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REPUBLIC OF KENYA



NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT – FOURTH SESSION

THE DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING & TRADE

PAPER Laid
By the Chair
Departmental Committee
on Finance, Planning &
Trade, Hon Benjamin
Lungu on Tuesday
26.4.2016
[Signature]

REPORT ON THE CONTROLLER OF BUDGET BILL, 2015

DIRECTORATE OF COMMITTEE SERVICES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

APRIL, 2016

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ABBREVIATIONS

ICPAK	-	Institute of Certified Public Accountants of Kenya
CFSP	-	County Fiscal Strategy Paper
CoB	-	Controller of Budget
BPS	-	Budget Policy Statement

1.0 PREFACE

On behalf of the Departmental Committee on Finance, Planning & Trade and pursuant to provisions of Standing Order 199 (6), it is my pleasant privilege and honour to present to this House the Report of the Committee on its consideration of the Controller of Budget Bill, 2015. The Bill was committed to the Committee on 11th June, 2015 and it is on the basis of this that the Committee makes this report pursuant to Standing Order 127.

1.1 Mandate of the Committee

The Committee on Finance, planning & Trade is one of the Departmental Committees of the National Assembly established under Standing Order 216 and mandated to:-

- (a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
- (b) study the programme and policy objectives of ministries and departments and the effectiveness of the implementation.
- (c) study and review all legislation referred to it;**
- (d) study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
- (e) investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary and as may be referred to them by the House;
- (f) vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (*Committee on Appointments*); and
- (g) reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

1.2 Committee Membership

The Committee was constituted by the House on Thursday 16th May, 2013 and comprises the following members:

1. The Hon. Benjamin Langat, MP (**Chairman**)
2. The Hon. Nelson Gaichuhie, MP (**Vice Chairman**)
3. The Hon. Jones M Mlolwa, MP
4. The Hon. Anyanga, Andrew Toboso, MP
5. The Hon. Timothy M .E. Bosire, MP
6. The Hon. Ahmed Shakeel Shabbir Ahmed, MP
7. The Hon. Joash Olum, MP
8. The Hon. Dr. Oburu Oginga, MP
9. The Hon. Patrick Makau King'ola, MP
10. The Hon. Abdullswamad Sheriff, MP

11. The Hon. Sumra Irshadali, MP
12. The Hon. Ogendo Rose Nyamunga, MP
13. The Hon. Iringo Cyprian Kubai, MP
14. The Hon. Dennis Waweru, MP
15. The Hon. Tiras N. Ngahu, MP
16. The Hon. Sakaja Johnson, MP
17. The Hon. Jimmy Nuru Angwenyi, MP
18. The Hon. Ronald Tonui, MP
19. The Hon. Mary Emase, MP
20. The Hon. Joseph Limo, MP
21. The Hon. Lati Lelelit, MP
22. The Hon. Kirwa Stephen Bitok, MP
23. The Hon. Sammy Mwaita, MP
24. The Hon. Daniel E. Nanok, MP
25. The Hon. Eng. Shadrack Manga, MP
26. The Hon. Abdul Rahim Dawood, MP
27. The Hon. Sakwa John Bunyasi, MP
28. The Hon. Alfred W. Sambu, MP
29. The Hon. Sammy Koech, MP

1.3 CONSIDERATION OF THE BILL

Publication, Committal and objectives of the Bill

- 1.3.1 The Controller of Budget Bill, 2015 was published on 30th April, 2015 and read a First Time on 11th June, 2015 and thereafter committed to the Departmental Committee on Finance, Planning & Trade for consideration pursuant to Standing Order 127.
- 1.3.2 In processing the Bill, the Committee invited comments from the public by placing advertisements in the Daily Nation and Standard newspapers on 26th January, 2016 pursuant to Article 118 of the Constitution. The Committee received comments from the Office of the Controller of Budget and ICPAK which are captured and contained in the body of the Report.
- 1.3.3 The Committee having analyzed the Bill noted that the main objective of the Bill was to give effect to the provisions of Articles 225, 228 and 252 of the Constitution regarding the functions of the Office of the Controller of Budget.

Summary of Submissions from Stakeholders

- 1.3.4 The Controller of Budget and ICPAK support the enactment of the Bill with amendments on some clauses since the Bill will give effect to the provisions of Articles 225,228 and

252 of the Constitution which provide for the functions of the Office of the Controller of Budget.

1.4 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

Having analyzed the Bill and the submissions from the stakeholders, the Committee observed the following:-

1. The proposed Bill does not explicitly indicate that before the commencement of the regulations, they shall be approved by Parliament. There is need to express explicitly that the Regulations will not take effect unless approved by parliament.
2. Clause 5 requires the cabinet secretary to submit a copy of the budget estimates to the Controller of Budget at the time of submitting it to the National Assembly in order for him/her to effectively oversee the implementation of the budget. However, the draft estimates undergo considerable changes after their submission to the National Assembly. It is therefore recommended that the cabinet secretary submit the final budget as approved by the House.
3. Even though Clause 6 specifies the content of the Quarterly Budget Implementation Review reports from the Controller of Budget however, the Bill overlooks the fact that the budget making process has evolved into a program based format and therefore the reporting of the budget implementation should be modeled along this format.
4. The Bill as published currently does not have clause 10
5. The Bill does not specify the knowledge and experience required for appointment as the Controller of Budget.
6. Clause 9 infringes on the Controller of Budget independence regarding the recruitment of staff for proper discharge of his/her constitutional responsibility by obligating him/her to consult the Public Service Commission.

1.4 ACKNOWLEDGEMENT

Mr. Speaker, Sir,

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee wishes to thank all the stakeholders for their participation in scrutinizing the Bill.

Finally, I wish to express my appreciation to the Honourable Members of the Committee who made useful contributions towards the preparation and production of this report.

It is my pleasant duty and privilege, on behalf of the Departmental Committee on Finance, Planning & Trade, to table its Report on the consideration of the Controller of Budget Bill, 2015 pursuant to Standing Order 127.

Signed Benjamin Langat Date 20-04-2016

(HON. BENJAMIN LANGAT, MP)
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING & TRADE

2.0 CONSIDERATION OF THE BILL

2.1 BACKGROUND INFORMATION

The office of the Controller of Budget was established by the Constitution of Kenya under Article 228(1) to oversee the implementation of budgets of both national and county governments by authorizing withdrawals from public funds.

The office has been operating without a legislative framework; therefore the object of this Bill is to operationalize Article 225, 228 and 252 of the Constitution regarding the functions of the Office of the Controller of Budget.

2.2 ENGAGEMENT WITH THE STAKEHOLDERS

Pursuant to Article 118 of the Constitution and Standing Order 127(6), the Committee received written memoranda from the Office of Controller of Budget and the Institute of Certified Public Accountants of Kenya (ICPAK) on the Bill. All the two institutions supported the enactment of the Controller of Budget Bill, 2015 with amendments. This section provides detailed submissions on the Bill by the stakeholders.

