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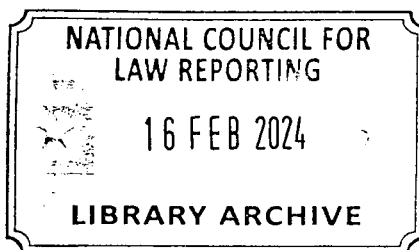
NAIROBI, 19th January, 2024

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**THE PUBLIC FINANCE MANAGEMENT
(AMENDMENT) BILL, 2024**

A Bill for

AN ACT of Parliament to amend the Public Finance Management Act, 2012 and for connected purposes

ENACTED by Parliament Kenya as follows—

1. This Act may be cited as the Public Finance Management (Amendment) Bill, 2024 Short title.
2. The Public Finance Management Act, hereinafter referred to as the “principal Act”, is amended in section 23 by deleting the words “three months” appearing in sub-section (1) and substituting therefor the words “one month”. Amendment of section 23 of No. 18 of 2012.
3. The principal Act is amended in section 24 (10) by deleting the words “three months” appearing in paragraph (b) and substituting therefor the words “one month”. Amendment of section 24 of No. 18 of 2012.
4. The principal Act is amended in section 68—
 - (a) in sub-section (2) by deleting the words “three months” appearing in paragraph (k) and substituting therefor the words “one month”;
 - (b) in sub-section (4) (b) by inserting the words “Auditor General” immediately after the word “national Treasury”; and
 - (c) by inserting the following sub-section immediately after sub-section (4) =

“(4A) An accounting officer who does not implement the recommendations made under sub-section (4) shall be liable to the penalty provided for under section 199.”Amendment of section 68 of No. 18 of 2012.
5. The principal Act is amended in section 80 by deleting the words “four months” appearing in sub-section (4) and substituting therefor the words “two months”. Amendment of section 80 of No. 18 of 2012.
6. The principal Act is amended in section 81 by deleting the words “three months” appearing in subsection (4) and substituting the words “one month”. Amendment of section 81 of No. 18 of 2012.

7. The principal Act is amended in section 82 —

- (a) by deleting the words “three months” appearing in sub-section (3) and substituting therefor the words “one month”; and
- (b) by deleting the words “three months” appearing in sub-section (4) and substituting the words “one month”.

Amendment of
section 82 of No.
18 of 2012.

8. The principal Act is amended in section 84 by deleting the words “three months” appearing in sub-section (3) and substituting therefor the words “one month”.

Amendment of
section 84 of No.
18 of 2012.

9. The principal Act is amended in section 115 by deleting the words “three months” appearing in sub-section (1) and substituting therefor the words “one month”.

Amendment of
section 115 of
No.18 of 2012.

10. The principal Act is amended in section 116 (7) by deleting the words “three months” appearing in paragraph (b) and substituting therefor the words “one month”.

Amendment of
section 116 of No.
18 of 2012.

11. The principal Act is amended in section 149 (2) by deleting the words “three months” appearing in paragraph (k) and substituting therefor the words “one month”.

Amendment of
section 149 of No.
18 of 2012.

12. The principal Act is amended in section 163 by deleting the words “four months” appearing in sub-section (4) and substituting therefor the words “two months”.

Amendment of
section 163 of No.
18 of 2012.

13. The principal Act is amended in section 164 by deleting the words “three months” appearing in sub-section (4) and substituting therefor the words “one month”.

Amendment of
section 164 of No.
18 of 2012.

14. The principal Act is amended in section 165 by deleting the words “three months” appearing in sub-section (3) and substituting therefor the words “one month”.

Amendment of
section 165 of No.
18 of 2012.

15. The principal Act is amended in section 167 by deleting the words “three months” appearing in sub-section (3) and substituting therefor the words “one month”.

Amendment of
section 167 of No.
18 of 2012.

16. The principal Act is amended by deleting section 192 and substituting therefor the following new section—

Amendment of
section 192 of No.
18 of 2012.

Establishment of
the Board.

192. (1) There is established a board to be known as the Public Sector Accounting Standards Board.

