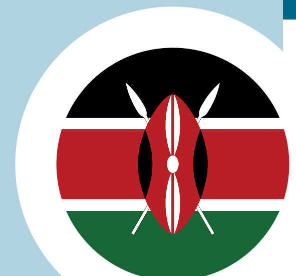
The role of the legislature in the budget process

COUNTRY CASE STUDY

KENYA



CABRI

CONNECT • SHARE • REFORM

Contents

Acronyms and abbreviations 2
Executive summary 3
Introduction 4
Legal framework: rules and procedures 5
Stages, actors and budget documents 6
Role of the National Assembly 7
Role of the Senate 9
Parliamentary committees 9
Independent fiscal institution 10
Other independent commissions and bodies 10
Practices and challenges 13
Planning and formulation 13
Budget allocation and approval 15
Budget oversight 16
Evaluation and auditing 18
Conclusions and recommendations 21

Acronyms and abbreviations

BAC	Budget and Appropriations Committee
BPS	Budget Policy Statement
BROP	Budget Review and Outlook Paper
CABRI	Collaborative Africa Budget Reform Initiative
CARB	County Allocation Revenue Bill
COB	Controller of Budget
COK	Constitution of Kenya
CRA	Commission on Revenue Allocation
DORB	Division of Revenue Bill
IBEC	Intergovernmental Budget and Economic Council
JSC	Judicial Service Commission
MDAs	ministries, departments and agencies
MP	Member of Parliament
MTDMSP	Medium-Term Debt Management Strategy Paper
OAG	Office of the Auditor General
PAC	Public Accounts Committee
PBO	Parliamentary Budget Office
PFM	public financial management
PFMA	Public Finance Management Act
PIC	Public Investments Committee
PSC	Parliamentary Service Commission
SFAC	Special Funds Account Committee

Executive summary

The Collaborative Africa Budget Reform Initiative (CABRI) works with African finance, budget and planning ministries in developing and implementing reform initiatives that lead to more functional public financial management (PFM) systems. We facilitate peer learning and exchange, and utilise problem-driven and iterative approaches to solving context-specific challenges. Our result areas include greater budget transparency for improved accountability and participation, which complements other PFM reforms.

This case study on the role of the Kenyan Parliament in the budget process provides an insight into, and understanding of, the role of African legislatures and the relationship between the executive and the legislature throughout the PFM cycle. The study includes information from interviews conducted with the National Treasury, Parliament, Parliamentary Budget Office, Auditor General and other institutions.

Some of the main challenges in respect of how Parliament contributes to improving budget formulation, implementation of spending plans and oversight in Kenya include:

- Insufficient time to review budget formulation documents;
- Lack of clear rules distinguishing the functions of the executive and legislature in the budget process;
- Inclusion of projects not conceptualised by MDAs;
- Lack of functional oversight of budget execution reports;
- Limited capacity of committees to hold the government to account;
- Independence and resources of the Office of the Auditor General (OAG); and
- Audit reports not scrutinised by committees on time to ensure accountability.

These challenges indicate necessary steps and good entry points for improvement, including the following:

- Designate clear responsibilities between the executive and legislature in the budget process;
- Scrutinise budget execution and audit reports in a timely manner; and
- Provide the OAG with adequate resources.

Introduction

The central role of the legislature in the budget process is set out in the constitutions and budget laws of most countries. Effective oversight of budgets by Parliament is essential in holding the executive accountable for budget formulation and implementation, thereby ensuring effective and efficient service delivery to the citizens.

To better understand the role of the Kenyan Parliament, this case study looks not only at the role it plays but also at the various stages of the budget process in which it is involved and the institutional features, such as parliamentary committees and independent fiscal institutions, and the impact these have on the budget process. In addition, an appreciation of the relationship between the legislature and the executive is essential to understanding some of the decisions or changes made during the budget planning and formulation, allocation and approval, oversight and audit stages of the budget process.

The following sections provide an overview of the role of the legislature in the budget process in Kenya. The first section looks at the legal framework to understand how the rules and procedures guide the budget process and provide for the involvement of the legislature in the budget process. The next section focuses on the budget process in Kenya. The following section seeks to understand the practices and challenges related to the role of Parliament and how it facilitates improved budgeting and planning, implementation of spending plans and budget oversight in Kenya. The conclusion provides some recommendations facilitating the steps needed for the National Treasury, Parliament and the Parliamentary Budget Office to work together in addressing challenges in the budget process.

Legal framework: rules and procedures

Different institutional arrangements lead to varying relationships between the executive and the legislature throughout the budget process. For example, in some parliamentary systems, the ruling party is able to control both the executive and the legislature, making the budget process more streamlined. However, in other countries, the established legal rules and procedures specify the roles and duties of each arm of the government in the budget process, while also giving the legislature powers to amend and make changes to the executive budget. These procedures and rules are usually enshrined in the country's constitution, laws, policies and regulations, and may limit or enhance the roles of the legislature and the executive in the budget process.

In Kenya's case, the promulgation of the Constitution of Kenya (COK) in 2010 resulted in various changes in both the structure of the government and overall roles and functions of the legislature in the budget process. Kenya's devolved nature of government is made up of national and sub-national governments. Kenya's legislature – the Parliament of Kenya – at the national level is bicameral and comprised of the National Assembly (Lower House) and the Senate (Upper House), each with its own roles.[1] The former represents the national government's interests while the latter represents the interests of the 47 devolved county governments.

The COK is the overarching law that sets out the role of the Parliament of Kenya. The core functions of Parliament include representation of the people, enactment of legislation, appropriation of funds for expenditure by national government and state organs,[2] and provision for oversight of government expenditure during and after execution of the budget.[3] Chapter 12 of the COK, 'Public Finance', elaborates on the role of Parliament in the budget process, and covers PFM-related issues, which include involvement in the pre-budget debates, the review of the medium-term budget expenditure, approval of supplementary budget estimates and oversight of the Auditor General's reports.[4]

In addition, Kenya's Public Financial Management Act (PFMA) of 2012 enhances the role of the legislature by further establishing and clearly defining the roles and responsibilities of Parliament in the oversight, management and control of financial matters. The PFMA specifies the responsibilities of the committees in Parliament. These include the National Assembly's Budget and Appropriations Committee, the Senate's Finance and Budget Committee, departmental committees of both houses, and audit committees responsible during the audit stages.