2.2.1 OFFICE OF THE CONTROLLER OF BUDGET

The Controller of Budget, Mrs. Agnes Odhiambo, submitted the following:

The Office of the Controller of Budget is established pursuant to Article 228 of the Constitution. The Controller of Budget Bill, 2015 is intended to give effect to the provisions of Articles 228, 249, 250, 251 and 252 of the Constitution. The Bill is to be implemented by the Office. The office therefore proposes the following amendments to the Bill:

Amendments to Clause 5

THAT, Clause 5 be amended by:

- (a) inserting Section 5(2) to read “The Controller of Budget shall present comments on the Budget Estimates submitted under Article 221 of the Constitution and sections 37 and 129 of the Public Finance Management Act, 2012 to Parliament and County Assemblies”.

Justifications:

- i. Articles 206 and 207 of the Constitution provide that the Controller of Budget authorizes withdrawals from the Consolidated Fund and the County Revenue Fund.*
- ii. Further, Article 228 (5) of the Constitution provides that the Controller of Budget **SHALL** only authorize a withdrawal if satisfied that it is in accordance with the law.*

iii. *It would therefore be prudent to allow the Controller of Budget to comment on the budget estimates before they are passed as she will be relying on them to approve withdrawals.*

(b) Inserting Section 5(3) to read “In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of the Controller of Budget”.

Justifications:

- i. *The section does not provide that the Controller of Budget shall comment on the County Fiscal Strategy Paper (CFSP)*
- ii. *The CFSP is the equivalent of Budget Policy Statement (BPS) at the County Level.*
- iii. *Section 25 (5) (c) of the Public Finance Management Act, 2012 provides that the National Treasury in preparing the Budget Policy Statement (BPS), shall seek and take into account the views of the Controller of Budget and the COB should, therefore, be given the same chance to comment on the County Fiscal Strategy Paper.*

Amendment to Clause 9

THAT, Clause 9 be amended in Section (1) to read “The Controller of Budget may appoint such staff as may be necessary for the proper discharge of the functions of the Office of the Controller of Budget under this Act, on the basis of such qualifications and on such terms and conditions as the Controller of Budget may deem fit and on such remuneration and benefits as the Salaries and Remuneration Commission, shall advise”.

Justifications:

- *Controller of Budget is an independent office by virtue of Article 248(3). Being an independent office, Office of Controller of Budget is subject only to the Constitution and not to the direction or control of any person or authority (Article 249).*
- *Article 234 (3) clearly states that the Public Service Commission only recruits for those offices it establishes and not constitutionally established offices. Further, article 234(3(a)) provides that State Officers are exempt from the provisions of Article 234(1).*

2.2.2 INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK)

The ICPAK submitted the following:-

The ICPAK is a statutory body of accountants with the mandate to develop and regulate accountancy profession in Kenya. The Institute is further mandated under Sec 8 of the Accountants’ Act of 2008 to advise the Cabinet Secretary for Finance on matters relating to governance and accountability in all sectors of the economy.

Amendments to clause 5

THAT, Clause 5 be amended by inserting a new sub-section -

(d) the Cabinet Secretary responsible for finance shall at the time of submitting the Budget Policy Statement to the National Assembly submit a copy of the Budget Policy Statement to the Controller of Budget

Justification: The two documents (CFSP and BPS) are the same at each level (county and national level respectively). As such, they should be treated in the same way.

Amendments to clause 9

THAT, clause 9 of the Bill be amended by deleting the words “in consultation with the Public Service Commission” after the word “may”.

Justification: Chapter 15 of the Constitution recognizes the Controller of Budget as an independent office. In addition, Article 249 and Article 252 (c) of the Constitution provides that the Commissions and the holders of Independent Offices are independent and not subject to direction or control by any person or authority and shall recruit its own staff respectively.

Amendments to Clause 10

THAT clause 10 be included in the body.

Where request for secondment of staff is to be considered, the Institute propose that guidelines be developed to set out structured criteria for identifying the staff to move to the office of the Controller of Budget. We should see an effort to vetting the staff coming to drive the budget control function.

Justification: for clarity purposes and curbing against any conflicts in the daily operations of the Office of the Controller of Budget

Amendments to Clause 16

THAT clause 16 be amended to read, “Clause 16(2)(a) The Annual report shall contain, in respect of the year to which it relates – the audited financial statements of the Controller of Budget

Justification: The audited financial statements reflect the true and fair view of the financial position of the Controller of Budget. These can be relied upon for decision making.

Amendments to Clause 22

The proposed amendment has in actual sense been effectively incorporated in the Public Audit Act 2015; hence the Clause is redundant and should be deleted all together.

Proposed Additional Provisions:

Deputy Controller of Budget

To be amended by introducing a new Clause after Clause 4, this provides for the appointment of Deputy Controller of Budget through a competitive recruitment process. The Bill should provide for his/her functions and removal.

Justification: for succession planning purposes.

Advisory Board

Introduce a new Clause establishing an Advisory Board. This can borrow from the Public Audit Act 2015 which creates a board with a similar mandate for the Auditor General.

The Advisory Board in this case should be chaired by the Controller of Budget.

Justification: to streamline governance of the office and support the effective discharge of its mandate.

2.2.3 THE NATIONAL TREASURY

The Ministry is charged with the responsibility of formulating financial and economic policies. It is also responsible for developing and maintaining sound fiscal and monetary policies that facilitate socio – economic development.

ISSUE OF CONCERN	PROPOSAL	National Treasury Responses	Recommendation
1. (a) Clause 5	ICPAK: amend clause 5 of the Bill by adding a new paragraph (d) which requires the Cabinet Secretary responsible for Finance to submit the Budget Policy Statement to the Controller of Budget at the time of submitting the same to the National Assembly.	<ul style="list-style-type: none">• Section 25 (5) of the PFM Act, 2012 requires the Cabinet Secretary / National Treasury to seek views of the several institutions including the Controller of Budget, Commission on Revenue Allocation, County Governments among others and take their views into account before finalizing the Budget Policy Statement.• On the contrary, Section 117 (5) of the	<ul style="list-style-type: none">• Not Recommended

		<p>PFM Act, 2012 omitted to include the Controller of Budget among the institutions to be given a copy of the County Fiscal Strategy Paper for comments. It is on this understanding that Section 5 (c) of the Controller of Budget Bill, 2015 included that the Controller of Budget should be given a copy by the County Executive Committee Member for Finance.</p> <ul style="list-style-type: none"> • It is also a requirement that both the Budget Policy Statement and the County Fiscal Strategy Paper shall be posted in the National Treasury and County Treasury websites respectively and therefore the documents are public documents. • Therefore, the proposed amendment is not necessary to amend the Bill given that the same issue has been addressed under Section 25 (5) of PFMA. • We therefore propose that the proposed amendment be Rejected 	
(b)	COB: amend clause	• Article 221 (4) and	• Not Recommended