(2) The Board shall be a body corporate with perpetual succession and a common seal, and shall in its corporate name, be capable of—

- (a) suing and being sued;
- (b) taking, purchasing or otherwise acquiring, borrowing, holding, charging or disposing of movable and immovable property; and
- (c) doing or performing all such other things or acts necessary for the proper performance of its functions which may lawfully be done by a body corporate.

(3) The Board shall be a successor of the Accounting Standards Board which existed immediately before the commencement of this Act.

17. The principal Act is amended in section 193 by deleting subsection (5).

Amendment of section 193 of No. 18 of 2012.

18. Section 194 of the principal Act is amended —

Amendment of section 194 of No. 18 of 2012

- (a) in subsection (1) by inserting the following new paragraph immediately after paragraph (g)-
- (h) prescribe a framework for implementation of accrual accounting in Government; and
- (i) prescribe a risk management framework.
- (b) by inserting the following new subsection immediately after subsection (5) —

(6) Without prejudice to the generality of subsection (1) (h), the framework for implementation of accrual accounting shall provide for a three-year transition period from the date of commencement of this Act

19. The principal Act is amended by inserting the following new sections immediately after section 195 —

Insertion of new section in No. 18 of 2012.

Chief Executive Officer.

195A. (1) The Public Sector Accounting Standards Board shall appoint a chief executive officer through a competitive process and, on such terms and conditions as it may determine.

(2) A person shall be qualified for appointment as a chief executive officer, if the person —

- (a) has a degree in accounting or finance;
- (b) is a certified member in good standing with the Institute;
- (c) has at least five years experience in management; and
- (d) meets the requirements of chapter six of the Constitution.

(3) The chief executive shall hold office for a period of four years but shall be eligible for reappointment for a further term of four years.

(4) The chief executive shall, subject to the general direction and control of the Board, be charged with the direction of the affairs and transactions of the Board, the exercise, discharge and performance of its objectives, functions and duties, and the administration and control of the staff of the Board.

Staff of the Board.

195B. (1) The Public Sector Accounting Standards Board may recruit such number of staff, through a competitive process, as may be necessary for the proper and efficient performance of the functions of the Board.

(2) The Public Service Commission may, on the request of the Board, second to the board such number of public officers as may be necessary for the performance of the functions of the Board.

Common seal.

195C. (1) The common seal of the Board shall be kept in such custody as the Board shall direct and shall not be used except on the order of the Board.

(2) The affixing of the common seal shall be authenticated by the chairperson or any other person authorized in that behalf by a resolution of the Board.

(3) The common seal of the Board when affixed to a document and duly authenticated shall be judicially and officially noticed and unless the contrary is proved, any necessary order or authorization of the Board under this section shall be presumed to have been duly given.

Funds of the Board

195D. The funds of the Board shall consist of—

- (a) such monies as may be appropriated by the National Assembly
- (b) such moneys as may be imposed by the Board in the performance of its functions; or
- (c) such grants, donations or endowment received by the Board.

Financial year.

195 E. The financial year of the Board shall be the period of twelve months ending on the thirtieth of June in each year.

Annual estimates.

195 F. (1) Before the commencement of each financial year, the Board shall cause to be prepared estimates of the revenue and expenditure of the Board for that year.

(2) The annual estimates shall make provision for all the estimated expenditure of the Board for the financial year concerned and, in particular, shall provide for the—

- (a) payment of the salaries, allowances and other charges in respect of the staff of the Board;
- (b) payment of pensions, gratuities and other charges and in respect of benefits which are payable out of the funds of the Board;
- (c) maintenance of the buildings and grounds of the Board;
- (d) creation of such funds to meet future or contingent liabilities in

respect of benefits, insurance or replacement of buildings or installations, equipment and in respect of such other matters as the Board may think fit.

(3) The annual estimates shall be approved by the Board before the commencement of the financial year to which they relate and shall be submitted to the Cabinet Secretary for tabling in the National Assembly.

(4) No expenditure shall be incurred for the purposes of the Board except in accordance with the annual estimates approved under subsection (3).