The PFMA also outlines the role of the National Assembly committees in monitoring and reviewing budget proposals and approving such proposals, with or without changes.[5] The committees involved in the budget process in the upper house include the following: the Budget and Appropriations Committee (BAC), which oversees the budget decision-making process during formulation, approval to implementation; departmental committees, which review and submit their recommendations on the budget policy statement and the budget estimates to the BAC before they are tabled in Parliament; and the Public Audit Committee (PAC), Public Investments Committee (PIC) and Special Funds Account Committee (SFAC), which provide oversight during the audit stages of the budget process.

1 COK, 2010, Chapter 8, Article 93.
2 COK, 2010, Chapter 8, Part I; Articles 93, 94, 95 and 96. The National Assembly appropriates funds for expenditure while the Senate determines allocation of national revenue among counties, debates and approves bills concerning counties'.
3 COK, 2010, Article 95(4)(b).
4 COK, 2010, Chapter 12, Part IV; Article 95(4).

5 PFMA, 2012, Sections 7 and 8.

Stages, actors and budget documents

The PFMA establishes timelines for the budget process in Kenya. The Act also provides information on who is involved (and when) and the relevant budget documents for each stage of the process. Table 1 summarises the stages, actors, budget documents and the budget process at the national level with specific timelines.

Table 1: Stages of the budget cycle, budget documents and actors involved

Stages	Budget documents	Actors
Planning and formulation *30 August to 30 April* *(9 months)*	Macroeconomic fiscal framework and debt strategy papers Division of Revenue Bill County Allocation Revenue Bill Budget Review and Outlook Paper	Executive – National Treasury and MDA's; National Assembly BAC and departmental committees; Senate Finance and Budget Committee; Commission on Revenue Allocation; Public
Allocation/Approval *1 May 1 to 30 June (2 months)*	Budget proposals Finance Bill	Parliament – National Assembly BAC and departmental committees; Parliamentary Budget Office; Public
Oversight *1 July 1 to 30 June* *(12 months)*	Budget implementation reports Budget Review and Outlook Paper	National Assembly committees; Controller of Budget
Auditing and evaluation *1 July to 31 December* *(6 months)*	Audit reports	Parliament – National Assembly, PAC, PIC and SFAC; Auditor General

Date	The budget process
30 August	• The National Treasury releases a circular to all government agencies, starting the process and setting out guidelines for public participation. (*The budget circular provides budget process key policy directions as well as specifying the medium-term expenditure framework.)*
30 September	• The Budget Review and Outlook Paper (BROP) is submitted to the National Treasury and then the Cabinet for approval. • The BROP compares the previous year's revenue and spending with what was planned in the budget. It also updates the current year's economic expectations in respect of inflation and growth, and proposes the provisional ceilings for each sector for the coming year's budget.
21 October	• After the Cabinet's approval, the BROP must be tabled before the National Assembly for review and approval.
15 November	• National government should to publish the in-year report (1st quarter implementation report).

Date	The budget process
31 December	• The Auditor General should produce and publish an audit report on the previous financial year within six months of its close.
1 January	• The Commission on Revenue Allocation (CRA) submits its recommendations on both vertical and horizontal sharing of revenue between and within the two levels of government. (*The recommendations are meant to inform the Division on Revenue Bill tabled in the National Assembly by 15 February annually.*)
15/28 February	• The Budget Policy Statement (BPS), accompanied by the Debt Management Strategy (DMS) paper, is tabled in the National Assembly for approval within two weeks. Before approval, the BAC and other departmental committees review the BPS and the medium-term DMS and make recommendations to the National Assembly for consideration and approval by 28 February. • The Division of Revenue Bill and the County Allocation of Revenue Bill are also tabled in the National Assembly for consideration and approval.
30 April	• The National Budget Estimates are submitted to the National Assembly for consideration. Parliament's and judiciary's budget estimates are also submitted separately. However, before approval of the budget estimates, the BAC is required to review, and seek public input on, the estimates and make recommendations to the National Assembly.
May	• Between May and June, the BAC scrutinises the budget estimates and makes amendments with or without changes. The committee also begins with public forums on the budget estimates as required by the Constitution.
15 May	• Marks the deadline for the Cabinet Secretary for Finance to comment on the judiciary's and Parliament's budget proposals. • The national government publishes the 2nd quarter implementation report.
30 June	• This marks the end of financial year. The National Assembly should have approved the budget estimates and the Appropriation Bill, which allows government to spend against the budget from 1 July. • The Finance Bill tabled in Parliament before the approval of the budget must also be approved within 90 days of the passing of the Appropriation Act.
1 July	• Beginning of the new financial year

Role of the National Assembly

Following the promulgation of the COK, the role of the National Assembly in the budget process expanded from being merely the review and approval of projects and plans to being involved at all stages of the budget process – from the planning and formulation, approval, execution and oversight to the audit and evaluation stages. In this way, the National Assembly is able to exercise the powers vested in it by the people, to hold the executive accountable and, most importantly, to consult the public for their views at various stages of the budget process. Such consultation takes place by way of public forums, at both the national and county levels, at which the public is able to consider where government revenue comes from (when Parliament passes legislation regarding taxes through the finance bills), how these resources are allocated and distributed between the two levels of government (when Parliament passes legislation on the

division of revenue) and how the approved budget and allocations are spent. Kenya's National Assembly, thus:

- Determines the allocation of national revenue between the two levels of government (national and county);
- Appropriates funds for expenditure by the national government and other national state organs; and
- Exercises oversight over national revenue and its expenditure.[6, 7]

The relationship between Parliament and the executive is important. Most of the bills and budget plans or proposals that Parliament approves come from the executive. In the budget process, the National Treasury is the originator of most of the budget proposals, bills and documents that Parliament reviews and amends. Ministries, departments and agencies (MDAs) are also involved in the budget process. For example, the National Treasury submits to Parliament the Division of Revenue Bill (DORB), which is the basis of division of the revenue raised at the national level by the national and county governments.[8] The DORB is accompanied by an explanation of the proposed revenue allocation and a summary of any significant deviations from the recommendations of the Commission on Revenue Allocation (CRA), including explanation for such deviations. The CRA is an independent institution made up of a chairperson, vice chairperson and seven commissioners, who possess extensive professional experience in financial and economic matters and may not be a Member of Parliament.[9]

The National Assembly is also involved at the planning and formulation stage of the budget following the submission of the Budget Policy Statement (BPS) by the National Treasury. The BPS is a document in which the government sets out its broad strategic priorities and policy goals, in accordance with Section 25(1) of the PFMA. It contains, in addition, an assessment of the current state of the economy, a financial outlook, proposed expenditure ceilings for the government, fiscal responsibility and a statement of specific risks.[10] The National Assembly's departmental committees review the BPS, and a report with recommendations is tabled in Parliament by the BAC.[11] The National Assembly can pass a resolution for the adoption of the BPS as submitted by the National Treasury, with or without amendments. In the formulation of the budget and budget-related documents, both national and county governments are required to develop their annual budgets with annual estimates of revenue and expenditure, including recurrent and capital expenditures.[12] Both Parliament and the judiciary are required to prepare their own budgets and to submit them to the executive for inclusion in the budget estimates. Furthermore, there are consultations between the national and county governments when preparing budget plans.