	<p>5 by inserting subclause (2) which provides that the Controller of Budget shall present comments on the Budget Estimates submitted under Article 221 of the Constitution and sections 37 and 129 of the Public Finance Management Act, 2012 to Parliament and County Assemblies.</p>	<p>(5) of the Constitution gives powers to the National Assembly to review the estimates of expenditure submitted by the Cabinet Secretary / National Treasury and seek the views of the public, which may include the Controller of Budget or any other institution.</p> <ul style="list-style-type: none"> • Therefore to compel the National Assembly to receive comments from the Controller of Budget is against the letter and spirit of the Constitution given that under Article 114, it is only Cabinet Secretary who is obligated to give comments on money bills. This means therefore National Assembly should be left to carry out its functions as envisaged in the Constitution given that the Controller of Budget will have given comments to the Cabinet Secretary / National Treasury. • Finally, the Controller of Budget is a control institution which should not be involved in the budget making 	
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		<p>process. Furthermore, this is a conflict of interest with his control function.</p> <ul style="list-style-type: none"> • The proposed amendment is therefore not necessary. • We therefore propose that the proposed amendment be REJECTED. 	
(c)	<p>COB: amend clause 5 by inserting subclause (3) which provides that in preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of the Controller of Budget.</p>	<ul style="list-style-type: none"> • Section 117 (5) requires the County Executive Committee Member for Finance to seek the views of the public before finalizing the County Fiscal Strategy Paper. • The Controller of Budget is an oversight institution during budget implementation. This is the rationale why the Controller of Budget was not included in the institutions to provide comments on the County Fiscal Strategy Paper. • On the contrary, the Controller of Budget is supposed to give views at the National Level because the budget estimates for his office are included therein and the Constitution under Article 249 (3) provides that Parliament shall allocate adequate 	<ul style="list-style-type: none"> • Not Recommended

		<p>resources to this office and therefore it is important for the Cabinet Secretary to engage the office early.</p> <ul style="list-style-type: none"> • Therefore this proposal should be rejected. • We therefore propose that the proposed amendment be REJECTED 	
2. (a) Clause 9	<p>ICPAK and COB: sub-clause (1) be amended by removing the requirement for the COB to consult with the Public Service Commission when appointing staff.</p>	<ul style="list-style-type: none"> • The issues on this matter revolve around whether the Public Service Commission should be involved in the appointment of public officers under the office of the Controller of Budget in line with Article 234 (2) and whether, Article 252 (1) (c) of the Constitution which require the independent office of the Controller of Budget to recruit his own staff envisaged that the office will also appoint its own staff given the provisions of Article 234 (3) of the Constitution, which expressly exempts specific institutions that shall recruit and appoint public officers. 	<ul style="list-style-type: none"> • Not Recommended

		<ul style="list-style-type: none"> • In this case, it is only the Controller of Budget who is exempted from the Article, but the Constitution provides expressly that the Controller of Budget will be appointed by the President under Article 229 (1). • Article 252 (1) (c) gives powers to the Independent Office of the Controller of Budget to recruit its own staff but the Constitution does not allow the Independent office to appoint the staff. • The powers to appoint public officers is vested in the Public Service Commission under Article 234(2)(a)(ii) of the Constitution which provides for the power to appoint persons in the public service. • This position is confirmed by Article 234 (3) which provides for exceptions for appointment of persons to hold public office, or act in those positions, and to confirm 	
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		<p>appointments. In addition, where the Constitution envisaged an institution to recruit and appoint, the Constitution expressly stated that.</p> <ul style="list-style-type: none"> • This is in line with many private organizations where they outsource the recruitment process but retain the appointment powers. The practice of recruitment of staff being undertaken by an independent body and appointment being undertaken by a different body is not unique to this office. For example, the private sector in Kenya has been outsourcing the services for recruitment of staff from professional human resource firms such as KPMG, Manpower Services and the private firm after identification of the suitable persons gets a shortlist of the recommended persons for appointment. This is 	
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		<p>the same situation envisaged by the Constitution.</p> <ul style="list-style-type: none"> We therefore propose that the proposed amendment be rejected. 	
Section 9	<p>We propose that Section 9 (3) be deleted and instead insert a Section 10 to deal substantively with matters of secondment of staff by the Office of the Controller of Budget as suggested below.</p>	<ul style="list-style-type: none"> We propose that Section 9 (3) be deleted 	<ul style="list-style-type: none"> Not Recommended
3. Clause 10	<p>ICPAK: Guidelines need to be developed to set out structured criteria for identifying staff to be seconded to the office of the COB.</p>	<ul style="list-style-type: none"> It is important that the Office of the Controller of Budget should be allowed to request for officers to be seconded to that office as well as second officers to other institutions to bridge any capacity gaps where the Controller of budget has excess capacity. Therefore we are proposing Section 10 be amended to provide that the Office of the Controller of Budget may request for secondment of for officers to the office as well to second officers to other 	<ul style="list-style-type: none"> Recommended

		<p>public institutions upon request to read as follows</p> <p>9. (1) In addition to the staff recruited by the Controller of Budget under Article 252 (1)(c) of the Constitution and this Act, any public entity may, upon the request by the Controller of Budget, second to his or her office such number of public officers as may be necessary for the purposes of carrying out the functions of this office.</p> <p>(2) A public officer seconded under subsection (1) shall, during the period of secondment, be deemed to be an officer of the Controller of Budget and shall be subject only to the direction and control of the Controller of Budget.</p> <p>(3) For purposes of this Act, a public officer who is seconded to the Office of the Controller of Budget under this section, shall be deemed to be an employee of the Controller of Budget and shall enjoy the</p>	
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		<p>same benefits in the same manner as an employee recruited directly by the Controller of Budget under this Act.</p> <p>(4) The Controller may upon request second an officer, and for a period that shall be agreed, for purposes of capacity building, or such number of officers as may be necessary for the institution requesting for the secondment of officers to better carry out its functions.</p> <p>(5) A public officer seconded by the Controller of Budget under subsection (4) above, shall be deemed to be an officer of that institution and shall be subject only to the direction and control of that institution”.</p>	
4. Clause 16	ICPAK: Amend clause 16(2) (a) to provide that the financial statements to be published should be the audited ones.	We agree with the proposed amendment.	Recommended
5. Clause 22	ICPAK: Clause 22 makes reference to the Public Audit Act,	Section 22 has been overtaken by events. We therefore propose that	Recommended

	2003 which has since been repealed by the Public Audit Act, 2015.	Section 22 be deleted from the Bill.	
NEW PROVISIONS			
6. Clause 3	New	<p>This is to consolidate the provisions regarding the functions and the requirements and qualifications for the appointment of the Controller of Budget. We are therefore proposing that we transfer the contents for the appointment of the Controller of Budget from the Independent Offices (Appointment) Act, 2011 to this Act and thereafter repeal this Act. The National Treasury therefore proposes that Section 3 of the Bill be deleted and replaced with the following:-</p> <p>3. (1) A person shall be qualified for appointment as the Controller of Budget if such person:-</p> <ul style="list-style-type: none"> (a) is a citizen of Kenya; (b) holds the respective qualifications for the office specified in Article 229 of the Constitution; (c) holds a degree in finance, accounting or 	