Accounts and audits.

195G. (1) The Board shall cause to be kept all proper books and records of accounts of the income, expenditure, assets and liabilities of the Board.

(2) Within a period of three months after the end of each financial year, the Board shall submit to the Auditor-General the accounts of the Board in respect of that year together with a—

- (a) statement of the income and expenditure of the Board during that year; and
- (b) statement of the assets and liabilities of the Board on the last day of that financial year.

(3) The annual accounts of the Board shall be prepared, audited and reported upon in accordance with the provisions of Articles 226 and 229 of the Constitution and the Public Audit Act.

20. The Second Schedule to the principal Act is amended by inserting the following paragraphs immediately after paragraph 12—

Amendment of
the Second
Schedule to No.
18 of 2012

13. All the rights, duties, obligations, assets and liabilities of the Public Sector

Accounting Standards Board existing at the commencement of this Act shall be automatically and fully transferred to the Board.

14. The administrative directions made by the former Public Sector Accounting Standards Board or by the Cabinet Secretary which were in force immediately before the commencement of this Act shall, have force as if they were directions made by the Board or the Cabinet Secretary under this Act.

MEMORANDUM OF OBJECT AND REASONS

The principal object of this Bill is to amend the Public Finance Management Act, 2012. It proposes to reduce the time for submission of financial statements by public entities from three months after the end of a financial year to one month after the end of a financial year. This will ensure that the Office of the Auditor General has adequate time to carry out required audits and prepare the required reports.

The Bill also proposes to establish the Public Sector Accounting Standards Board as a body corporate.

Statement on delegation of legislative powers and limitation of fundamental rights and freedoms.

The Bill does not delegate legislative power to the Cabinet Secretary and neither does it limit fundamental rights and freedoms.

Statement that the Bill concerns county governments.

The Bill affects the functions of the county governments as it sets out timelines within which administrators of county funds and County Treasuries shall submit consolidated financial statements in respect of their county government to the Auditor General and is therefore a Bill concerning county governments for purposes of the Standing Orders.

Statement that the Bill is not a money Bill within the meaning of Article 114 of the Constitution.

The enactment of this Bill is not likely to occasion additional expenditure of public funds.

Dated the 13th December, 2023.

KURIA KIMANI,
*Chairperson, Departmental Committee
on Finance and National Planning.*

Section 23 of the Public Finance Management Act which it is proposed to amend—

Financial statements in respect of the Contingencies Fund

23. (1) Not later than three months after the end of each financial year, the National Treasury shall prepare and submit to the Auditor-General financial statements for that year in respect of the Contingencies Fund.

(2) The National Treasury shall include the following information in the financial statements submitted under subsection (1) —

- (a) the date and amount of each payment made from that Contingencies Fund;
- (b) the person to whom the payment was made;
- (c) the purpose for which the payment was made;
- (d) if the person to whom the payment was made has spent the money for that purpose, a statement to that effect;
- (e) if the person to whom the payment was made has not yet spent the money for that purpose, a statement specifying the reasons for not having done so; and
- (f) a statement indicating how the payment conforms to section 21.

Section 24 of the Public Finance Management Act, which it is proposed to amend—

Establishment of Parliamentary Fund and other national government public funds.

24. (1) There is established a fund to be known as the Parliamentary Fund.

(2) The Secretary to the Parliamentary Service Commission shall, on the directions of the Commission, open and operate such bank accounts as may be necessary for the purposes of the Parliamentary Fund.

(3) Notwithstanding any other provisions of this Act, where a Fund is established under any other law for the purposes of Parliament or a House of Parliament, the Parliamentary Service Commission shall—

- (a) establish procedures and systems for proper and effective management of the monies and property of the Fund;
- (b) establish accounting procedures and systems for the Commission to properly account for the monies and property;

- (c) superintend the expenditure of the monies of the Fund to ensure that the monies are properly accounted for;
- (d) prepare and submit accounts for each financial year in accordance with the written law for the time being relating to audit for audit by the Auditor-General; and
- (e) ensure that accounts prepared under paragraph (d) comply with the provisions of this Act.

