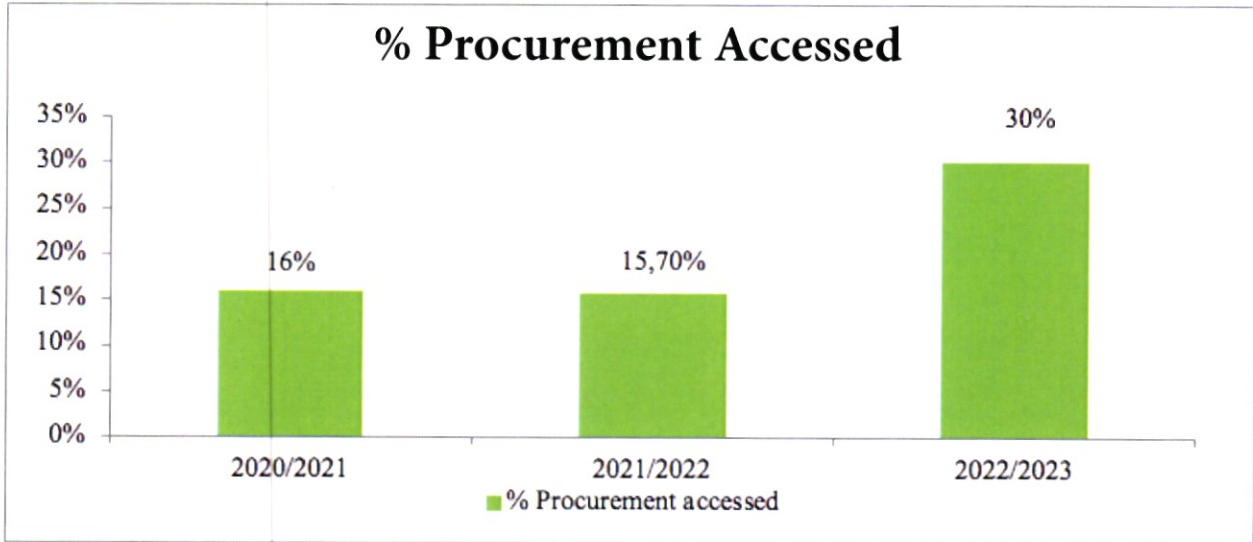
The OCOB received unqualified opinions from the Auditor-General on its Annual Reports and Financial Statements in the FY 2022/23. Further, the OCOB was recognised as the first-runners up in the IPSAS cash-basis of reporting under the Commissions and Independent Offices category in the Financial Reporting (FiRE) Award competition in FY2022/23. The office also received commendation letters from the National Treasury and Economic Planning for excellent performance in financial management reporting.

**g) Supply Chain Management**

The COB prepared a consolidated Annual Procurement Plan and submitted it to the Public Procurement Regulatory Authority (PPRA) within the stipulated timeline; prepared the required periodic statutory reports to

the PPRA and NT&EP; prepared tender documents for goods/services/works and followed up tender processing for the contract signing. Some of the significant tenders included the tender for the provision of Medical, Group Life, Accident/WIBA Insurance Covers and printing of BIRRs, Annual Reports, Financial Statements and OCOB Strategic Plan 2023–2027. Further, the COB facilitated Access to Government Procurement Opportunities (AGPO) for reserved groups at 30 per cent for FY 2022/23 as shown below.

**Figure 1: Access to Government Procurement Opportunities in OCOB**



**h) Internal Audit**

The office reviewed the adequacy of its internal control systems, risk management frameworks and existing governance processes. It also reviewed Public Debt and Pensions and Gratuities payments to comply with the law before the Controller of the Budget approves the withdrawal of funds. The COB established an Audit and Risk Committee, which aligns with section 155 of the PFM Act, 2012 and with the National Treasury Guidelines issued in 2016.

Risk-based audits on OCOB functions were undertaken, and reports were issued to the Audit and Risk Committee. Follow-up action was taken to ensure that all audit recommendations have been implemented.

**Objective 5: To attract and retain productive and motivated human resource**

The office has reviewed its organizational structure to attract, retain, and motivate its staff. Further, the office has continued to train its staff in critical work areas to improve service delivery. Further, the OCOB staff mortgage scheme has ensured team members can access loans for houses of their choice.

**Objective 6: To strengthen the Legal and Regulatory Framework**

The COB has continued to undertake legal audits to ensure compliance with the law and has reviewed all agreements to ensure compliance with the law. However, the COB has yet to develop a structured framework for engagement with stakeholders in law enforcement, i.e. EACC, DCI, and DPP. Some of the achievements under this objective included:



**a. Development of the Controller of Budget Draft Regulations, 2021**

According to Article 228 of the Constitution and the provisions of Section 25 of the Controller of Budget Act, 2016, the Controller of Budget, in consultation with the Kenya Law Reform Commission and the Office of the Attorney General, developed the Draft Controller of Budget Regulations. A comprehensive public participation exercise was undertaken. After that, the draft Controller of Budget Regulations 2021 was published vide Kenya Gazette Supplement No. 226 (Legislative Supplement No. 101 Legal Notice No. 254) dated 3rd December 2021.