The National Assembly reviews and debates budget proposals submitted by the executive. These include the BPS, the Division of Revenue Bill, the Medium-Term Debt Management Strategy Paper (MTDMSP), tabled together with the BPS, the budget estimates and the finance bills. At this stage, the assembly can make amendments to the BPS and the budget estimates by increasing, decreasing or reallocating resources to other sectors and programmes, if deemed necessary. The PFMA sets rules and procedures to be followed during this stage, and the extent to which the National Assembly is permitted to make amendments to the proposed ceilings in the BPS and the budget estimates. The rule of thumb is that any changes made in the house must not increase the budget deficit. Before the National Assembly considers the estimates of revenue and expenditure, the COK requires that recommendations from the BAC (some of which are based on views and representations of the general public) be considered by the house.[13] The National Assembly approves the recommendations that form part of the Appropriation Bill, which is then passed and approved by the house to become the Appropriation Act or, rather, the approved budget.[14]

The National Assembly is also responsible for approval of supplementary appropriations or budgets submitted to the house by the National Treasury. A supplementary budget is drafted in the event that, in the course of execution of the approved budget, the initially approved amount is insufficient or the assumptions made during the formulation of the budget do not hold. A supplementary budget is important

6 COK, 2010, Chapter 8, Part IV.
7 COK, 2010, Article 95(4).
8 COK, 2010, Article 114.
9 The commissioners are nominated in accordance with the COK, 2010, Article 215(2).
10 PFMA, 2012, Section 25(1).
11 PFMA, 2012, Section 25(7).
12 COK, 2010, Article 220(1).
13 COK,2010, Article 221(4).
14 COK, 2010, Article 221.

when there is a need to spend for a purpose for which no amount had been appropriated. A supplementary budget includes a statement showing how the additional expenditure relates to the principles of fiscal responsibility, and financial objectives in support of money being spent for a specific purpose, and is subject to Parliament for review and approval.[15]

In pursuit of transparency, accountability, openness and aggregate fiscal discipline, oversight is required during the budget implementation and evaluation stages to ascertain whether actual spending is in line with the approved budget. To this end, Parliament and relevant independent financial institutions and offices provide the oversight. These offices include the Office of the Controller of Budget (OCOB), the OAG and parliamentary budget committees. The COB ensures that money is used lawfully before authorising expenditure at national and county levels. The COB is also required to submit quarterly, annual and special reports for both national and county governments to the National Assembly for review by a parliamentary budget committee on behalf of the National Assembly.[16]

The Auditor General is mandated to audit and draft an audit report within six months after the end of each financial year on all of the accounts of the national and county governments, as well as other state entities and independent commissions.[17] Following the audit, the Auditor General submits the report to the clerk of the National Assembly, who then tables the report to the respective committees (PAC, PIC and SFAC) for review and debate. According to the rules and procedures, Parliament is required, within three months of receipt of the Auditor General's report, to consider the report and take appropriate action.[18] In taking action, the National Assembly must hold the accounting officers of national government entities, the Parliamentary Service Commission and the judiciary accountable for ensuring that the resources of these entities are utilised in accordance with the law, and that they are effective, efficient and transparent.[19]

15 COK, 2010, Article 223.
16 COK, 2010, Article 228(6).
17 COK, 2010, Article 229(1).
18 COK, 2010, Article 229.
19 PFMA, 2012, Section 68(1).

Role of the Senate

Kenya's Senate, also referred to as the upper house, is responsible for determining the allocation of national revenue among counties, and provides oversight of how national revenue is allocated to county governments.[20] In determining the allocation of national revenue between the two levels of government, the Constitution provides that the Senate shall by resolution determine the basis for allocating among the counties the share of the nationally raised revenue. In so doing, the Senate must consider recommendations from the CRA, the Council of Governors (COG), the Intergovernmental Budget and Economic Council (IBEC) and the Cabinet Secretary for Finance (National Treasury), as well as the public and other interested groups.[21]

Further, the PFMA establishes the responsibilities of the Senate Finance and Budget Committee in charge of discussing budgetary and financial matters, which include: presenting to the lower house a proposal for the basis of allocating revenue among the counties, and considering any bill that deals with county matters; reviewing the CARB and DORB at least two months before the end of the financial year; examining financial statements and other documents, and making recommendations to the Senate on improving the management of public finances. In addition, the Senate has the role of monitoring adherence to the principles of public finance and fiscal responsibility.

The resolutions of the Finance and Budget Committee are then discussed by the Senate and adopted, after which the Speaker of the Senate submits the agreed resolutions to the Speaker of the National Assembly. The National Assembly's speaker then tables the resolutions in the house for approval or rejection. The National Assembly has the power to amend, reject or approve the resolutions within the requirements provided by the Constitution.[22]

Parliamentary committees

The National Assembly's BAC deals with budget-related matters. Prior to the adoption of the Constitution of Kenya, there existed a parliamentary budget committee established through the Standing Order of the Kenya National Assembly 190(1). The BAC was established to carry out the following functions:

20 COK, 2010, Article 217; Article 96(3).
21 COK, 2010, Article 203(1).
22 COK, 2010, Article 217(1)–(6).

- Investigate, inquire into and report on all matters related to co-ordination, control and monitoring of the national budget;
- Discuss and review the estimates and make recommendations to the National Assembly;
- Examine the BPS presented to the National Assembly;
- Examine bills related to the national budget including the appropriation bills; and
- Evaluate tax estimates, economic budgetary policies and programmes with direct budget outlays.

The BAC and other departmental committees provide inputs on budgetary or monetary issues on behalf of the National Assembly. Specifically, the BAC is responsible for most public financial matters, and receives inputs from other departmental committees on various budget documents tabled in the committees before they are submitted to the house for debate and approval. For example, the BAC report on the 2018 BPS and the MTDMSP was tabled on 14 February 2018 and was submitted to various departmental committees and their inputs were reviewed by the BAC. Where possible, the departmental committees have discussions with the National Treasury and the BAC on issues arising from the suggested amendments or when clarification is needed.