(4) The Cabinet Secretary may establish a national government public fund with the approval of the National Assembly.

(5) The Cabinet Secretary shall designate a person to administer every national public fund established under subsection (4).

(6) The administrator of a national public fund shall ensure that the earnings of, or accruals to a national public fund are retained in the fund unless the Cabinet Secretary directs otherwise.

(7) The administrator of a national public fund shall ensure that money held in the fund, including any earnings or accruals referred to in subsection (6), is spent only for the purposes for which the fund is established.

(8) The Cabinet Secretary may wind up a national public fund with the approval of the National Assembly.

(9) On the winding up of a national public fund—

- (a) the administrator of the national public fund shall pay any amount remaining in the fund into the National Exchequer Account for the credit of the national government; or
- (b) the Cabinet Secretary shall pay any deficit in the fund from funds of the national government in the National Exchequer Account with the approval of the National Assembly; and
- (c) the Cabinet Secretary shall submit a final statement of accounts to Parliament.

(10) The administrator of a national public fund—

- (a) shall prepare financial statements for the fund for each financial year in a form specified by the Accounting Standards Board; and
- (b) not later than three months after the end of each financial year, submit those statements to the Auditor-General and deliver a copy of the statements to the National Treasury, Commission on Revenue Allocation and the Controller of Budget.

(11) The regulations shall provide for the establishment, management, operation or winding-up of national public funds.

(12) This section applies to all other national public funds including funds earmarked for specific purposes established by an Act of Parliament but does not apply to a public fund established by the Constitution.

(13) In this section—

“administrator”, in relation to a national public fund, means a person designated by the Cabinet Secretary under sub-section (5) to administer the fund; and

“national public fund” means a public fund established under subsection (4).

Section 68 of the Public Finance Management Act which it is proposed to amend—

Responsibilities of accounting officers for national government entities, Parliament and the Judiciary.

68. (1) An accounting officer for a national government entity, Parliamentary Service Commission and the Judiciary shall be accountable to the National Assembly for ensuring that the resources of the respective entity for which he or she is the accounting officer are used in a way that is—

(a) lawful and authorised; and

(b) effective, efficient, economical and transparent.

(2) In the performance of a function under subsection (1), an accounting officer shall—

(a) ensure that all expenditure made by the entity complies with subsection (1);

(b) ensure that the entity keeps financial and accounting records that comply with this Act;

(c) ensure that all financial and accounting records the entity keeps in any form, including in electronic form are adequately protected and backed up;

(d) ensure that all contracts entered into by the entity are lawful and are complied with;

(e) ensure that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods and services and that, in the case

of goods, adequate arrangements are made for their custody, safeguarding and maintenance;

- (f) bring any matter to the attention of the Cabinet Secretary responsible for the entity, or the Chief Justice or the Speaker of the National Assembly if, in the accounting officer's opinion, a decision or policy or proposed decision or policy of the entity may result in resources being used in a way that is contrary to subsection (1);
 - (g) prepare a strategic plan for the entity in conformity with the medium term fiscal framework and fiscal policy objectives of the national government;
 - (h) prepare estimates of expenditure and revenues of the entity in conformity with the strategic plan referred to in paragraph (g);
 - (i) submit the estimates of the public entity which is not a state corporation to the Cabinet Secretary;
 - (j) submit the estimates of a public entity which is a state corporation to the Cabinet Secretary responsible for that state corporation who, after approving it, shall forward it to the Cabinet Secretary;
 - (k) prepare annual financial statements for each financial year within three months after the end of the financial year, and submit them to the Controller of Budget and the Auditor-General for audit, and in the case of a national government entity, forward a copy to the National Treasury;
 - (l) take appropriate measures to resolve any issues arising from audit which may remain outstanding;
 - (m) provide information on any fraud, losses, or any violation of subsection (1) and explanation for the actions taken to prevent a similar problem in future;
 - (n) provide the National Treasury and any other office, where relevant, with any information it may require to fulfil its functions under this Act; and
 - (o) in case of a national government entity, carry out such other functions as may be specified by the Cabinet Secretary.
- (3) If the concerns referred to in subsection (2) (f) are not adequately addressed by the Cabinet Secretary or the Chief Justice or the Speaker of the National Assembly, the accounting officer shall bring those concerns to the attention of Parliament.