		<p>economics from a university recognized in Kenya;</p> <p>(d) meets the requirements of Chapter Six of the Constitution; and</p> <p>(e) is a member in good standing of a professional body for accountants recognized by law.</p>	
6. Clause 4	<p>ICPAK: Amend clause 4 by inserting a new clause which establishes the office of the Deputy Controller of Budget.</p>	<p>We agree with the proposed amendment. The National Treasury therefore proposes a new Section be inserted to deal with the appointment of the Deputy Controller of Budget as well as vacancy of the office of the Controller of Budget to read as follows:</p> <p>Section 4 (1) - There shall be a deputy Controller of Budget who shall be competitively recruited by the Controller of Budget and appointed by the Public Service Commission.</p> <p>(2) A person shall be qualified for appointment as a Deputy Controller of Budget, if that person meets all the qualifications for appointment of the</p>	Recommended

		<p>Controller of Budget as outlined in the Section 3 of this Act</p> <p>(3) The Deputy Controller of Budget shall deputize the Controller of Budget and —</p> <p>(a) be the head of administration and management of the office of the Controller of Budget;</p> <p>(b) be the accounting officer of the Office of the Controller of Budget; and</p> <p>(c) perform such duties and exercise such other powers as the Controller of Budget may delegate to him or her or perform other duties as spelled out by the office of the Controller of Budget.</p> <p>(4) In performance of his or her responsibilities under this subsection (1) (a), the Deputy Controller of Budget shall report to the Controller of Budget.</p> <p>(5) whenever, a vacancy shall arise for the position of the Controller of Budget, the Deputy Controller of Budget shall be appointed by the President to Act as the</p>	
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		Controller of Budget for a period of ninety days pending recruitment and appointment of a substantive Controller of Budget.	
7.	ICPAK: Establish an Advisory Board to help the COB in the administrative functions of the office.	The Office of the Controller of Budget's role is assigned by the Constitution and given that the staff shall be appointed in consultation with the Public Service Commission. Accordingly therefore establishing an Advisory Board for the Office of the Controller of Budget might not be necessary given the functions of the office. We are therefore proposing that this amendment be dropped.	Not Recommended
8.	Section 20 A to deal with offences and sanctions for the officers of the Controller of Budget.	There is need to provide a clause to deal with offences and sanctions for the office of the Controller of Budget stating as follows:- 20 A. (1) Any officer of the Office of the <i>Controller of Budget commits an offence if that officer—</i> <i>(a) engages in a corrupt act;</i> <i>(b) knowingly and willfully conceals information on Controller of Budgets findings for whatever reason, including in order to obtain a financial benefit for</i>	

		<p><i>the officer or an accomplice or another person;</i></p> <p><i>(c) knowingly and willfully fails to disclose information on fraud or corrupt practice by the entity;</i></p> <p><i>(d) fails to disclose any conflict of interest in any matter under consideration in the course of discharging any functions under this Act;</i></p> <p><i>(e) knowingly and willfully discloses ,publishes or publicizes the Controller of Budgets' report or its contents to third parties including the media before the report is finalized and formally submitted to Parliament or County Assembly and copied to the relevant entity and other authorized offices; or</i></p> <p><i>(2) Any officer of the Office of the Controller of Budget who commits an offence under subsection (1) shall be liable on conviction to a fine not exceeding ten</i></p>	
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		<i>million shillings or to imprisonment for a term not exceeding five years, or to both.</i>	
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3.0 SUMMARY OF THE CONTENTS OF THE BILL

1. Clause 4 of the Bill sets out the functions of the office of the Controller of Budget in accordance with Article 228(4) to (6) and 252 of the Constitution.
2. Clause 6 of the Bill spells out the form and content of quarterly budget implementation review reports that the Controller of Budget ought to submit to Parliament in accordance with Article 228 (6) of the Constitution.
3. Further clause 7 mandates the controller of budget to prepare and submit special reports in accordance with Article 225(7), 252(1) and 254 (2) of the constitution.
4. Clause 12 of the Bill Provides for protection from personal liability for the Controller of Budget or any person working under the instruction of the controller of budget while executing the functions and powers of the Controller of Budget under the Constitution.
5. Clause 14 of the Bill provides for the sources of funds for the Controller of Budget office as monies appropriated by parliament for the purposes of his or her office and also such monies or assets as may lawfully accrue to the controller of budget in the course of the exercise of his or her powers or the performance of the functions set out in this Bill.
6. The Bill under clause 19 prescribes a fine of five million or a jail term of 2 years or both for anyone who without justification or lawful excuse, obstructs, hinders, assaults or threatens the Controller of Budget or his or her member of the staff acting under this Act and also knowingly submits false or misleading information to the Controller of budget.
7. The Bill under clause 22 amends the Public Audits Act of 2003 by deleting the words "Controller and Auditor General" wherever it appears and substituting therefore with the words "Auditor- General"

4.0. COMMITTEE OBSERVATIONS

Having analyzed the Bill and the submissions from the stakeholders, the Committee made the following observations:-

1. The proposed Bill does not explicitly indicate that before the commencement of the regulations, they shall be approved by Parliament. There is need to provide explicitly that the Regulations will not take effect unless approved by parliament.
2. Clause 5 requires the Cabinet Secretary to submit a copy of the budget estimates to the controller of budget at the time of submitting it to the National Assembly in order for him/her to effectively oversee the implementation of the budget. However, the draft estimates undergo considerable changes after their submission to the National Assembly. It is therefore recommended that the Cabinet Secretary submits the final budget as approved by the House.

3. Even though Clause 6 specifies the content of the Quarterly Budget Implementation Review reports from the Controller of Budget however, the Bill overlooks the fact that the budget making process has evolved into a program based format and therefore the reporting of the budget implementation should be modeled along this format.
4. The Bill as published currently does not have clause 10
5. The Bill does not specify the knowledge and experience required for appointment as the Controller of Budget.
6. Clause 9 infringes on the Controller of Budget's independence regarding the recruitment of staff for proper discharge of his/her constitutional responsibility by obligating him to consult the Public Service Commission.

5.0 COMMITTEE RECOMMENDATION

Having considered submissions by the stakeholders and from its own analysis, the Committee has consolidated amendments for further discussion with the National Treasury in line with Article 114 for possible introduction during the Committee Stage.