The Senate's Finance and Budget Committee is established by Section 8 of the PFMA. The committee is responsible for the following:

- Presents to the Senate a proposal for the basis of allocating revenue among the counties and to consider any bills dealing with county financial matters;
- Reviews the County Allocation of Revenue Bill (CARB) and the Division of Revenue Bill (DORB) in accordance with Article 218(1)(b) of the Constitution at least two months before the end of the financial year;
- Examines financial statements and other documents submitted to the Senate under Part IV of the PFMA, and makes recommendations to the Senate for improving the management of the government's public finances; and
- Monitors adherence by the Senate to the principles of public finance set out in the Constitution, and to the fiscal responsibility principles of the PFMA.

Independent fiscal institution

The independent fiscal institution in Kenya is the Parliamentary Budget Office (PBO). The PBO was established by the Constitution and the PFMA, and is mandated to offer fiscal analysis support to the National Assembly and the finance committees, thus reporting to the legislature. The PBO produces and publishes its own macroeconomic and fiscal forecasts and, therefore, is recognised as a source of independent, objective and nonpartisan information.

The office used to fall within the ambit of the Fiscal Management Act (FMA) of 2009, but now is governed by the PFMA. In terms of Section 9 of the PFMA, the staff of the PBO should be appointed on the basis of merit and by virtue of their experience in finance, economics and public policy matters, so as to carry out the mandate of the office effectively.

Generally speaking, the PBO advises and supports Parliament in budget-related matters. In particular, the office is responsible for preparing reports on budget and economic forecasts, and making proposals or recommendations to the parliamentary committees on budget proposals and general economic trends. The office is also responsible for reporting to Parliament's BAC on any bill that has an economic and financial impact, and on the financial objectives set out in the relevant BPS. Finally, the office is required to propose, where necessary, an alternative fiscal framework in respect of any financial year.[23] The PBO provides capacity to the parliamentary committees and has budget officers or fiscal analysts attached to each committee to provide technical expertise on budget issues.

Other independent commissions and bodies

These include independent commissions, offices or councils created to provide support to the role of the legislature on a number of issues that concern the budget process. These include the CRA, IBEC and OCOB.

23 PFMA, 2012, Section 10.

The Commission on Revenue Allocation

The CRA is established in accordance with Article 215(1) of the Constitution. All the members of the CRA are appointed by the president. The CRA is composed of a chairperson nominated by the National Assembly, two persons nominated by political parties represented in the National Assembly, five persons nominated by political parties represented in the Senate and the Principal Secretary of the National Treasury. The persons nominated should not be members of Parliament, and members of the CRA must have expertise and extensive professional experience in financial and economic matters.

The commission provides independent, objective advice to both the executive and the legislature, and is mandated to make recommendations in respect of the equitable sharing of the revenue raised nationally between the national and the county governments (vertical sharing) and among county governments (horizontal sharing).[24] During the formulation of the recommendations, the commission is required to define and enhance the revenue sources of the national and county governments, and also to encourage fiscal responsibility at both levels of government.[25] Most importantly, the chairperson of the CRA sits on the consultative forum of the IBEC, which contributes to the contents of the BPS and the BROP, which inform the annual budget estimates.

According to Kenya's budget calendar, the CRA is required to provide recommendations at least six months before the beginning of a new financial year (by January 1). When making recommendations for sharing revenue, the CRA follows the criteria stipulated in Article 203(1) of the Constitution, taking into consideration: (i) national interests; (ii) any provision that must be made in respect of the public debt and other national obligations; (iii) the needs of the national government determined by objective criteria; (iv) the need to ensure that the county governments are able to perform the functions allocated to them; (v) economic disparities and the need for economic optimisation of each county; and (vi) provision of incentives for each county to raise revenue.[26]

For example, in the 2018/19 financial year, the commission recommended that about Kshs1 371.2 billion and Kshs337.2 billion be allocated to national and county governments, respectively, as the equitable shares. The commission also recommended that Kshs30.5 billion be allocated from the national government's equitable share to counties as conditional grants. The commission indicated that the 2018/19 allocation was based on the actual allocation of Kshs302 billion to the counties in the previous financial year. It was also stated that the base was adjusted as a result of functions previously transferred to the counties without attendant resources, and the failure to meet own-source revenue targets by the counties was noted.[27] In addition, the CRA makes recommendations as to which conditional grants (and the amounts thereof) should be provided to the counties.

Box 1: Information contained in the Budget Review and Outlook Paper

- Actual fiscal performance in the previous financial year compared to the budget appropriation for that year;
- Updated macroeconomic and financial forecasts with sufficient information to show changes from the forecasts in the most recent BPS or County Fiscal Strategy Paper (CFSP) in the case of counties;
- How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or the financial objectives in the latest BPS or CFSP in the case of counties; and
- Reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated for doing so.

Source: PFMA, 2012, Section 26(2)

Apart from the commission, the National Treasury is also required to make recommendations on revenue sharing between the national and county governments. However, in most cases, the figures provided by the commission and the National Treasury have been shown to differ. The CRA's total proposed figures tend to be higher than those of the National Treasury, which is evidenced by CRA recommendations that the county share be increased through the introduction of new grants. It is the role of Parliament to look at the recommendations made by both the

24 COK, 2010, Article 216.

25 COK, 2010, Article 215(1), Article 216(1), (3) and (5).

26 COK, 2010, Article 203(1).

27 CRA report on revenue sharing for FY 2018/19, p. 29.

National Treasury and the commission, and to arrive at a decision based on the information placed before it.[28]

The Intergovernmental Budget and Economic Council

The IBEC is established under Section 187(a) of the PFMA and is made up of the deputy president, who is the chairperson, the cabinet secretary for the National Treasury, a representative of the Parliamentary Service Commission, a representative of the Judicial Service Commission (JSC), the CRA chairperson, the chairperson of the Council of Governors, the cabinet secretary for intergovernmental relations, and the County Executive Committee for Finance of each of the 47 counties. The IBEC provides a forum for consultation and co-operation between the national and the county governments on the BPS, the BROP and the MTDMSP.[29] The IBEC also provides recommendations on the equitable distribution of revenue between the national and county governments and amongst the county governments. Parliament considers recommendations from the IBEC when deciding on the division of revenue.

Office of the Controller of Budget

The OCOB is an independent office established by Article 228(1) of the COK. The rationale for the creation of an independent OCOB was public demand for separation of the financial management functions, which include control and reporting on budget implementation, from the audit functions. Previously, the OCOB and the OAG together performed the same roles. In terms of the COK, the OCOB has a role in ensuring fiscal discipline and equitable allocation of available resources, as well as promoting transparency and accountability in budget execution.