(4) Not later than three months after the National Assembly has adopted a report by a relevant committee of the National Assembly in respect of a report submitted by the Controller of Budget under Article 228(6) of the Constitution, an accounting officer shall —

- (a) prepare a report on actions taken by the entity to implement any recommendations made in the committee's report as adopted by the National Assembly; and
- (b) submit the report to the National Assembly and in case of a national government entity, copy to the National Treasury and the Controller of Budget.

(5) A report referred to in subsection (4) shall be published and publicised.

Section 80 of the Public Finance Management act which it is proposed to amend—

The National Treasury to prepare consolidated annual financial statement.

80. (1) At the end of each financial year, the National Treasury shall prepare for the national government, clear and comprehensible annual financial statements that consolidate the financial statements prepared by all national government entities, in accordance with formats prescribed by the Accounting Standards Board.

(2) The National Treasury shall include in the consolidated financial statements—

- (a) a statement of all monies paid into and out of the National Exchequer Account;
- (b) a summary of—
 - (i) the appropriation accounts and statements prepared by accounting officers under section 81; and
 - (ii) the statements prepared by receivers of revenue under section 82;
- (c) a statement of payments made out of the National Exchequer Account that are authorised by legislation other than an Appropriation Act;
- (d) a statement of the total amount of debt of national government that is outstanding at the end of the financial year;
- (e) a statement of any waivers under Article 210 of the Constitution; and

(f) such other statements as the National Assembly may require.

(3) The National Treasury shall ensure that the statements and summaries referred to in subsection (2) are in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board.

(4) Not later than four months after the end of the financial year, the National Treasury shall—

- (a) submit the financial statements and summaries referred to in subsection (1) to the Auditor General and a copy to the Controller of Budget and the Commission on Revenue Allocation; and
- (b) publish and publicise the statements.

Section 81 of the Public Finance Management Act which it is proposed to amend—

Annual reporting by accounting officers.

81. (1) At the end of each financial year, the accounting officer for a national government entity shall prepare financial statements in respect of the entity.

(2) The accounting officer shall include in the financial statement—

- (a) appropriation accounts, showing—
 - (i) the services for which the appropriated money was spent;
 - (ii) the actual amount spent on each service;
 - (iii) the status of each vote compared with the appropriation for the vote;
 - (iv) a statement explaining any variations between the actual expenditure and the sums voted; and
 - (v) any other information specified by the National Treasury;
- (b) a statement of the entity's debt which is outstanding at the end of the financial year;
- (c) a statement of the entity's debt guaranteed by the national government as at the end of the financial year;
- (d) a statement of the entity's assets and liabilities as at the end of the financial year in respect of the recurrent Vote, development Vote and funds and deposits;
- (e) a statement of the accounting policies followed in preparing the financial statement; and

(f) a statement of the national government entity's performance against predetermined objectives.

(3) The accounting officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.

(4) Not later than three months after the end of each financial year, the accounting officer for the entity shall—

(a) submit the entity's financial statements to the Auditor-General and a copy of the statement to the Controller of Budget, the National Treasury and the Commission on Revenue Allocation; and

(b) publish and publicise the financial statements.

(5) In the case of an entity that is a state corporation, the accounting officer shall submit the corporation's financial statements to the Cabinet Secretary responsible for matters relating to that corporation who shall, upon approving it, submit a copy to the Cabinet Secretary.

Section 82 of the Public Finance Management Act which it is proposed to amend—

Annual reporting by receivers of revenue.

82. (1) At the end of each financial year, a receiver of revenue for the national government shall prepare an account in respect of the revenue received and collected by the receiver during that financial year.

(2) An account prepared under subsection (1) shall include—

(a) a statement of receipts and disbursements in such form as the National Treasury may direct; and

(b) a statement of arrears of revenue.