MINUTES OF THE 3RD SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING & TRADE HELD ON WEDNESDAY 27TH JANUARY, 2016 IN CONTINENTAL HOUSE, COMMITTEE ROOM, 5TH FLOOR, PARLIAMENT BUILDINGS AT 10:00AM

PRESENT

- | | |
|-----------------------------------|--------------------|
| 1. Hon. Benjamin Langat, MP | Chairperson |
| 2. Hon. Jimmy Nuru Angwenyi, MP | |
| 3. Hon. Shakeel Shabbir, MP | |
| 4. Hon. Sammy Mwaita, MP | |
| 5. Hon. Ronald Tonui, MP | |
| 6. Hon. Mary Emase, MP | |
| 7. Hon. Sakwa John Bunyasi, MP | |
| 8. Hon. Dr. Oburu Oginga, MP | |
| 9. Hon. Lati Lelelit, MP | |
| 10. Hon. Ogendo Rose Nyamunga, MP | |
| 11. Hon. Timothy Bosire, MP | |

ABSENT WITH APOLOGIES

- | | |
|-------------------------------------|-------------------------|
| 1. Hon. Nelson Gaichuhie, MP | Vice-Chairperson |
| 2. Hon. Eng. Shadrack Manga, MP | |
| 3. Hon. Anyanga Andrew Toboso, MP | |
| 4. Hon. Dennis Waweru, MP | |
| 5. Hon. KubaiIringo, MP | |
| 6. Hon. Daniel Epuyo Nanok, MP | |
| 7. Hon. Jones Mlolwa, MP | |
| 8. Hon. Alfred Sambu, MP | |
| 9. Hon. Sammy Koech, MP | |
| 10. Hon. Tiras Ngahu, MP | |
| 11. Hon. Abdul Rahim Dawood ,MP | |
| 12. Hon. Joash Olum, MP | |
| 13. Hon. Sumra Irshadali, MP | |
| 14. Hon. Patrick Makau King'ola, MP | |
| 15. Hon. Joseph Limo, MP | |
| 16. Hon. Sakaja Johnson, MP | |
| 17. Hon. Kirwa Stephen Bitok, MP | |
| 18. Hon. Abdullswamad Shariff, MP | |

IN ATTENDANCE

- | | | |
|--------------------------|---|--------------------------|
| 1. Mr. Robert Nyaga | - | Chief Fiscal Analyst |
| 2. Mr. Fredrick Muthengi | - | Principal Fiscal Analyst |
| 3. Mr. Nicodemus Maluki | - | Third Clerk Assistant |
| 4. Mr. Fredrick Otieno | - | Third Clerk Assistant |
| 5. Ms. Anncettah Gacheri | - | Research Officer |
| 6. Mr. Eric Osoi | - | Research Officer |
| 7. Mr. Thomas Ogwel | - | Fiscal Analyst |
| 8. Mr. Erick Kanyi | - | Fiscal Analyst |

MIN.NO. DCF/008/2016: PRELIMINARIES

The Chairperson called the meeting to order at 10:35am followed by a word of prayer from Hon. Shakeel Shabbir, MP

MIN.NO. DCF/009/2016: CONSIDERATION OF THE CONTROLLER OF BUDGET BILL, 2015

The Parliamentary Budget Office informed the Committee as follows regarding the Bill:-

1. The office of the Controller of Budget was established by the Constitution of Kenya under Article 228(1) to oversee the implementation of budgets of both national and county governments by authorizing withdrawals from public funds.
2. However, the office has been operating without a legislative framework; therefore the object of this Bill is to operationalize Article 225, 228 and 252 of the Constitution regarding the functions of the Office of the Controller of Budget.
3. Clause 4 of the Bill sets out the functions of the office of the Controller of Budget in accordance with Article 228(4) to (6) and 252 of the Constitution.
However, there is need to provide for the qualifications and procedure of appointment as well as terms of reference to the Controller of Budget.
4. Clause 6 of the Bill spells out the form and content of quarterly budget implementation review reports that the controller of controller of budget ought to submit to Parliament in accordance with Article 228 (6) of the Constitution.

There is need to provide for the functions in terms of

- a) Approval: the definition of the approval and procedure is not clear what it entails.
- b) Reports to parliament: the reports should be detailed enough to indicate amounts requested by each of the ministries, departments and Agencies (MDAs), the total approvals, total cumulative releases,
- c) The report should be restricted to annual approved budget, releases and expenditures by programme/ project.

MDA							
Programme/ Project code/ no.	Project Name	Approved Budget per project	Amount requested per project	Cumulative Release for FY per project	Actual Expend	Variance of request to release	Reasons/ remarks for decline if any

d) Financial Performance Reporting

- a) Total approved budget
- b) Total funds Release by projects
- c) Absorption of funds by projects
- d) Budget Trends Analysis
- e) Supplementary Releases
- f) Remarks on decline if any

The COB Reports should also report on implementation status of projects based on representation, level of capital investment, planned quarterly outputs, and value of releases.

Implementation of force account			Implementation of contract		
Receipts	Expenditure as at.....	%	Name of the Contract	Financial Progress	Remarks Level of Progress

5. Further clause 7 mandates the controller of budget to prepare and submit special reports in accordance with Article 225(7), 252(1) and 254 (2) of the constitution.
6. Clause 12 of the Bill Provides for protection from personal liability for the controller of budget or any person working under the instruction of the controller of budget while executing the functions and powers of the Controller of Budget under the Constitution.
7. Clause 14 of the Bill provides for the sources of funds for the Controller of Budget office as monies appropriated by parliament for the purposes of his or her office and also such

monies or assets as may lawfully accrue to the controller of budget in the course of the exercise of his or her powers or the performance of the functions set out in this Bill.

8. The Bill under clause 19 prescribes heavy a fine of five million or a jail term of 2 years or both for anyone who without justification or lawful excuse, obstructs, hinders, assaults or threatens the Controller of Budget or his or her member of the staff acting under this Act and also knowingly submits false or misleading information to the Controller of budget.
9. The Bill under clause 22 amends the Public Audits Act of 2003 by deleting the words "Controller and Auditor General" wherever it appears and substituting therefore with the words "Auditor- General"

a) Situational Analysis

10. The office of the Controller of Budget was established by the Constitution of Kenya under Article 228(1) and became operational upon the appointment of the Controller of Budget on 27th August 2011.
11. Prior to this, some of the functions of the Office of the Controller of Budget were performed by the Controller and Auditor General and the National Treasury while others did not exist. Two new independent constitutional offices were therefore created by splitting the control function of the Controller and Auditor General into the Office of the Controller of Budget and the Auditor General under Articles 228 and 229. The role of the Controller of budget has further been extended to include monitoring budget execution and reporting to Parliament every four months.
12. The rationale for the creation of the Office of the Controller of Budget as an independent office under the Constitution of Kenya was to address the demand by the public for separation of financial management functions, that is; controlling and reporting on budget implementation from the auditing function.
13. The need for strong expenditure controls has become even more critical as the country moves towards a devolved governance system. The devolved system establishes 47 county governments and the national government. This implies there will be many more centers of authority since the 47 county governments are distinct, interdependent and will operate on the basis of consultation and mutual respect .These aspects can easily lead to run away expenditure and unsustainable debt.
14. In the former, Constitution of Kenya, the Controller and Auditor General's duties were limited to approving withdrawals from the Consolidated Fund. The functions of monitoring and reporting on the budget implementation in a year were not being performed regularly resulting into misuse of budgeted resources. There was thus no report for Parliament to properly exercise its mandate of budget oversight while it was being implemented and hence correct this misuse of resources in good time.