The core mandate of the OCOB is to oversee the implementation of the budgets of the national and county governments by authorising withdrawals from public funds. Most importantly, apart from the oversight and budget-control roles, the COB is required to submit quarterly, half-year, special and annual budget implementation reports to both houses of Parliament and the executive for review. For example, the national government reports are based on the analysis of financial reports received from MDAs in line with Section 83(4) of the PFMA, expenditure data from the Integrated Financial Management Information System and OCOB records of exchequer issues.[30] The OCOB also provides advice to Parliament on financial matters in cases where the cabinet secretary for finance would stop transfer of funds to a public entity or state organ. In addition, the other functions of the OCOB include:

- Conducting investigations on its own initiative or when a complaint is made by the public;[31]
- Providing mediation, negotiation and, arbitration services; and[32]
- Sensitising the public through the dissemination of information on budget implementation at both national and county levels.

The COB is nominated by the president, and upon approval of the National Assembly, is appointed by the president.

28 http://kenyalaw.org/kl/fileadmin/pdfdownloads/bills/2016/DivisionofRevenueBill_2016.pdf
29 PFMA, 2012, Section 187(1) and (2).
30 Controller of Budget Act, 2016, Section 5.
31 COK, 2010, Article 252(1)(a).
32 COK, 2010, Article 252(1)(b).

Practices and challenges

Planning and formulation

Kenya's fiscal year runs from 1 July until 30 June of the following year. Every 30 August, the budget planning and formulation process in Kenya kicks off with the National Treasury leading the process by sending out a circular to MDAs. This circular has information on the budget timelines and specific dates by which budget documents should be prepared and submitted to Parliament. It also identifies key policy areas and issues that MDAs should take into consideration when preparing the budget. From September through 15 February, the National Treasury is mandated to hold public sector hearings to discuss priorities that feed into the Macroeconomic and Fiscal Framework Paper. The preparation of the BPS[33] calls for collaborative action and consideration of recommendations from the CRA, PSC, COB, JSC, MDAs and the public. The BPS contains the following information:

- An assessment of the current state of the economy, including macroeconomic forecasts;
- The financial outlook with respect to government revenue, expenditures and borrowing for the next financial year and over the medium term;
- The proposed expenditure ceilings for the national government, including those of Parliament and the judiciary and indicative transfers to county governments;
- The fiscal responsibility principles and financial objectives over the medium term, including limits on total annual debt; and
- A statement of specific risks.[34]

Over the past five years, the government, through the BPS, has proposed reforms and policies to steer rapid social economic development via the Economic Transformation Agenda. For instance, the 2018 BPS fronted the 'Big Four Agenda', namely:

- Value addition and raising the manufacturing sector's share of GDP by 15 percent;
- Food security;
- Universal health coverage; and
- The provision of at least 500 000 affordable housing units to Kenyans by 2022.[35]

Parliament is then required to adopt and pass a resolution and make recommendations on the BPS within 14 days after the submission of the latter by the cabinet secretary of the National Treasury. A report on the same should be made public and available, with proposed changes to the sector allocations and any changes in the proposed ceilings, citing justifications for the changes made. For example, in 2018, the BPS was tabled in both the National Assembly and the Senate. Parliament's role is to review, debate and approve the BPS with or without changes. The BPS has sector ceilings set for allocations to each MDA and, while making changes, the National Assembly should not exceed these ceilings set by the National Treasury. Parliament can make recommendations for increases or decreases or even reallocations from one ministry or department to another. The National Treasury then is mandated to effect these changes on the basis of the reasons provided by Parliament on suggested changes. In addition, the resolutions adopted on the BPS should ensure that whenever Parliament increases expenditure in a proposed appropriation, it should be balanced by a reduction in expenditure in another proposed appropriation. Generally, a proposed reduction in expenditure is for the purpose of reducing the deficit.[36]

By 1 January every year, the CRA is mandated to submit recommendations on revenue sharing between the national and county governments. The National Treasury submits to Parliament the BPS proposal together with the MTDMSP, the DORB and the CARB to the National Assembly by 15 February.

Parliament should debate and approve the DORB and CARB by 16 March. However, these bills are not usually approved on time because the process has been the cause of extremely contentious debate between the National Assembly and the Senate over how much money the national government should get, and how much counties should get from the national pot. In the event that the two houses do not agree on the amount, a mediation committee made up of members from both houses is formed to resolve the issue.[37]

By 30 April, the National Treasury is mandated to submit the annual budget proposals or estimates to Parliament. In addition, the judiciary and the parliamentary service commission are required to submit their budgets for approval. Particular challenges are considered below.

33 PFMA, 2012, Section 25(1).
34 PFMA, 2012, Section 25(4).
35 Budget Policy Statement, 2018, p. 25.
36 PFMA, 2012, Section 39(3).
37 http://www.parliament.go.ke/sites/default/files/2017-05/MESSAGES_TO_AND_FROM_SENATE.pdf

Challenge 1: Insufficient time to review budget formulation documents

Both the National Assembly's BAC and the Senate's Standing Committee on Finance and Budget are involved in reviewing the BPS proposal and the MTDMSP. One of the challenges experienced here is the time lapse between the submission of these papers to both houses and their approval. The legislature and the public should be given enough time to scrutinise the budget and related documents. Questions have been raised by the Senate as to whether 14 days is adequate for reviewing, debating and approving the BPS and the MTDMSP. For example, in the recent Senate Hansard report of the 2018 BPS and MTDMSP, the Senate regarded the time set by the PFMA for review and approval of these documents as insufficient and proposed that it be extended to 30 days.[38]

Box 2: Information contained in the Budget Review and Outlook Paper

This is a key budget document that should be aligned to the broad strategic priorities and policy goals set out in the Budget Policy Statement (BPS). The strategy should factor in: the total stock of debt as at the date of the BPS; the sources of loans made to the national government and the nature of the guarantees given by the national government; the principal risks associated with these loans and guarantees; the assumptions underlying the debt management strategy; and an analysis of the sustainability of the amount of debt, both actual and potential.

Source: PFMA, 2012, Section 33(2)(3).

38 Parliament of Kenya, the Senate Hansard report, 28 February 2018.

Challenge 2: Lack of clear rules distinguishing the functions of the executive and legislature in the budget process

While the law is clear on the separation of powers and independence of Parliament and the executive, this is not necessarily reflected in reality. For example, depending on the ruling party in Parliament, influence by the executive arm could take the form of approval of financial legislation favouring the executive.