The National Assembly Committee on Delegated Legislation acceded to the published Regulations, having satisfied the legal requirements of the Constitution, the Statutory Instruments Act, the Interpretation and the General Provisions Act and the Controller of Budget Act. However, in June 2022, the Senate adopted a Sessional Committee on Delegated Legislation Report that annulled the Regulations. These events have forced the office to repeat the process that will lead to developing the Regulations for the COB Act 2016.

**b. Issuing of Advisories on Legal Compliance**

To ensure the office effectively delivered on its mandate, it undertook research on topical issues and rendered advisories to various entities on several issues that included irregular recruitment, appointment and promotion in the County Public Service Board; appointment of Accounting Officers and Receivers of Revenue; implementation of the Members of the County Assembly Car Reimbursement benefit; implementation of the County Governments Additional Allocations Act; funds flow process to the Judiciary Fund and documents required to support a request to withdraw funds from the Fund; automation of the Exchequer Process; budgetary ceilings, compliance with court decisions, vote on account, and implementation of decrees of the Court as well as the impact of various court orders.

**Objective 7: To Enhance Organizational Image and Visibility**

The COB has continued to publish a periodic OCOB newsletter which provides information on the activities undertaken by the office. The office has also developed a communication policy to guide its interaction and communication with external stakeholders. It has also engaged in public outreach programmes, including engagement with the public through digital communication platforms.

Other achievements include Regular coverage of COB activities in the print and electronic media; regular content for website updates; daily media monitoring and reporting; development of a Customer Service Charter; undertaking a Customer Satisfaction Survey, and producing and distributing Public Education Information materials.

**Objective 8: To Enhance Good Governance**

The office has developed an Enterprise Risk Management (ERM) framework, continuously reviewed the internal control systems, conducted capacity building of staff members on auditing, constantly monitored and implemented work plans, and prepared status reports. The key activities of this sub-programme include research activities on budget implementation issues and undertaking monitoring and evaluation of the projects under implementation at both the national and county government levels.

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

### a) Monitoring and Evaluation of projects in the Counties

The Controller of Budget is required under Section 5(b) of the Controller of Budget Act 2016 to ensure the prudent and efficient use of public funds by, among other functions, monitoring, evaluating, reporting, and making recommendations to the National and County Governments on measures to improve budget implementation.

The COB undertook monitoring and evaluation of projects across 30 counties. The M&E exercises aimed to determine if public funds are used prudently and efficiently in implementing planned activities. During the monitoring and evaluation exercises, the office made several observations on the progress made on budget implementation at the counties. Some of the observations made included:

- a) Discrepancies between the budget implementation reports and the approved Programme-Based Budgets (PBB).
- b) Spending of funds outside the budget appropriation structure.
- c) Non-compliance with various government circulars, such as the circular on budget ceilings on the construction of non-core County infrastructure.
- d) failure to establish Emergency Funds as per Section 110 (1) of the Public Finance Management Act, 2012 and non-adherence to Regulation 49 of the Public Finance Management (County Governments) Regulations, 2015, on the procedure for making advances from the Emergency Fund and reporting on the utilisation.
- e) Use of commercial bank accounts to operate Public Funds contrary to Regulation 82 (1)(b) of the PFM (County Governments) Regulation, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya.

The Controller of Budget also assessed the compliance with budget ceilings on the construction of non-core County infrastructure. Some of the projects that were monitored during the monitoring and evaluation included:

#### 1) Completion of the Construction West Pokot Governor's Residence

The Controller of Budget monitored the construction of the West Pokot Governor's residence which had stalled since FY 2016/17. The current administration undertook to complete most of the County's stalled projects amongst them the Governor's residence. As of the monitoring period, the construction works were at 70 per cent completion and the budget was within the infrastructural ceiling issued by the Salaries and Remuneration Commission.



Figure 2: Construction of the West Pokot Governor's Residence

### 2) Construction of Official Residence for Speaker of Kericho County Assembly

The County Assembly is currently constructing the official residence for the Speaker of the County Assembly on approximately 1 acre of public land. The contract sum for the project is Kshs.34.6 million, and Kshs.17.15 million (50% of the contract sum) has been paid to date. The project is estimated to be 75% complete, and the contract period has lapsed.