15. The introduction of the Office of Controller of Budget has therefore transferred some of the key public finance management responsibilities from the Executive to some of the oversight institutions as reorganized by the Constitution of Kenya 2010, including the Office of the Controller and Auditor General.

b) Key Observations

16. Although the Office of the Controller of Budget prepares the Budget Implementation Review Reports for National and County Governments and submits to Parliament, these Reports do not provide comprehensive and sufficient information for removing key implementation bottlenecks to enhance transparency and accountability and consequently improve service delivery.

17. The Office of the Controller of Budget should also be charged with tracking implementation of selected government programmes or projects and observing how values of different financial and physical indicators change over time against stated goals and targets (how things are working). The implementation challenges that would be identified and recommendations made thereof should guide the relevant sectors to ensure enhanced effectiveness of programme implementation and value for money for public expenditures. It should be modeled alongside the programme based budgets to reflect the programme based budget.

18. The reporting structure should be in a manner to follow and report on financial performance of selected ministries and agencies. This mainly should consist of general Budget performance of the selected ministries and agencies. It should focus mainly on capital approved annual budget, releases, and expenditures on semi-annual basis.

19. The Controller of Budget does not report on the physical performance of the actual releases and this may result to white elephant projects. Physical performance reporting would act as early warning signs as the report would indicate the Completion status of key major ongoing and new projects based on the capital approved annual budget, releases, and actual expenditures at the time of reporting. The Constitution Article 228 (4) provides "*The Controller of Budget shall oversee the implementation of the budgets of the national and county governments by authorizing withdrawals from public funds under Articles 204, 206 and 207*"

20. This overseeing/ involvement in the implementation of national and County Governments may contemplate some element of reporting on physical performance of key

21. In Monitoring and Evaluation as indicated under clause 4 of the Bill, the Report should also cover input/output monitoring of selected capital/ development projects highlighting progress made on key planned activities such as financial performance of the projects/programmes and outlining implementation challenges, any arising policy issues and recommendations. The projects monitored should be selected on the basis of regional

representation, level of capital investment, planned quarterly outputs, and value of releases.

22. Regulations. The proposed Bill does not explicitly indicate that before the commencement of the regulations, they shall be approved by Parliament. There is need to express explicitly that the Regulations will not take effect unless approved by parliament.
23. The following are some of the key observations from the Bill in its present form and content;
 - i. Clause 5 requires the cabinet secretary to submit a copy of the budget estimates to the controller of budget at the time of submitting it to the National Assembly in order for him/her to effectively oversee the implementation of the budget. However, the draft estimates undergo considerable changes after their submission to the National Assembly. It is therefore recommended that the cabinet secretary submit the final budget as approved by the House.
 - ii. Even though Clause 6 specifies the content of the Quarterly Budget Implementation Review reports from the Controller of Budget however, the Bill overlooks the fact that the budget making process has evolved into a program based format and therefore the reporting of the budget implementation should be modelled along this format.
 - iii. The Bill as published currently does not have clause 10
 - iv. The Bill does not specify the knowledge and experience required for appointment as the Controller of Budget.
 - v. Clause 9 infringes on the Controller of Budget independence regarding the recruitment of staff for proper discharge of his/her constitutional responsibility by obligating him to consult the Public Service Commission.

I. Areas of Concern – Proposed Amendments

The need to prescribe the qualifications of the Holder of the Office of the Controller of Budget to be in tandem with the Constitution and express explicitly the requirements for the office holder and term of office.

3.1) To be qualified to be the Controller, a person shall have extensive knowledge of public finance or at least ten years' experience in auditing public finance management.

3.2 The Controller shall, subject to Article 251, hold office for a term of eight years and shall not be eligible for re-appointment

6.2A

Insert the following paragraphs under clause 6

- a) Approval: means approved funds by parliament by way of Appropriations Act, Supplementary Appropriations Act, or any of the Approval of its report or committee's reports.
- b) Reports to parliament should indicate amounts requested by each of the Ministries, Departments and Agencies (MDAs), the total approvals, total cumulative releases,
- c) The report should be restricted to annual approved budget, releases and expenditures by programme/ project.

Require that the Cabinet Secretary submits the final budget as approved by the National Assembly

Clause 20

Regulations under this Act shall not take effect unless approved by a resolution passed by Parliament.

Amendments by The National Treasury

For the avoidance of doubt, the reports submitted under subsection (1) shall not include reports on macroeconomic forecasts and performance, including revenue, grants and loans forecasts and receipts'

12. (1) Where:

- a. The office of the Controller of Budget becomes vacant;
- b. The Controller of Budget has been suspended in accordance with the Constitution;
- c. The appointment of a person as Controller of Budget is pending, or
- d. The controller of Budget is, for any reason is unable to perform the function of his or her office,

Then, until a person is appointed to and has assumed the functions of that office in accordance with Section 3 above, or until the Controller of Budget has resumed the performance of those functions, the President shall designate the most senior officer in the office of the Controller of Budget, who meets the minimum qualifications for appointment to the office of the Controller of Budget to perform those functions in an acting capacity for a period not exceeding twelve months.

(2) If the Controller of Budget is unable to return to office, the appointment of the person to replace the Controller of Budget shall not be later than three months before the expiry of the period for which the person referred to in subsection (1) is designated to act.

(3) When acting in terms of subsection (1), the acting Controller of Budget shall have all the Powers of the controller of Budget.

Offences by the office of the Controller of Budget.

- 1) Any officer of the Office of the Controller of Budget commits an offence if that officer;
 - (a) Engages in a corrupt act; or
 - (b) Knowingly and willfully conceals official information for whatever reason, Including in order to obtain a financial benefit for the officer or an accomplice or another person; or
 - (c) Knowingly and willfully fails to disclose information on fraud or corrupt practice by a State Organ or public entity;
 - (d) Fails to disclose any conflict of interest in any matter under consideration in the course of discharging any functions under this Act; or
 - (e) Knowingly and willfully discloses, publishes or publicizes Controller of Budget report or its contents to third parties including media before the report is finalized and formally submitted to Parliament or County Assembly and copied to the entity that is subject of the report.

- 2) Any officer of the Office of the Controller of Budget who commits an offence under subsection (1) shall be liable on conviction to a fine not exceeding ten million shillings or to imprisonment for a term not exceeding five years, or to both.

General Penalty

19A. Except as otherwise provided for under this Act, a person who is found guilty for committing an offence under this Act for which no other punishment is given, that person is liable on conviction to a fine not exceeding two million shillings or to a term of imprisonment not exceeding one years or, to both.

20. The Cabinet Secretary may, make regulations not inconsistent with this Act respecting any matter that is necessary or convenient to be prescribed under this Act or for the carrying out or giving effect to this Act.

