

Review of the Treasury Systems; National Exchequer & County Revenue Fund Operations

Presentation by:

Benjamin Osano

0720298499

**Chief Accountant, Exchequer/Cash Management,
The National Treasury
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Introduction



The National Treasury derives its mandate from the Constitution 2010, the Public Management Act 2012 and the Executive Order No.2/2013.

The National Treasury role is both national as well as in the Devolved System of Government by strengthen financial and fiscal relations between the two and encourage support for county governments in performing their functions.

Role in the devolved system of Government



- Assist county governments to develop their capacity on financial matters
- Prepare the annual Division of Revenue Bill and the County Allocation of Revenue Bill (CARA)
- Provide logistical support to intergovernmental institutions overseeing intergovernmental fiscal relations.
- Coordinate the development and implementation of financial recovery plans for county governments that are in financial distress

Other core functions of the National Treasury



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Other core functions of the National Treasury



- Develop policy for the establishment, management, operation and winding up of public funds;
- Prepare the annual Division of Revenue Bill and the County Allocation of Revenue Bill;
- To prepare the National Budget, implement and control approved budgetary resources to MDAs and other Government agencies/entities.
- Design and prescribe an efficient financial management system for the national and county.

Implementation of the budget



- The National Treasury shall maintain the Consolidated Fund in an account to be known as the National Exchequer Account. An equivalent Account is County Revenue Fund for County Governments.
- The Exchequer Account and County Revenue Fund is kept at the Central Bank of Kenya.

Execution through funding



- The Exchequer Account shall, subject to Article 206(1) of the Constitution to facilitate payment into that account all money raised or received by or on behalf of the National Government.
- The National Treasury shall ensure that the National Exchequer Account is **NOT OVERDRAWN** at any time.

Limited cash available



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Cash management



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What cash management entails



- Assessing the cash inflows and outflows expected at any one time through realistic cash plans;
- avoiding accumulation of idle balances;
- ensuring payments, including transfers to other levels of government and national-government entities are made when.

Sources of funds for the National Government.