(3) Not later than three months after the end of the financial year, the receiver of revenue for the national government shall—

(a) submit the accounts to the Auditor-General and a copy to the National Treasury, Controller of Budget and the Commission on Revenue Allocation; and

(b) publish and publicise the financial statements.

(4) Not later than three months after the end of each financial year, a receiver of revenue for the national government shall submit to the Auditor-General a report with respect to all waivers and variations of taxes, fees or charges granted by the receiver or collector during that year.

(5) The receiver shall include in the report under subsection (4) the following details in respect of each waiver or variation—

- (a) the full name of each person benefitting from the waiver or variation;
- (b) the amount of tax, fee or charge affected by the waiver or variation;
- (c) the year to which the waiver or variation relates;
- (d) the reasons for waiver or variation; and
- (e) the law in terms of which the waiver was granted.

(6) The reports referred to in subsection (4) shall be published and publicised.

Section 84 of the Public Finance Management Act which it is proposed to be amended—

Administrators of national public funds to prepare annual financial statements.

84. (1) The administrator of a national public fund established by the Constitution or an Act of Parliament shall prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board.

(2) In preparing a financial statement for a national public fund, the administrator shall ensure that the report contains information on the financial and non-financial performance of the national public fund.

(3) Not later than three months after the end of each financial year, the administrator of a national public fund shall submit the financial statements prepared under this section to the Auditor-General.

(4) The administrator shall submit a copy of the report to the Cabinet Secretary responsible for the fund.

Section 115 of the Public finance Management Act which it is proposed to amend—

County Treasury to submit a report to Auditor-General in respect to Emergency Fund.

115. (1) Where an Emergency Fund has been established for a county government in accordance with section 110, the County Treasury shall, not later than three months after the end of each financial year, prepare and submit to the Auditor-General, financial statements in respect of the Emergency Fund for that year.

(2) The County Treasury shall include in the financial statements made under subsection (1) -

- (a) the date and amount of each payment made from that Fund;
- (b) the person to whom the payment was made;
- (c) the purpose for which the payment was made;
- (d) whether the person to whom the payment was made has spent the money for that purpose, and a statement made to that effect;
- (e) if the person to whom the payment has been made has not yet spent the money for that purpose, a statement specifying the reasons for not having done so; and
- (f) a statement indicating how the payment conforms to section 112 of this Act.

Section 116 of the Public Finance Management Act, which it is proposed to amend—

Power to establish other county public funds.

116. (1) A County Executive Committee member for finance may establish other public funds with the approval of the County Executive Committee and the county assembly.

(2) For every county public fund established, the County Executive Committee member for finance shall designate a person responsible for administering that fund.

(3) The administrator of a county public fund shall ensure that the earnings of, or accruals to a county public fund are retained in the fund, unless the County Executive Committee member for finance directs otherwise.

(4) The administrator of a county public fund shall ensure that money held in the fund, including any earnings or accruals referred to in subsection (3) is spent only for the purposes for which the fund is established.

(5) The County Executive Committee member for finance may wind up a county public fund with the approval of the county assembly.

(6) On the winding up of a county public fund—

- (a) the administrator of the fund shall pay any amount remaining in the fund into the County Exchequer Account; and

(b) the County Executive Committee member for finance shall, with the approval of the county assembly, pay any deficit in the fund from the County Exchequer Account.

(7) The administrator of a county public fund shall—

(a) prepare accounts for the fund for each financial year;

(b) not later than three months after the end of each financial year, submit financial statements relating to those accounts to the Auditor-General; and

(c) present the financial statements to the county assembly.

(8) The administrator of a county public fund shall ensure that the accounts for the fund and the annual financial statements relating to those accounts comply with the accounting standards prescribed and published by the Accounting Standards Board from time to time.

(9) Regulations may provide for the establishment, management, operation or winding-up of county public funds under this section.

(10) This section does not apply to the County Revenue Fund established under section 109 of this Act.

(11) The funds and usage of money through the funds shall be published and publicised.