Figure 3: Ongoing construction of Kericho County Speaker's Residence

### 3) Status of the Official Residence for the Governor of Kericho County

The County government has not constructed a new house for the Governor but has designated the house of the former Town Clerk as the official residence for the Governor.

### 4) Status of the Construction of Kilifi County Assembly Chambers

The County Assembly started constructing the chambers in 2016 for a contract sum of Kshs. 600.2 million. However, the contract was terminated in August 2017, and a new one was awarded in 2018 for Kshs.408.65 million. The project is estimated to be 70 per cent complete.



Figure 4: Kilifi County Assembly

## 4. CHAPTER FOUR

### 4.1. Challenges in Budget Implementation and Recommendations

During FY2022/23, the COB faced several challenges that impacted the budget implementation process. This section highlights some of the challenges faced and proposes some of the ways for resolving the identified challenges.

#### a) Inadequate Funding for Monitoring and Evaluation of Budget Implementation

The office was allocated Kshs. 13 million in FY 2022/23, the funds allocated were inadequate to undertake M&E for both levels of government. During this period, the office only managed to undertake M&E on-budget implementation in 30 counties in FY 2022/23.

The office also faced a capacity challenge in terms of the number of staff required to undertake a comprehensive M&E exercise on all facets of budget implementation.

#### Proposed recommendations:

Section 5(b) of the COB Act 2016 provides that the COB shall ensure prudent and efficient use of public funds by monitoring, evaluating, reporting, and making recommendations to both levels of government on measures to improve budget implementation. The sector should allocate the COB adequate funds to comprehensively undertake M&E on all facets of budget implementation for both levels of government. The sector should also allocate sufficient funds to the office to recruit and attain optimal staffing levels in line with the staff establishment.

#### b) Delays in the Disbursement of the Exchequers

The implementation of the COB's planned activities was affected by the late receipt of the exchequers from the National Treasury. In many instances, the office received exchequers towards the end of the financial year (quarter 4), thereby affecting the implementation of planned activities such as monitoring and evaluation.

#### Proposed recommendations:

To ensure the timely implementation of planned activities, the National Treasury should endeavour to release the exchequers timeously per the annual cash-flow plan for the COB to undertake its planned activities.

#### c) Technological Challenges

The COB's ICT infrastructure, hardware, software, and networking technology require some refreshing regarding new acquisitions and upgrades. With the planned move to automate the exchequer process and the development of a data collection system for reporting on budget implementation, there is an urgent need to acquire new data centre infrastructure, new ICT user equipment and software applications for existing and new staff to ensure efficient service delivery. Further, COB does not have an offsite data recovery site for the backup of its critical systems and data and, therefore, intends to acquire and set up a disaster recovery site that will restore and recover data in the event of a disaster.

#### Proposed recommendations:

The sector should provide adequate funding for the COB to progressively acquire new user ICT equipment and modern data centre infrastructure and implement a central data management and repository system that will automate the collection of budget implementation data. Additionally, the COB plans to acquire one disaster recovery site that will be used to recover and restore its technology infrastructure and operations when its primary site becomes unavailable.

**d) Inadequate Staffing**

Although the COB has an approved staff establishment of 253, the current in-post is 145 staff, with the remaining positions outstanding due to budget constraints. In FY 2021/22, the Auditor-General audited staffing levels and established that the office was grossly understaffed. Recruiting additional staff to attain optimal levels to discharge the COB mandate is critical.

**Recommendation:**

The COB has developed a Career Progression Plan for the office. The sector should provide adequate resources to implement the new optimal staffing structure once the documents are approved.

**e) Inadequate Budget to Implement Planned Activities**

The operations of the office have been negatively affected by inadequate budgetary allocation to support the implementation of the OCOB Strategic Plan, for example, lack of adequate staff establishment necessary to implement planned activities, inability to carry out monitoring and evaluation of budget implementation at the national government level, failure to conduct public sensitisation forums across the country among others.

**Proposed recommendations:**

To effectively implement planned activities, the sector should provide additional funding to the office to enable it to deliver on its constitutional mandate.

**f) Inadequate Funding to undertake Public Sensitisation**

Section 39(8) of the PFM Act mandates the Controller of Budget to provide information on budget implementation for both levels of government to the public. The office has been relying on donor funds from the Public Finance Management Reforms program to undertake this activity. However, the donor program supporting the activity of public sensitisation lapsed in FY 2020/21. Consequently, the office was unable to undertake public sensitisation activities in FY 2022/23, which negatively impacted the discharge of its mandate.

**Proposed recommendations:**

The sector should allocate adequate funds to enable the office to undertake activities geared towards public sensitisation to discharge the mandate under Section 39(8) of the PFM Act.