Annex 1: Analysis of the Clauses

Clause	Highlights	Remarks
Part I - Preliminary		
1.	Provides for a short title of the Act	The Act provides for the title.
2.	Provides for interpretation of terms and phrases used in the Bill	The terms and phrases in the Bill are clearly interpreted.
Part II - Administration		
3.	Provides for mode of appointing the Controller of Budget	Procedure of appointing the Controller of Budget is clearly provided in accordance with Constitution, and Independent Offices (Appointment) Act, 2011.
4.	Sets out the functions of the Controller of the Budget	<p>Functions outlined are in line with the mandate of the Controller of Budget. However, there is need to provide for the qualifications and procedure of appointment as well as terms of reference to the Controller of Budget.</p> <p>Need to include implementation status reports for major projects on the basis of capital approve annual budget, releases, and expenditures on semi-annual basis.</p>
5.	Provides for submission of a copy of the budget estimates of the National Government and County Fiscal Strategy Papers to the Controller of Budget.	The relevant document submitted to the Controller of Budget should be the approved budget since the draft estimates submitted to parliament undergoes some changes before it is approved.
6.	Provides for submission of quarterly budget implementation reports to parliament for the National and County Governments in accordance with Article 228(6) of the Constitution.	Ensures proper oversight over public expenditure to promote transparency and accountability however the reporting should be program based.


		<p>The reports as currently prepared do not provide comprehensive and sufficient information for removing key implementation bottlenecks to enhance transparency and accountability and consequently improve service delivery.</p> <p>Secondly, the OCoB should prepare Reports indicating, before release of funds, what the funds are needed for, and the status / achievements of past releases giving progress at each of the implementation stages as well as physical and financial performance of major projects / programmes by producing regular budget monitoring reports, to provide accurate and timely information on the status of programme implementation to aid decision making by policy makers. This may address the challenge of stalled projects - white elephant.</p>
7.	It Authorizes the Controller of Budget to prepare and submit special reports as provided for in the Constitution in accordance with Article 225(7), Article 252(1), 254(2)	It gives effect to Articles 225(7), 252(1), and 254(2) of the Constitution.
8.	Provides for delegation of powers and duties by the Controller of Budget.	The delegation of powers and duties has to be sanctioned in writing by the Controller of Budget.
9.	<p>Gives the Controller of Budget the power to appoint staff for the proper discharge of the function of the office of the controller of budget.</p> <p>It also provides for the absorption of the seconded officers.</p>	It's silent on the benefits accrued to the seconded officers from their parent ministries i.e. pension, whether they will carry forward or not.
10.	Missing	The clause is missing from the Bill. However, it appears clause 9(3) should be clause 10. Hence, renumber the clauses as

		appropriate.
11.	Provides for the common seal of the Controller of Budget and the terms for its authentication.	Gives the office a common seal
12.	Provides for protection from personal liability for the controller of budget or any person working under the instruction of the controller of budget while executing the functions and powers of the Controller of Budget under the Constitution.	The clause protects controller of budget and the staff from litigation in the course of their duties.
13.	Compels all public officers, state organs or state offices to cooperate with the controller of budget to enable him/her to carry out his/her function in accordance with the Constitution.	It will ensure and enhance timely release of the Budget Implementation Review Report.
Part III – Financial Provisions		
14.	Provides for sources of fund for the office of the Controller of Budget.	This is necessary for the smooth operation of the office.
15.	Specifies the Financial Year for the Controller of Budget.	Consistent with the Government fiscal calendar
16.	Mandates the controller of budget to prepare and publish an annual report on among other things the financial statements, and activities undertaken by the Controller of Budget and any other statistical information considered appropriate by his/her Office.	This will inform and educate the public on the role of the office in matters public finance.
17.	Spells out the mode of submitting the budget for the Controller of Budget.	The clause is in accordance with the constitution and the PFM Act.
18.	Provides for mode of accounting and audit for the annual accounts of the controller of budget in accordance with provisions of the constitution, PFM Act, public Audit Act and any other relevant legislation.	This will promote financial transparency and accountability on the part of the office of Controller of Budget
Part IV – Miscellaneous Provisions		
19.	Provides for penalties on offences committed by obstructing the controller of budget from	The penalties provided for under clause 19 are punitive enough and will safeguard

	executing its mandate in accordance with the constitution.	against the obstruction.
20.	Mandates the Controller of Budget to come up with regulations which shall be laid before parliament to give effect to any provision of the Act.	The regulations will give effect to provisions of the Act. Need to provide that the Regulations under this section shall not take effect unless approved by a resolution passed by Parliament. This will insulate against sneaking in other mischief The need to ensure that Parliament approves the regulations lest delegated powers to executive for subsidiary legislation erodes the legislative powers. This will harmonize the similar treatment and conform to the PFM Act regulations applications
21.	Mandates the Controller of Budget to come up with a code of conduct for members of staff of the office of the Controller of Budget	The code of conduct will ensure the office of the Controller of Budget work in a professional and ethical manner.
22.	Provides for the amendment of the public audit act of 2003 by deleting the words "Controller and Auditor General" wherever it appears and substituting it with "Auditor General"	The clause brings clarity between the duties of the Controller and the Auditor General.

MIN.NO. DCF/010 /2016: ADJOURNMENT

The Chairperson adjourned the meeting at 2.00pm

Signed..........date.....^{5th} March 2016.....

Vice Chairperson

MINUTES OF THE 24TH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING & TRADE HELD ON THURSDAY 14TH APRIL, 2016 IN COMMITTEE ROOM, 5TH FLOOR CONTINENTAL HOUSE, PARLIAMENT BUILDINGS AT 10:00AM.

PRESENT

1. Hon. Benjamin Langat, MP
2. Hon. Dr. Oburu Oginga, MP
3. Hon. Anyanga Andrew Toboso, MP
4. Hon. Mary Emase, MP
5. Hon. Sammy Mwaita, MP
6. Hon. Ogendo Rose Nyamunga, MP
7. Hon. Daniel Epuyo Nanok, MP
8. Hon. Kirwa Stephen Bitok, MP
9. Hon. Sammy Koech, MP
10. Hon. Jones Mlolwa, MP
11. Hon. Abdul Rahim Dawood, MP
12. Hon. Ronald Tonui, MP
13. Hon. Timothy Bosire, MP
14. Hon. Eng. Shadrack Manga, MP
15. Hon. Patrick Makau, MP
16. Hon. Sakwa John Bunyasi, MP

Chairperson

ABSENT WITH APOLOGIES

1. Hon. Nelson Gaichuhie, MP
2. Hon. Jimmy Nuru Angwenyi, MP
3. Hon. Shakeel Shabbir, MP
4. Hon. Alfred Sambu, MP
5. Hon. Abdullswamad Shariff, MP
6. Hon. Sakaja Johnson, MP
7. Hon. Dennis Waweru, MP
8. Hon. Iringo Cyprian Kubai, MP
9. Hon. Joash Olum, MP
10. Hon. Sumra Irshadali, MP
11. Hon. Lati Lelelit, MP
12. Hon. Tiras Ngahu, MP
13. Hon. Joseph Limo, MP

Vice-Chairperson

IN ATTENDANCE

NATIONAL ASSEMBLY

- | | | |
|------------------------|---|-----------------------|
| 1. Mr. Evans Oanda | - | First Clerk Assistant |
| 2. Mr. Fredrick Otieno | - | Third Clerk Assistant |
| 3. Mr. Erick Osoi | - | Research Officer |



MIN.NO. DCF/096/2016: PRELIMINARIES

The Chairperson called the meeting to order at 10:35am followed by a word of prayer from Hon. Sakwa John Bunyasi, MP.