(12) In this section—

“administrator”, in relation to a county public fund, means a person designated by the County Executive Committee member for finance under subsection (2) to administer the fund;

“County public fund” means a public fund established under subsection (1).

Section 149 of the Public Finance Management Act which it is proposed to amend—

Responsibilities of accounting officers designated for county government entities.

149. (1) An accounting officer is accountable to the county assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is—

(a) lawful and authorised; and

(b) effective, efficient, economical and transparent.

(2) In carrying out a responsibility imposed by subsection (1), an accounting officer shall, in respect of the entity concerned—

- (a) ensure that all expenditure made by the entity complies with subsection (1);
- (b) ensure that the entity keeps financial and accounting records that comply with this Act;
- (c) ensure that all financial and accounting records that the entity keeps in any form including in electronic form are adequately protected and backed up;
- (d) ensure that all contracts entered into by the entity are lawful and are complied with;
- (e) ensure that all applicable accounting procedures are followed when acquiring or disposing of goods and services and that, in the case of goods, adequate arrangements are made for their custody, safe guarding and maintenance;
- (f) bring a matter to the attention of the County Executive Committee member responsible for the entity if, in the accounting officer's opinion a decision or policy or proposed decision or policy of the entity may result in resources being used in a way that is contrary to subsection (1);
- (g) prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the county government;
- (h) prepare estimates of expenditure of the entity in conformity with the strategic plan referred to in paragraph (g);
- (i) submit the estimates of an entity, which is not a county corporation, to the County Executive Committee member for finance;
- (j) submit the estimates of an entity, which is a county corporation, to the executive committee member responsible for the entity who, after approving it, shall forward it to the County Executive Committee member for finance;
- (k) not later than three months after the end of each financial year, prepare annual financial statements for that financial year and submit them to the Auditor-General for audit, with a copy to the County Treasury;
- (l) try to resolve any issues resulting from an audit that remain outstanding;

- (m) manage the assets of the entity to ensure that it receives value for money when acquiring, using or disposing of its assets;
 - (n) dispose of assets at the most competitive price and at the lowest possible cost ensuring that the proceeds from all asset disposals are deposited in a bank account of the entity;
 - (o) ensure that the respective county government entity has adequate systems and processes in place to plan for, procure, account for, maintain, store and dispose of assets, including an asset register that is current, accurate and available to the relevant County Treasury or the Auditor-General;
 - (p) provide the County Treasury with any information it requires to fulfil its functions under this Act;
 - (q) provide information on any frauds, losses, or any violations of subsection (1) and provide explanations for the actions taken to prevent similar conduct in future; and
 - (r) carry out such other responsibilities as may be specified in regulations by the County Executive Committee member for finance.
- (3) Not later than three months after the county assembly has adopted a report by a committee of the county assembly with respect to a report submitted by the Controller of Budget under Article 228(6) of the Constitution, an accounting officer shall, for each entity for which the officer is designated—
- (a) prepare a report on actions taken by the entity to implement any recommendations made in the committee's report as adopted by the county assembly; and
 - (b) submit the report to the county assembly with a copy to the County Treasury.
- (4) Not later than one month after receiving a report by an accounting officer under subsection (3), the County Treasury shall submit to the county assembly the accounting officer's report and any comments on the report by the County Treasury.
- (5) The report referred to in subsection (3) shall be published and publicised.

Section 163 of the Public Finance Management Act which it is proposed to amend—

County government to prepare annual financial statement.

163. (1) At the end of each financial year, the County Treasury shall, for the county government, consolidate the annual financial statements in respect of all the county government entities in formats to be prescribed by the Accounting Standards Board.

(2) The County Treasury shall include in the consolidated financial statements—

- (a) a statement of all money paid into and paid out of the County Exchequer Account;
- (b) a summary of—
 - (i) the appropriation accounts and statements prepared by accounting officers under section 164, and
 - (ii) the statements prepared by receivers of revenue under section 165;
- (c) a statement of payments, if any, made out of the County Exchequer Account that are authorised by legislation other than an Appropriation Act;
- (d) a statement of the total amount of debt of the county government that is outstanding at the end of the financial year;
- (e) a statement of the debt guaranteed by the national government at the end of the financial year;
- (f) such other statements as the county assembly may require; and
- (g) a statement on the summary of the accounts from the county assembly.