- Taxable revenue
- Non Taxable revenue
- Borrowing

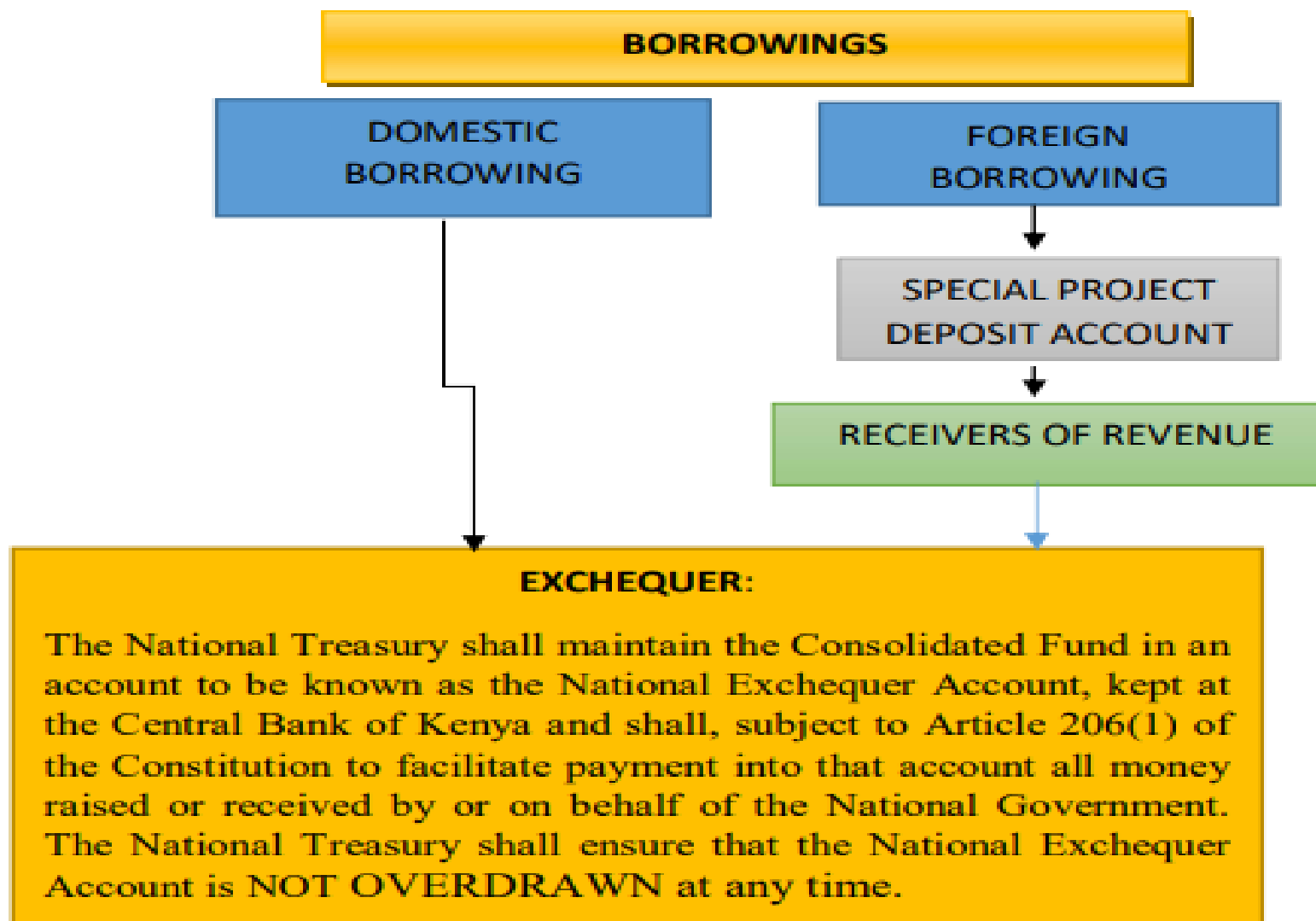
Borrowing



National government shall ensure grants are factored in the budgets and counterpart funds appropriated accordingly.

This happens and considers financing agreements documents have been executed detailing commitments and activities to be performed by an organization for the awarding agency and contain specific objectives, direction, specifications, costs or methods of performance.

Flow of funds Borrowed



Management of grants and donations



- Upon approval by the Cabinet Secretary, an Accounting Officer may receive any grants, donation, sponsorship made in favor of the government entity irrespective of whether such sponsorship or grants or donation is in cash or in kind.
- All cash grants, donations or sponsorships shall be deposited in the Consolidated Fund provided that

Sharing of the revenue



202.

- (1) Revenue raised nationally shall be shared equitably among the national and county governments.
- (2) County governments may be given additional allocations from the national government's share of the revenue, either conditionally or unconditionally.

Sharing of the revenue criteria



203. (1) The following criteria shall be taken into account in determining the equitable shares provided for under Article 202 and in all national legislation concerning county government enacted in terms of this Chapter—

(a) the national interest;

(b) any provision that must be made in respect of the public debt and other national obligations;

(c-k)

Sharing of the revenue to counties



(2) For every financial year, the equitable share of the revenue raised nationally that is allocated to county governments shall be not less than fifteen per cent of all revenue collected by the national government. (3)

The amount referred to in clause (2) shall be calculated on the basis of the most recent audited accounts of revenue received, as approved by the National Assembly.

CRA on legislation affecting counties



205. (1)

When a Bill that includes provisions dealing with the sharing of revenue, or any financial matter concerning county governments is published, the Commission on Revenue Allocation shall consider those provisions and may make recommendations to the National Assembly and the Senate.

legislation affecting counties



205 (2)

Any recommendations made by the Commission shall be tabled in Parliament, and each House shall consider the recommendations before voting on the Bill.

Continuation, Budget Execution.



- Cash flow planning are key for efficient and effective operations to be realized for both National and County Government. The cash plans should not only be realistic but also attainable.
- Cash flow plans prepared by Accounting Officers shall be broken down into each months rolling basis and shall be adjusted to reflect any implementation realities in consultation with the National Treasury.

Consolidation of cash flows



- The National Treasury shall consolidate all expenditure requirements and projections as forwarded by Accounting Officers, compare with the projected revenues including net domestic borrowing, and thereafter in consultation with Accounting Officers, agree an indicative annual cash flow forecast limit for that financial year.

Cash flow, basis Exchequer requisition



The basis for requisition of funds for grant of credit on the account of the accounting officer for authorization of a withdrawal by the Controller of Budget from the national exchequer account shall be based on the approved cash flow plans communicated to that accounting officer to the National Treasury.

Review of cash plans



The National Treasury may require accounting officers to review their cash flow plans in line with changes in revenue realization, shortfalls in borrowing and unforeseen expenditures.

Release of Funds from Exchequer.



(206)

2) Money may be withdrawn from the Consolidated Fund only—

- a) in accordance with an appropriation by an Act of Parliament;
- b) in accordance with Article 222 or 223; or
- c) as a charge against the Fund as authorized by this Constitution or an Act of Parliament.

Requisition to Controller of Budget.



The National Treasury shall make requisition from the Controller of Budget as necessary for the exchequer withdrawal of funds which shall be placed to the credit of an accounting officers' entity account.

The National Treasury shall issue an exchequer notification informing the accounting officer of the amounts authorized.

Controller of Budget grant.



Release of Funds from the Consolidated Fund to national government entities shall be in accordance with the authority granted by the Controller of Budget together with the written instructions of the National Treasury.

Notification



The National Treasury shall issue an exchequer notification informing the accounting officer of the amounts authorized.

Exchequer release for Grants & Loans



The National Treasury shall issue an exchequer notification informing the accounting officer of the amounts authorized.

THANK YOU.