## 5. CHAPTER FIVE

### 5.1. Statement of Management Responsibilities

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

The Controller of Budget is responsible for preparing and presenting the entity's financial statements, which give a true and fair view of the entity's state of affairs for and as of the financial year ending on June 30, 2023. This responsibility includes:

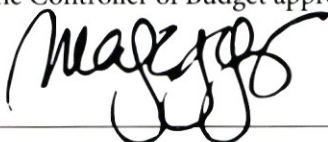
- a) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- b) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- c) designing, implementing 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;
- d) Safeguarding the assets of the entity;
- e) selection and application of appropriate accounting policies, and
- f) making accounting estimates that are reasonable in the circumstances.

The Controller of Budget accepts responsibility for the entity's financial statements, prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies under International Public Sector Accounting Standards (IPSAS). The Accounting Officer believes that the entity's financial statements give a true and fair view of the state of the entity's transactions during the financial year that ended June 30, 2023, and of the entity's financial position as of that date. The Controller of Budget further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements, as well as the adequacy of the systems of internal financial control.

The Controller of Budget confirms that the entity has complied 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 intended and were adequately accounted for. Further, the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Controller of Budget approved and signed the financial statements on September 6, 2023.



FCPA Dr Margaret N. Nyakang'o, CBS

ICPAK Member: 2145

CONTROLLER OF BUDGET

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**OFFICE OF THE CONTROLLER  
OF BUDGET**

**FOR THE YEAR ENDED  
30 JUNE, 2023**



## REPUBLIC OF KENYA

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HEADQUARTERS  
 Anniversary Towers  
 Monrovia Street  
 P.O. Box 30084-00100  
 NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON OFFICE OF THE CONTROLLER OF BUDGET FOR THE YEAR ENDED 30 JUNE, 2023

### PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Office of the Controller of Budget set out on pages 1 to 29, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2023, and the statement of receipts and payments, statement of

*Report of the Auditor-General on Office of the Controller of Budget for the year ended 30 June, 2023*

cash flows and the 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 the Office of the Controller of Budget as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Controller of Budget Act, 2016.

#### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Office of the Controller of Budget Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of Matter**

##### **Pending Accounts Payables**

Note 22.2 to the financial statements reflects pending accounts payables totalling Kshs.4,331,239 as at 30 June, 2023. The balance relates to pending bills that were not paid during the year under review but were instead carried forward to the financial year 2023/2024.

Failure to settle bills during the year to which they relate adversely affects the implementation of the subsequent year's budgeted programs as the outstanding bills form a first charge to that year's budget provision.

My opinion is not modified in respect of this matter.

#### **Key Audit Matters**

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

#### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

##### **Conclusion**

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

**Basis for Conclusion**

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

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

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

**Basis for Conclusion**

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

**Responsibilities of Management and those Charged with Governance**

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

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

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

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

Those charged with governance are responsible for overseeing the Office's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

#### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Office to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Office to express an opinion on the financial statements
- Perform such other procedures as I consider necessary in the circumstances

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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 Nancy Gathirou, CBS  
AUDITOR-GENERAL

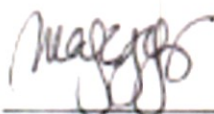
Nairobi

08 January, 2024

**12. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED  
JUNE 30, 2023**

Description	Note	2022-2023 Kshs	2021-2022 Kshs
<b>RECEIPTS</b>			
Exchequer releases	20.1	599,200,344	644,434,737
Proceeds from Domestic and Foreign Grants	20.2	-	1,167,200
<b>TOTAL RECEIPTS</b>		<b>599,200,344</b>	<b>645,601,937</b>
<b>PAYMENTS</b>			
Compensation of Employees	20.3	350,454,863	334,098,453
Use of goods and services	20.4	178,221,167	161,604,705
Social Security Benefits	20.5	10,892,801	19,717,310
Acquisition of Assets – Non-Financial	20.6	7,077,869	3,979,490
Acquisition of Assets – Financial	20.7	49,591,116	100,000,000
Expenditure from Domestic and Foreign Grants	20.2	-	1,167,200
<b>TOTAL PAYMENTS</b>		<b>596,237,816</b>	<b>620,567,158</b>
		<b>2,962,528</b>	<b>25,034,779</b>
<b>SURPLUS/(DEFICIT)</b>			

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on September 6, 2023 and signed by:



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



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

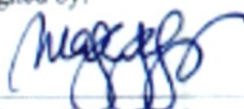


Director Corporate Services  
Name: CPA Macklin Ogolla  
ICPAK Member: 4077

### 13. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT JUNE 30, 2023

Description	Note	2022-2023 Kshs	2021-2022 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	20.8A	7,123,928	25,452,675
Cash Balances	20.8B	169,838	254,630
<b>Total Cash and cash equivalent</b>		<b>7,293,766</b>	<b>25,707,305</b>
Imprest and Advances	20.9	-	2,346
<b>TOTAL FINANCIAL ASSETS</b>		<b>7,293,766</b>	<b>25,709,651</b>
<b>FINANCIAL LIABILITIES</b>			
Third Party Deposit and Retention	20.10	(4,331,238)	(674,853)
<b>NET FINANCIAL ASSETS</b>		<b>2,962,528</b>	<b>25,034,798</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	20.11	25,034,798	22,997,750
Prior year adjustment	20.12	-25,034,798	(22,997,750)
<b>Surplus/(Deficit) for the year</b>		<b>2,962,528</b>	<b>25,034,798</b>
<b>NET FINANCIAL POSITION</b>		<b>2,962,528</b>	<b>25,034,798</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on September 6, 2023 and signed by:



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



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



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

#### 14. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

Description	Note	2022-2023	2021 -2022
		Kshs	Kshs
<b>Operating Activities</b>			
<b>Receipts</b>			
Exchequer Releases	20.1	599,200,344	644,434,737
Proceeds from Domestic and Foreign Grants -Ford Foundation	20.2	-	1,167,200
<b>Total Receipts</b>		<b>599,200,344</b>	<b>645,601,937</b>
<b>Payments</b>			
Compensation of Employees	20.3	350,454,863	334,098,453
Use of goods and services	20.4	178,221,167	161,604,705
Social Security Benefits	20.5	10,892,801	19,717,310
Other Expenses - Ford Foundation Grant Expenditure	20.2	-	1,167,200
<b>Total Payments</b>		<b>539,568,831</b>	<b>516,587,668</b>
<b>Net Receipts/(Payments)</b>		<b>59,631,513</b>	<b>129,014,269</b>
<b>Adjusted for:</b>			
Adjustments during the year			
Prior Year Adjustments	20.12	(25,034,798)	(22,997,750)
Decrease/(Increase) in accounts receivable	20.13(a)	2,346	(2,336)
Increase/(Decrease) in deposits and retention	20.13(b)	3,656,385	(1,166,867)
<b>Net cash flow from operating activities(A)</b>		<b>38,255,446</b>	<b>104,847,325</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets-Non-Financial	20.6	(7,077,869)	(3,979,490)
Acquisition of Assets- Financial	20.7	(49,591,116)	(100,000,000)
<b>Net cash flows from Investing Activities(B)</b>		<b>(56,668,985)</b>	<b>(103,979,490)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
Net cash flow from financing activities(C)		-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(18,413,539)</b>	<b>867,805</b>
Cash and cash equivalent at BEGINNING of the year		25,707,305	24,839,470
<b>Cash and cash equivalent at END of the year</b>		<b>7,293,766</b>	<b>25,707,305</b>



The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on September 6, 2023 and signed by:



Controller of Budget

Name: FCPA Dr. Margaret Nyakang'o

ICPAK Member: 2145



Chief Manager Finance and Accounts

Name: CPA Pamela Okatch

ICPAK Member Number: 7884



Director Corporate Services

Name: CPA Maedlin Ogolla

ICPAK Member: 4077

15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR FY2022/23

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Exchequer releases	702,370,000	(82,008,883)	620,361,117	599,200,344	21,160,773	97%
<b>Total Receipts</b>						
<b>Payments</b>						
Compensation of employees	400,070,000	(41,700,000)	358,370,000	350,454,863	7,915,137	98%
Use of goods and services	182,179,737	6,160,000	188,339,737	178,221,167	10,118,570	95%
Social security benefits	15,423,120	(4,400,000)	11,023,120	10,892,801	130,319	99%
Acquisition of assets non-financial	4,697,143	8,240,000	12,937,143	7,077,869	5,859,274	55%
Acquisition of assets-Financial	100,000,000	(50,308,883)	49,691,117	49,591,116	100,001	100%
<b>Total Payments</b>	<b>702,370,000</b>	<b>(82,008,883)</b>	<b>620,361,117</b>	<b>596,237,816</b>	<b>24,123,301</b>	<b>96%</b>
<b>Surplus/ Deficit</b>	-	-	-	<b>2,962,528</b>	<b>(2,962,528)</b>	

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

- (a) The changes between the original budget and the final budget of **Kshs. 82,008,883** were as a result of savings in the personnel emoluments due to delay in the recruitment process undertaken and budget cuts during the period under review.
- (b) The significant underutilization of economic classification on Acquisition of Assets (non-financial) at **55 percent** under-expenditure of budget allocated on the purchase of office furniture and general equipment. This was a result of delay in the delivery of goods and services.