The law provides that Parliament has the final say in the approval of the budgets with or without amendments, as long as the interests of the citizens are reflected, but this has not always been the case in practice. For example, Parliament has a duty not to increase the budget deficit when reviewing and approving the BPS. However, in the 2015/16 budget, the BAC report showed increases suggested by Parliament to sectors and independent offices, including increased allocations to itself and the funds associated with Parliament, like the Constituency Development Fund. This raised the deficit by around Ksh14 billion without identifying new sources of revenue.[39]

At the time of writing, the approval of the 2018 Finance Bill was perceived to indicate intervention by the executive, which left most MPs divided as to whether or not to impose a 16 percent VAT increment on all petroleum products. The passing of the bill failed to reflect the independence of Parliament from the executive. In such scenarios where the executive and Parliament disagree on a proposal, Articles 112 and 113 of the Constitution are very clear on what should be done as far as budget mediation is concerned. There is a need for more clarity on what is required of the executive and Parliament to uphold the principle of separation of powers in the budget process.

39 International Budget Partnership (2015) *The Role of Parliament and the National Treasury in Developing the 2015/16 Budget*.

Budget allocation and approval

National budget proposals or estimates are submitted to the National Assembly on 30 April, which is two months before the beginning of the next financial year, since Kenya's financial year starts on 1 July. The Cabinet Secretary of Finance submits to Parliament the national government budget estimates together with any other supporting documents and the Budget Appropriation Bill.[40] The budget estimates should correspond with the ceilings or figures that were approved at the formulation stage during the approval of the BPS.

Upon submission of the national budget estimates to the National Assembly, the assembly is supposed to consider them together with those submitted by the PSC and the chief registrar of the JSC. The National Assembly is required to approve the estimates with or without amendments. The assembly also considers the BAC's recommendations before approving the estimates. The budget committee is required by law to include public opinion, which should be reflected in the recommendations submitted to the National Assembly. Public participation forums organised by the National Assembly's BAC usually take place in May, seeking inputs and views from the public on the budget estimates before approval by the house. The National Assembly may amend the national budget estimates in accordance with the Division of Revenue Act.

The legislature approves the budget estimates by 30 June, marking the end of Kenya's financial year. This is within the recommended guidelines of at least two to three months before the start of a financial year. In addition to the budget estimates, the Appropriation Bill must be approved, thereby becoming the Appropriation Act, to authorise spending and withdrawal of money from the consolidated fund. No spending by the executive can take place without the approval of the Appropriation Act by the National Assembly.

Also in June, the Finance Bill is tabled in the house and should be discussed within 90 days of tabling. This bill authorises tax and revenue collection.

40 COK, 2010, Article 221(1).

Challenge 3:
Inclusion of projects not conceptualised by MDAs

Kenya's 2010 Constitution enhances the role of the legislature through provisions that determine the division of revenue, appropriations and the oversight of the other state agencies. Additionally, the 2012 PFM Act and subsidiary legislation (PFM Regulations 2015) impose limits to the extent of the changes Parliament can make during the approval stage of the budget estimates, and stipulates that it should not exceed ten percent.[41] It is noted that the laws applicable to the legislature are clear and do not obstruct Parliament in exercising its role in budget approval.

Article 113 of the Constitution provides for mediation committees appointed by the Speakers of both houses when the National Assembly and Senate do not agree on a particular bill.[42] For instance, if both houses fail to agree on the division of revenue, the DORB mediation committee shall consist of equal numbers of members of each house to attempt to resolve arising issues and develop a version of the Bill that both houses will pass. In this way, the law enhances the role of the legislature by ensuring that the issues of contention between the two houses are dealt with as quickly as possible.

Parliament has the legal authority to pass budget proposals tabled by the National Treasury with or without amendments. The law is clear that the changes Parliament may make to the proposal are limited and that such changes should not increase the deficit. Although this has been observed in several incidences, there have been cases where Parliament has suggested allocation to new projects that have not been conceptualised at the MDAs' level or by the National Treasury. Some of the suggested projects are as a result of public participation in respect of which the BAC is mandated to take into consideration views expressed by the public during the participation meetings. At other times, this process is a political

41 Kenya Subsidiary Legislation, 2015. Part IV, regulation 40 (9).
42 COK, 2010, Articles 112 and 113.

affair in which the National Assembly may wish to impose strict measures or sanctions on MDAs (especially when funds have not been used effectively) or to suggest certain projects in order to maximise the popularity of some MPs with their constituents.

In such instances, it is difficult to realistically accommodate some changes during execution. The National Treasury or line MDAs have no choice but to accept them once they have been adopted by the house, as it is often problematic to revise the budget figures once approved by Parliament. If anything needs to be revised, or if assumptions made do not hold true, a supplementary budget can be introduced by the Treasury with proposals to reallocate the budget figures within line MDAs and to revise assumptions made during the planning and formulation stages. In other cases, a parliamentary committee may request the Cabinet Secretary of Finance or the line MDAs to appear before the committee to clarify contentious issues or other matters raised. Therefore, Parliament has the role of approving (or not) any changes that might occur during the execution of the budget by introducing a supplementary budget, which is considered when the amount appropriated in the Appropriation Act is insufficient or there is a need to spend for a purpose for which no amount had been appropriated.[43]

Importantly, party-political loyalty may influence the decision-making process and approval of budget documents. For instance, the key informants interviewed for the case study were of the opinion that there no longer seemed to be a strong opposition following the Building Bridges Initiative, which came about as a result of reconciliation between the ruling party and the opposition party. The opposition should act as a watchdog in relation to the ruling party and has the function of influencing decisions and policy-making in Parliament. A weak opposition affects efficient oversight by Parliament in the name of upholding party loyalty, hence it could undermine fiscal openness and scrutiny.

43 COK, 2010, Article 223.

Budget oversight

The National Treasury is required to publish implementation reports not later than 45 days after the end of each quarter to track the implementation progress.

Article 201(1)(a) of the Constitution demands openness and accountability as guiding principles in the conduct of matters involving public finances. The abovementioned principles together with the rule of law, public participation, transparency and constitutionalism, reflect good governance in any democratic government. Budget oversight should be conducted to establish whether the allocated funds have been used in line with the intended purposes.

The legislature in Kenya, through established committees and offices, conducts oversight of the budgetary process. The following parliamentary committees are involved in providing oversight:

- Public Accounts Committee;
- Public Investments committee; and
- Special Funds Account Committee.