(3) The County Treasury shall ensure that the statements and summaries referred to in subsection (2) are in a form that is in accordance with the accounting standards prescribed and published by the Accounting Standards Board from time to time.

(4) Not later than four months after the end of each financial year, the County Treasury shall—

- (a) submit the financial statements and summaries referred to in subsection (1) to the Auditor-General; and
- (b) deliver a copy to the National Treasury, Controller of Budget and the Commission on Revenue Allocation.

Section 164 of the Public Finance Management Act which it is proposed to be amended—

Annual reporting by accounting officers.

164. (1) At the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.

(2) The accounting officer shall include in the financial statements—

(a) appropriation accounts, showing—

(i) the services for which the appropriated money was spent;

(ii) the amounts actually spent on each service; and

(iii) the status of each Vote compared with the appropriation for the Vote; and

(iv) a statement explaining any variations between the actual expenditure and the sums Voted; and

(v) any other information specified by the County Treasury;

(b) a statement of the entity's debt that is outstanding at the end of the financial year;

(c) a statement of the entity's debt guaranteed by the national government as at the end of the financial year;

(d) a statement of the entity's assets and liabilities as at the end of the financial year in respect of—

(i) each Vote, clearly identifying between recurrent and development expenditure; and

(ii) funds and deposits;

(e) a statement of the accounting policies followed in preparing the financial statement; and

(f) a statement of the county government entity's performance against predetermined objectives.

(3) The accounting officer shall prepare the financial statements in a form that complies with relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.

(4) Within three months after the end of each financial year, the accounting officer for an entity shall—

- (a) submit the entity's financial statements to the Auditor-General; and
- (b) deliver a copy of the statements to the relevant County Treasury, the Controller of Budget, and the Commission on Revenue Allocation.

(5) In the case of an entity that is a County corporation, the accounting officer shall submit a copy of the county corporation's financial statements to the County Executive Committee member responsible for that corporation who shall approve and forward the statements to the County Executive Committee member for finance.

Section 165 of the public Finance Management Act which it is proposed to amend—

Annual reporting by receivers of revenue.

165. (1) At the end of each financial year, a receiver of revenue for a county government shall prepare an account in respect of the revenue collected, received and recovered by the receiver during that financial year.

(2) The account under subsection (1) shall include—

- (a) a statement of receipts and disbursement in a form prescribed by the Accounting Standards Board from time to time; and
- (b) a statement of arrears of revenue.

(3) Not later than three months after the end of the financial year, the receiver of revenue for the county government shall—

- (a) submit the accounts to the Auditor-General; and
- (b) deliver a copy to the National Treasury, the Controller of Budget, County Treasury, and the Commission on Revenue Allocation.

(4) Not later than two months after the end of each financial year, a receiver of revenue for the county government shall submit to a county assembly a report with respect to all waivers and variations of taxes, fees or charges granted by the receiver during that year.

(5) The receiver shall include in the report the following details in respect of each waiver or variation-

- (a) the full name of each person benefiting from the waiver or variation;
- (b) the amount of tax, fee or charge affected by the waiver or variation;

- (c) the year to which the waiver or variation relates;
- (d) the reasons for waiver or variation; and
- (e) the legislation in terms of which the waiver was authorised.

Section 167 of the Public Finance Management Act which it is proposed to amend—

Annual reporting by Administrators of county public funds.

167. (1) The administrator of a county public fund county legislation shall prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board.

(2) In preparing a financial statement for a county public fund, the administrator shall ensure that the report contains information on the financial and non-financial performance of the fund.

(3) Not later than three months after the end of each financial year, the administrator of a county public fund shall submit the financial statements prepared under this section to the Auditor General.

(4) The administrator shall submit a copy of the report to the County Executive Committee member responsible for the fund.