16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS: RECURRENT FOR FY2022/23

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Exchequer releases	702,370,000	(82,008,883)	620,361,117	599,200,344	21,160,773	97%
<b>Total Receipts</b>						
<b>Payments</b>						
Compensation of employees	400,070,000	(41,700,000)	358,370,000	350,454,863	7,915,137	98%
Use of goods and services	182,179,737	6,160,000	188,339,737	178,221,167	10,118,570	95%
Social security benefits	15,423,120	(4,400,000)	11,023,120	10,892,801	130,319	99%
Acquisition of assets non-financial	4,697,143	8,240,000	12,937,143	7,077,869	5,859,274	55%
Acquisition of assets-Financial	100,000,000	(50,308,883)	49,691,117	49,591,116	100,001	100%
<b>Total Payments</b>	<b>702,370,000</b>	<b>(82,008,883)</b>	<b>620,361,117</b>	<b>596,237,816</b>	<b>24,123,301</b>	<b>96%</b>
<b>Surplus/ Deficit</b>	-	-	-	<b>2,962,528</b>	<b>(2,962,528)</b>	

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

- (c) The changes between the original budget and the final budget of **Kshs. 82,008,883** were as a result of savings in the personnel emoluments due to delay in the recruitment process undertaken and budget cuts during the period under review.
- (d) The significant underutilization of economic classification on Acquisition of Assets (non-financial) at **55 percent** under-expenditure of budget allocated on the purchase of office furniture and general equipment. This was a result of delay in the delivery of goods and services.

The financial statements were approved on September 6, 2023 and signed by:



Controller of Budget

Name: FCPA Dr. Margaret Nyakang'o

ICPAK Member: 2145



Chief Manager Finance and Accounts

Name: CPA Pamela Okatch

ICPAK Member Number: 7884



Director Corporate Services

Name: CPA Macklin Ogolla

ICPAK Member: 4077

**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS:  
DEVELOPMENT FOR FY2022/23**

The OCoB does not have a Development vote



Controller of Budget

Name: FCPA Dr. Margaret Nyakang'o

ICPAK Member: 2145



Chief Manager Finance and Accounts

Name: CPA Pamela Okatch

ICPAK Member Number: 7884



Director Corporate Services

Name: CPA Macklin Ogolla

ICPAK Member: 4077

## 18. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR FY2022/23

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2022			2022	
	Kshs			Kshs	Kshs
<b>Control and Management of Public Finance</b>	<b>702,370,000</b>	<b>(82,008,883)</b>	<b>620,361,117</b>	<b>596,237,816</b>	<b>24,123,301</b>
S.P 1: Authorization of Withdrawals from Public Funds	177,404,127	(13,994,500)	163,409,627	159,811,070	3,598,557
S.P 2: Budget Review and Analysis	56,734,917	(7,711,000)	49,023,917	48,923,871	100,046
S.P 3: Administrative Support Services	422,132,244	(52,701,052)	369,431,192	350,377,095	19,054,097
S.P 4: Research and Planning	46,098,712	(7,602,331)	38,496,381	37,125,779	1,370,602
<b>Total</b>	<b>702,370,000</b>	<b>(82,008,883)</b>	<b>620,361,117</b>	<b>596,237,816</b>	<b>24,123,301</b>

## 19. SIGNIFICANT ACCOUNTING POLICIES

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

### **Statement of Compliance and Basis of Preparation**

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

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

### **Reporting entity**

The financial statements are for the Office of the Controller of Budget. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity: During the period under review, the OCoB did not have development vote hence we did not implement any projects.

### **Reporting Currency**

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



## **Significant Accounting Policies**

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

### **a) Going Concern Principle**

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

### **b) Recognition of Receipts**

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

#### **i. Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the Bank and notified to the receiving entity. During the period under review, the office received exchequer notifications amounting to **Kshs. 599,200,344.10**

#### **ii. External Assistance**

External assistance is received through grants from a development partner. During the period under review, OCoB received financial assistance from PFMR to undertake the training of county government officials on the exchequer process and support the purchase of server and storage infrastructure.

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

During the year ended June 30, 2023, there were no instances of non-compliance with terms and conditions which could have resulted in the cancellation of external assistance Grants/loans.

### **iii. Other Receipts**

These include Appropriation-in-Aid and relate to receipts such as proceeds from the disposal of assets and sale of tender documents. These are recognized in the financial statements at the time associated cash is received. During the period under review, there were no disposals.

### **Recognition of Payments**

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

### **i. Compensation of Employees**

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

### **ii. Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are paid for. The office made payments for the goods/services consumed amounting to Kshs.596,241,342 during the period under review.

### **Acquisition of Fixed Assets (Non- Financial)**

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

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

### **iii. Acquisition of Assets- Financial (Domestic Lending and On Lending)**

The OCoB received **Kshs.49,691,117** to cater for staff mortgage funds. Out of this, the office paid employers contributions to Fringe Benefit Tax (FBT) amounting to **Kshs. 3,900,493** and the balance of **Kshs.45,790,623** was transferred to the fund Manager (Housing Finance Corporation). This is reported separately in the OCoB Staff Mortgage Report and Financial Statement.

### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at hand and cash at the Bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The office Bank accounts recurrent and deposit balances are held at the Central Bank of Kenya while the Staff Mortgage Scheme account is held at Housing Finance Corporation (HFCK) at the end of the financial year. A bank account register is maintained, and a summary provided for purposes of consolidation (Annex 3)

### **Restriction on Cash**

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third-party deposits. As of 30th June 2023, this amounted to **Kshs 4,331,238** compared to **Kshs. 674,853** in the prior period as indicated on note 20.10. The OCoB made a refund amounting to **Kshs.232,727** to exchequer account as monies collected on payroll commissions.

### **Imprests and Advances**

For these financial statements, imprests and advances to authorised public officers and/or institutions that were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements. There was no outstanding imprest as at the close of the financial year under review.

### **Third party deposits and retention**

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

During the period under review the outstanding balance of **Kshs. 4,331,238** in the deposit account on account of 3<sup>rd</sup> parties. Includes monies held for compensation by Insurance for the loss of equipment's, and medical refunds.

### **Pending Bills**

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

had pending bills of **Kshs. 2,969,000**. This arose due to delays of delivery of goods by the supplier.

### **Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament in June 2022 for the period 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023 as required by Law. There were two supplementary adjustments to the original budget during the year. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

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

### **Comparative Figures**

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

### **Subsequent Events**

There have been no events after the financial year-end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2023.

### **Related Party Disclosures**

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

- i) Key management personnel that include the Cabinet Secretaries and Accounting Officers
- ii) Other Ministries Departments and Agencies and Development Projects;
- iii) County Governments; and
- iv) State Corporations and Semi-Autonomous Government Agencies.

The other pending payables includes amounts collected by OCob on behalf of other third parties. The amount of Kshs. 474,520 and Kshs.3,815,800 relates to payroll commissions and medical insurance refund to OCob staff in relation to ex gratia.

Balance c/f FY 2022/2023	Paid during the year	Additions for the period	Balance b/f FY 2021/2022	Description
4,331,239	(522,727)	4,179,112	674,854	TOTAL
-	(200,000)	-	200,000	Amounts due to third parties
4,290,220	-	3,815,800	474,520	Amounts due to staff (insurance claims)
40,919	(322,727)	363,312	334	Amounts due to National Government entities

#### 22.2 Other Pending Payables (See Annex 1)

Description	2022-2023	2021-2022
Purchase of Goods and Services		
Training fees paid to govt agencies (Kenya School of Government, Kenya Institute of Highways and Building Technology, The National Industrial Training Authority, Kenya Institute of Supplies Management, National Integrity Academy)	3,670,685	2,355,130
Conference facilities hired from govt agencies (Kenyan International Convention Centre)	114,898	
Total goods and services paid to govt agencies	3,785,583	2,355,130
Transfers from related parties		
Transfers from the Exchequer	599,200,344	644,434,737
Total Transfers from related parties	599,200,344	644,434,737

#### 22.1 Related Party Transactions

### 22. OTHER IMPORTANT DISCLOSURES

### 22.3 Payments by third party on behalf of OCoB

#### a) Classification by Source

	FY 2022-2023	FY 2021-2022
Description	Kshs	Kshs
National government (The National Treasury and Planning Through Public Finance Management Reforms (PFMR))	6,149,100	21,927,000
International assistance organization (UNICEF/UNDP)	-	7,214,000
International assistance organization (IDLO)	-	5,284,300
NGOs (Institute of Public Finance)		31,000
<b>Total</b>	<b>6,149,100</b>	<b>34,456,300</b>

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

During the period under review, the OCoB partnered with the following organisations:

- The Governance for Enabling Service Delivery and Public Investment in Kenya (GESDeK) program under the Public Finance Management Reforms (PFMR) Secretariat, partnered with OCoB and trained the County Executive and County Assembly officers from nine counties on their roles in the county exchequer approval process. The County Governments that were involved included; Kilifi, Kwale, Lamu, Mombasa, Taita Taveta, Tana River, Kitui, Makueni, and, Machakos.
- The PFMR also supported OCoB in the purchase of ICT infrastructure equipment worth Kshs. 1,500,000.