The PAC, SFAC, and PIC committees are instituted under the parliamentary standing orders 205, 205A and 206, respectively. These committees are designed to systemically ensure scrutiny over the executive and its auxiliaries, thereby ensuring transparency and accountability. Whereas the PAC provides parliamentary oversight over the MDAs of the government), the PIC provides oversight of semi-autonomous government agencies. The Special Funds Account Committee was established recently, and is mandated to scrutinise the accounts of equalisation, political parties, the judiciary and the National Government Constituencies Development Fund.[44]

Additional independent offices, including the OCOB and the OAG, are established in the Constitution to provide oversight of the national and county budgets in Kenya.

The National Treasury publishes its in-year reports every quarter and submits them to the National Assembly. The COB is also required to submit quarterly reports to Parliament with recommendations on the status of project implementation and performance, and on how funds are being spent. The onus is on Parliament to take action based on the findings in the National Treasury and OCOB reports. For Parliament to effectively

44 National Assembly Standing Orders, 4th edition, 205, 206, p. 167.

provide its oversight during budget execution, there needs to be a continuous and timely supply of information on implementation progress. In addition, there should be demand from Parliament's side, and it should have the technical expertise and capacity to scrutinise the implementation reports and to make suggestions on improving the usage of government funds during the execution stage.

Challenge 4: Lack of functional oversight of budget execution reports

Delayed access to implementation information obstructs effective oversight, especially when the reports may be delayed because some of the independent offices that produce them rely on information from the MDAs and the counties. Both National Treasury and the Controller of Budget are mandated by law to produce implementation reports. While the National Treasury publishes its quarterly economic and budgetary review reports on time online, the OCOB does not, which upsets its oversight role.

Whereas the legal framework is clear on the role of the legislature in executing its role in the budget process, lack of institutional capacity can hinder the effective execution of Parliament's mandate. In the light of this, the National Treasury, PBO, OCOB, CRA and OAG offer support by making information available through the submission of various reports, providing technical expertise and building the capacity of the legislators.

Failure by Parliament to demand, and apply pressure for the timely supply of, these reports, or when Parliament neglects to scrutinise them punctually, threatens transparency and accountability in the implementation of the budget. If well utilised, these reports can be effective tools to be used by the National Assembly for checks and balances as far as implementation is concerned.

Lack of sufficient capacity and knowledge on how to influence the budget process from an informed point of view was put forward during the informant interviews as one of the challenges that parliamentary committees face. The interviews conducted raised the issue of lack of capacity in parliamentary committees to scrutinise the in-year implementation reports from the National Treasury and the COB.

While the OCOB offers capacity-building to the National Assembly and Senate on budgetary information and on how to review implementation reports, this is dependent on the availability of resources and identification of a need, as there are challenges in terms of resources available to the independent offices. The PBO, on the other hand, builds the capacity of the committees through consultative meetings, workshops and consultation of external practitioners to offer training. However, it should be noted that requests for capacity-building are often demand-driven, and should come from the committee, depending on the issue at hand. This is also because the PBO has insufficient staff to respond to each and every request by parliamentary committees. Technical support is offered in thematic areas in matters of public debt analysis, debt sustainability and donor support and conditionality. In the event that the PBO does not have the capacity to handle any matter presented to it, the office contracts external practitioners, which may include research institutions, to provide support to MPs and their committees. The PBO is in the process of drafting an implementation framework to enhance the role of Parliament in the provision of oversight throughout the execution stages.

In Parliament's report on the 2018 BPS, the parliamentary BAC noted the effort made by the PBO in ensuring that the members understood the contents of the BPS and also provided them with technical capacity when reviewing the budget documents. However, Parliament noted challenges with regard to the staff, and suggested in the report that the office should be given adequate resources and that it should be ensured that each committee has a budget officer from the PBO attached to it to provide the necessary technical capacity.

Evaluation and auditing

The evaluation stage of the budget process should reflect the status of the government's accounts at the end of a fiscal year, and also evaluate what progress has been made in terms of achieving policy goals set out by the government. In Kenya, this stage is covered in the production of the year's fourth quarterly report (year-end report) by the National Treasury as well as the production of the national BROP. These reports should be submitted to the National Assembly following approval by Cabinet. The BROP falls within two stages of the budget process – the formulation stage and the evaluation stage – meaning that the BROP reviews actual fiscal performance of the previous financial year, given the budget appropriations for the same year, and also reviews and updates the economic and financial forecasts for the coming financial year on the basis of current economic developments. In addition, the BROP provides information on how actual performance of the year under review affected compliance with the principles of fiscal responsibility and financial objectives provided for in the PFMA.

In Kenya, budget auditing is vested in the OAG, which is the independent supreme audit institution. The OAG conducts independent audits and produces reports on the accounts of any public entity, which includes government MDAs funded from public funds, within six months after the end of each financial year.[45] The OAG conducts three types of audit: performance, regulatory and continuous. A performance audit seeks to establish whether there has been a positive impact or not. A regulatory audit is one in which financial statements are audited and an opinion given on whether they are a correct reflection of debit and credit for the year. A continuous audit is conducted to enhance managerial transparency.

It is through the Auditor General's report, shared with relevant parliamentary committees, that independent analysis of whether or not public money has been spent in accordance with the law. Further, within three months after receiving the report, the National Assembly should debate and consider the report, and take appropriate action where necessary.[46]

The following are the steps in the process from when the Auditor General's report is remitted to when it is adopted:

- A report is remitted to the Clerk of the National Assembly or the Senate;
- The Clerk prepares the report for tabling in the house on the next sitting day by the leader of the majority party;
- Once it is tabled, the report is committed to the relevant committee for examination of accounts with respect to various MDAs, commissions, independent offices, etc.;
- Once the committee completes its examination of the report with the assistance of an official from the OAG, a final report is drafted;
- The committee then adopts the final report and prepares it for tabling in the house for debate;
- Following tabling, the report is listed in the order paper for debate; however, PAC, PIC and SFAC reports are given priority in the listing of house business;
- The report is debated and adopted by the house with or without amendments;
- Following the adoption, the Clerk writes to all entities affected by the report and forwards recommendations for necessary action and implementation; and
- The entities respond to Parliament to inform on the implementation status of the recommendations.

The PAC and PIC play important roles at the audit stage. The PAC scrutinises the Auditor General's report on the MDAs' spending, while the PIC examines the Auditor General's report on the semi-autonomous government agencies. Both committees consider the issues raised by the Auditor General and make recommendations to the National Assembly. In the recent past, the PAC has summoned public officers implicated in mismanagement of public funds for questioning.