MIN.NO. DCF/097/2016: Consideration and adoption of the report on the public petition by residents of sigowet/soin constituency on privatization of Muhoroni Sugar Company limited (in receivership)

After some discussions, this matter was deferred to a later.

MIN.NO. DCF/098/2016: Consideration and adoption of the report on the public petition by the Consumer Federation of Kenya (cofek) on operationalization of section 94 of the Consumer Protection Act, 2012 and amendment of section 16(3) of the Finance Act, 2013

The Committee considered and unanimously adopted the draft report.

MIN.NO. DCF/099/2016: consideration and adoption of the report on the Banking (Amendment) Bill, 2015

The Committee considered and unanimously adopted the report on the Banking (Amendment) Bill, 2015

MIN.NO. DCF/100/2016: consideration and adoption of the report on the Controller of Budget Bill, 2015

The Committee considered and unanimously adopted the report on Controller of Budget Bill, 2015. It was agreed that the amendments to the bill would be discussed at a later date.

MIN.NO. DCF/101/2016: Challenges facing the Banking Sector

The Committee considered the Memo from the Directorate of L& P conveying the resolution of the House requesting the Committee to investigate the matter. In the Memo, the Committee was required to investigate the matter under the following terms of reference:-

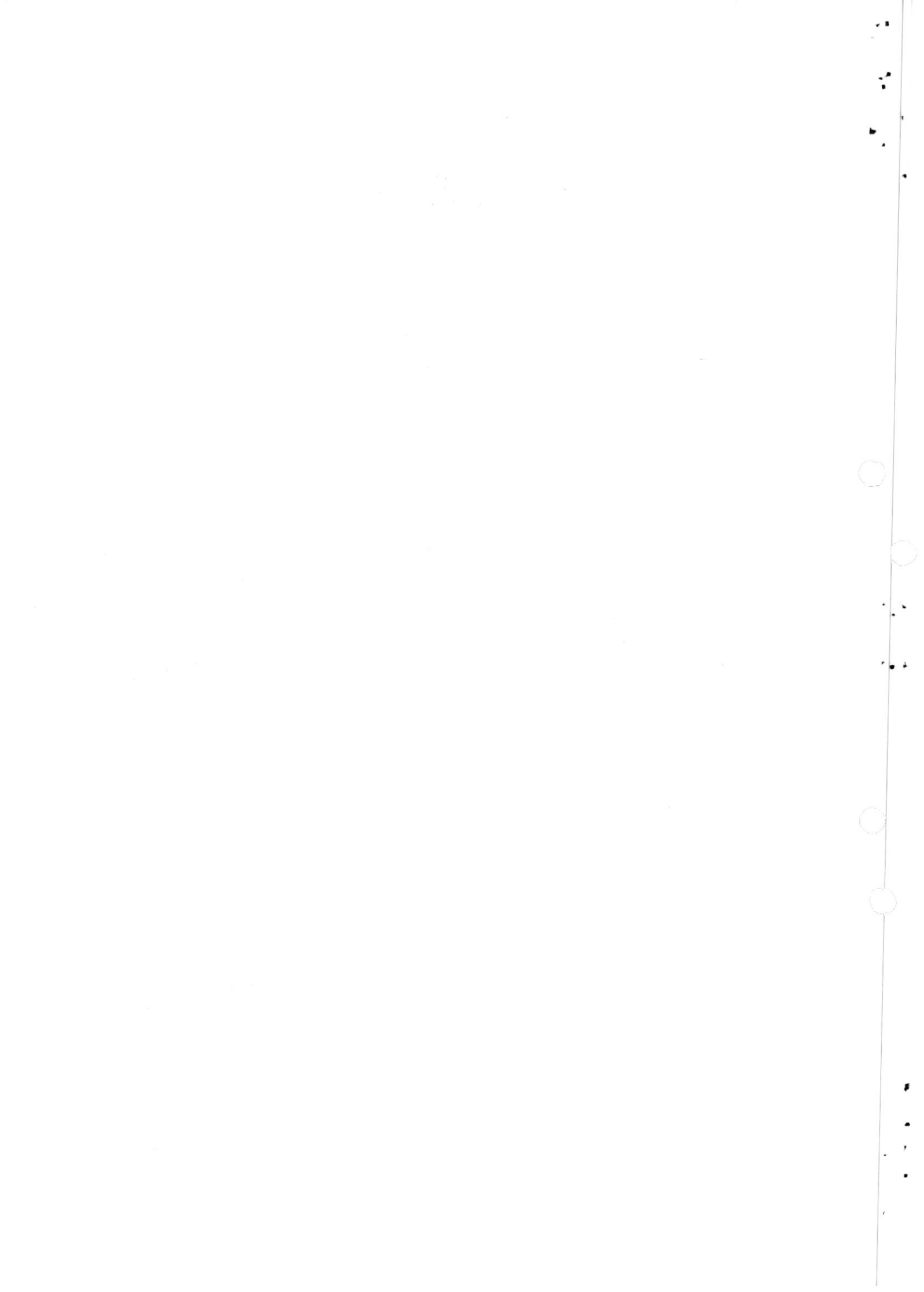
1. Role of the CBK as a regulator in the Financial Sector;
2. Legal framework governing the financial sector
3. Governance issues in CBK of Kenya Prior to June, 2015
4. Role of auditors in auditing financial institutions
5. Any other issue incidental to the inquiry

The Committee resolved to invite the Parliamentary Budget Office and the Legal Department to its meeting scheduled for Tuesday 19th April, 2016 to brief it on the above matter.

MIN.NO. DCF/102/2016: ANY OTHER BUSINESS

There being no other business, the meeting was adjourned at 1:55pm.

Signed..........Date..........
Chairperson



DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING & TRADE

MEMBERS ATTENDANCE REGISTER

DATE 14/04/2016 TIME 10.00 AM

AGENDA CONSIDERATION AND ADOPTION OF REPORTS ON PETITIONS AND BILLS

	NAME	TITLE	SIGNATURE
1	Hon. Benjamin Lagat	Chairman	
2			
3	Hon.	
4	Hon.	
5	Hon.	
6	Hon.	
7	Hon.	
8	Hon. Jones Mbatia	"	
9	Hon.	
10	Hon.	
11	Hon. Anyanga Andrew Toboso	"	
12	Hon. Daniel Epuyo Ilamir	"	
13	Hon. Mary Rnaase	"	
14	Hon.	
15	Hon. RONALD TONUI	"	
16	Hon. Rose Mwanungu	"	
17	Hon.	
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