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

<i>Descriptions</i>	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Use of goods and services	4,649,100	-
Acquisition of Assets	1,500,000	-
<b>TOTAL</b>	<b>6,149,100</b>	<b>-</b>

**A schedule of assets acquired**

<b>Description</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Amount (Kshs.)</b>
a. Server and storage equipment	2	750,000	1,500,000
<b>TOTAL</b>			<b>1,500,000</b>

## 22.4 PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S RECOMMENDATIONS

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

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

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

## 23. ANNEXES

### Annex 1 - Analysis Of Other Pending Payables (Deposit Account)

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2023	Outstanding Balance 2022	Comments
		a	b	c	d=a-c		
<b>Amounts due to National Govt Entities</b>							
The National Treasury	Payroll commission and salary recovery	363,646	N/A	(322,727)	40,919	334	Outstanding balance 2023 to be paid in FY 2023/24
<b>Sub-Total</b>		<b>363,646</b>		<b>(322,727)</b>	<b>40,919</b>	<b>334</b>	
<b>Amounts due to County Govt Entities</b>							
NONE	-	-		-	-	-	
<b>Sub-Total</b>		<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	
<b>Amounts due to Third Parties</b>							
Tender Bond-Real Insurance	Retention	200,000	N/A	(200,000)	-	200,000	-
<b>Sub-Total</b>		<b>200,000</b>		<b>(200,000)</b>	<b>-</b>	<b>200,000</b>	
<b>Amount due to staff (Insurance claim)</b>							
CIC Insurance Refund (Medical)	Insurance Compensation	782,400	N.A	(387,840)	394,560	394,560	

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2023	Outstanding Balance 2022	Comments
Jubilee Insurance Refund (Equipments)	Insurance Compensation	456,440	N/A	(376,480)	79,960	79,960	
AAR Ex Gratia	Un utilized medical Insurance	-	-	-	3,815,700	-	
<b>Sub-Total</b>		<b>1,238,840</b>		<b>(764,320)</b>	<b>4,290,220</b>	<b>474,520</b>	
<b>Grand Total</b>		<b>1,802,486</b>		<b>(1,287,047)</b>	<b>4,331,139</b>	<b>674,854</b>	

### Annex 2 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2021/2022	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) 2022/23
Buildings and Structures (Refurbishment of buildings)	2,328,000	-	-	-	2,328,000
Transport equipment (Vehicles and Other Transport Equipment)	48,786,259	-	-	-	48,786,259
Office equipment, furniture and fittings	80,185,946	3,288,910	-	-	83,474,856
ICT Equipment (Specialised Plant, Equipment and Machinery)	22,915,035	3,788,959	-	-	26,703,994
<b>Total</b>	<b>154,215,240</b>	<b>7,077,869</b>			<b>161,293,109</b>
Intangible assets (Domestic Lending and On-Lending (Mortgage))	350,000,000	49,591,116	-	-	399,591,116
<b>Total</b>	<b>350,000,000</b>	<b>49,591,116</b>			<b>399,591,116</b>
	<b>504,215,240</b>	<b>56,668,985</b>			<b>560,884,225</b>

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

Additions during the year amounting to **Kshs. 7,077,869** are assets acquired during the year (see notes 20.6 and 20.7). However, the amount in the table above;

- Include payment for OCoB staff loan mortgage scheme amounting to **Kshs. 49,591,116**
- During the year, there were no assets disposed.

**Annex 3 – Bank Accounts Register**

Name of Account	Name of Account	Name of Account	Name of Account	Name of Account	Name of Account	Name of Account
<b>Central Bank of Kenya</b>						
Rec-Controller of Budget	Central Bank of Kenya-Head Office	Recurrent	Kenya Shillings	1000181338	2,792,690	OCoB recurrent operational account
Dep-Controller of Budget	Central Bank of Kenya-Head Office	Deposit	Kenya Shillings	1000182369	4,331,238	Holding OCoB Third Party amounts
CBK-165 Controller of Budget	Central Bank of Kenya-Head Office	Cash	Kenya Shillings	1000182628	-	OCoB cash operational account
<b>Commercial Bank</b>						
Office of the Controller of Budget -High Interest Account	Housing Finance Corporation Limited (HFC) - Gill House Branch	Mortgage Fund Fixed Term Deposit Account	Kenya Shillings	9289753401-0	178,289,888	Operating OCoB Staff Mortgage Scheme
Office of the Controller of Budget -Back Up Account	Housing Finance Corporation Limited (HFC) - Gill House Branch	Mortgage Scheme Fund	Kenya Shillings	9289753101-0	194,734,170	Holding aggregate mortgage loan approved for disbursement

**Annex 4 – List of projects implemented By OCoB**

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

**Annex 5 – List of SCs, SAGAs and Public Funds under OCoB**

Ref	SC, SAGA or Public Fund's name	The principal activity of the entity	Accounting Officer	The amount transferred during the year (Kshs.)	Inter-entity reconciliations are done?(yes/no)
1	Public Fund- OCoB Mortgage Fund	Provide loan scheme for OCoB Staff members	Controller of Budget	45,690,623	Yes



### **Annexe 6: Reports Generated from IFMIS**

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

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

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