45 COK, 2010, Article 229(1).

46 COK, 2010, Article 229.

Challenge 5: Limited capacity of committees to hold the government to account

It is unclear whether the PAC team has the required expertise in policy matters in various areas, since the standing orders state that the committee shall be chaired by the leader of the official opposition party and that the opposition shall have the majority of members on the committee. It is, therefore, difficult to establish the qualifications and expertise of the committee members.[47] However, based on interviews conducted during this case study, the OAG provides technical capacity to the PAC, PIC and SFAC through the secretariat. In addition, during these oversight committee hearings, the OAG assigns an officer or auditor who is responsible for verifying information provided by the officials summoned by the committees when scrutinising audit queries.

It is also not clear which parliamentary committee is responsible for reviewing the National Treasury's year-end report, and whether the committees actually review this report and provide recommendations. Does this responsibility lie with the BAC or the PAC and PIC? Such lack of clarity is exacerbated by an issue raised during the key informant interviews – the absence of a framework to guide Parliament in reviewing the report.

Challenge 6: Lack of independence and resources of the Office of the Auditor General

The OAG trains MPs in how to conduct interrogations on the performance audit reports. It provides the necessary support through the secretariat, which then assists Parliament with the expertise required. Sometimes, technical support is provided during actual hearings and sittings, where Parliament requests the OAG to confirm statements made by officials who appear before the PAC, PIC or SFAC. All key informants expressed concern that the OAG does not have sufficient resources to fulfil its function, and that it should be allocated more resources.

The onset of devolution increased the number of entities that require auditing – the national government and 47 counties. Parliament has suggested that the OAG should be allocated sufficient resources to strengthen its functions, and that there is a need for additional funding to increase the number of staff to match the increased responsibilities. Failure to ensure sufficient funding for the OAG affects the independent nature of the institution and its ability to provide timely reports in the face of limited capacity (tools and infrastructure). In addition, party politics may affect the independence of the office. For instance, despite increased roles and responsibilities as a result of devolution, the budget for the office has once been cut, which led to questions about independence. In 2017, there was a petition to impeach the Auditor General.[48] The timelines set for reporting according to the Constitution are extremely tight. The OAG has to audit and report by 31 December of every year, leaving only three months following submission of financial statements from auditees. In many cases, late submission of financial statements by institutions affects the time available to meet the deadline.

47 National Assembly Standing Orders, 4th edition, 205, 206, p. 167.

48 https://www.capitalfm.co.ke/news/2017/09/odunga-quashes-parliament-petition-edward-ouko/

Challenge 7:
Committees do not scrutinise audit reports on time to ensure accountability

The PAC should have access to all OAG reports, and should review such reports in a timely manner. However, in practice, this has not been the case, as Parliament has not discussed the reports timeously. At the time of this study, in the FY 2018/19, the audit reports still being discussed by the parliamentary oversight committees are those for the FY 2014/2015 and FY 2015/2016, as opposed to the FY 2016/17 report, which is the latest released by the Auditor General. This poses the bigger question as to whether Parliament is performing its oversight role effectively. Further, the African Parliamentary Index report established that the committee should pass resolutions, which should be implemented by the executive, and that the committee was allowed to conduct independent investigations into any matter of public interest, but only with the approval of the National Assembly.[49]

As to whether legal consequences are attached to findings or recommendations by the PAC, the Institute of Economic Affairs indicated that there existed no mechanisms to enforce PAC recommendations, and there were no penalties to deter non-compliance. According to the report, this finding is supported by the fact that the same issues of mismanagement of public funds and embezzlement keep on recurring.[50] In addition, action depends on the severity of the cases identified and whether the issues are of public interest. For example, with the recent National Youth Service scandal, the PAC was in the limelight and, based on the findings of the committee, some individuals did, indeed, face judicial consequences.

The National Treasury follows up on the recommendations of the PAC and PIC and discusses with the line ministries what improvements to make. They also make use of past audit reports and the COB reports on performance. Performance reviews are also conducted to inform allocation of funds during the formulation and planning process of the forthcoming budget. Based on the information in the report, the National Treasury can discontinue funding of a particular MDA to avoid wastage or achieve value for money. Line ministries and the National Treasury conduct regular monitoring, and produce field visit reports in respect of ongoing projects.

49 API report, 2012, p. 40.
50 Institute of Economic Affairs - Kenya, The Parliamentary Budget Oversight in Kenya, 2009, p. 27.

Conclusions and recommendations

The challenges outline some of the issues on how Parliament contributes to improving budget formulation, the implementation of spending plans and oversight in Kenya. These challenges suggest a number of necessary steps and good entry points for improvement.

Designate clear responsibilities and powers between the executive and legislature in the budget process

As in many parliamentary systems, the ruling party often has a majority in the legislature, making the budget process more streamlined, but not necessarily uncontested. Although many parliamentarians are consulted during the budget process, some still feel the need to include projects in the Appropriation Bill that will benefit their communities. These projects are not vetted by the MDAs that are to implement these programmes to ensure feasibility. Deciding which branch of government has the ultimate authority to conceptualise projects, appropriate programmes, and the like, is imperative to ensure budget credibility.

Scrutinise budget execution and audit reports in a timely manner

Delayed submissions of quarterly budget execution reports and audit reports limit the role of parliamentary committees in budget oversight. Although the National Treasury publishes these reports on time, the OCOB does not, limiting accountability. The OAG frequently submits the audit report with some delay. Parliament neglects to scrutinise these reports punctually. Various committees lack the capacity to scrutinise reports. These committees have access to capacity building efforts provided by the OCOB and the PBO, however, due to limited staff in both institutions, not all requests from committees are fulfilled. Special attention should be placed on building the technical capacity of these committees to ensure quality service delivery, efficiency and efficacy of public resources. Parliament has a unique role to play in the budget process.

Provide the Office of the Auditor General with adequate resources

There is consensus among actors in PFM in Kenya that the OAG lacks the resources to fulfil its duties. These limited resources lead to delays in the audit process and subsequently a delayed submission of the audit report. When the Auditor General does present an audit report, it does not contain sufficient information to hold the government to account.

Acknowledgments

This case study was prepared by the Collaborative Africa Budget Reform Initiative.

This case study was written by Vivian Magero with guidance and inputs from Michael Castro of the CABRI Secretariat.

For information on the Collaborative Africa Budget Reform Initiative, or to obtain copies of this publication, please contact:

CABRI Secretariat

Cnr John Vorster & Nellmapius Drive

Centurion, 0062

South Africa

Design and layout by COMPRESS.dsl

This publication was funded with the kind support of the African Development Bank.

The findings and conclusions do not necessarily reflect their positions or policies.

AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DÉVELOPPEMENT