

**Accountability in County Governments
Expenditure:**

Continuous Improvement Towards a Shared Prosperity

By

**CPA Stephen Masha
Ag. Controller of Budget**

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Devolution Scorecard Seminar**

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Nairobi City County

- Overview and mandate of the Controller of Budget
- Roles of CoB
- Trends in Fiscal Performance
- Fiscal Performance: Gains and Issues
- Conclusion

Introduction

- *Accountability* is about the relationship between the State and its citizens, and the extent to which the State is answerable for its actions.
- The Constitution (Article 201) calls for openness, *accountability* and public participation in financial matters.
- PFM Act, 2012 mentions *Accountability 10* times while *Transparency 8* times.

Mandate of Controller of Budget (CoB)

- Established under **Article 228** of the Constitution to oversee and report on the implementation of the budgets of both national and county governments (**Article 228 (6)**); and ensure the public has access to information on Budget Implementation (**Section 39(8), PFMA**).

Roles of CoB

Oversight

Article 228 (4))

Controlling

Article 228 (5)

Reporting

Article 228 (6))

Advisory

Article 225 (7))

Investigation

Article 252 (1) (a))

Conciliation/mediation

Article 252 (1) (b))

Public Sensitization

Article 252 (1) (b))

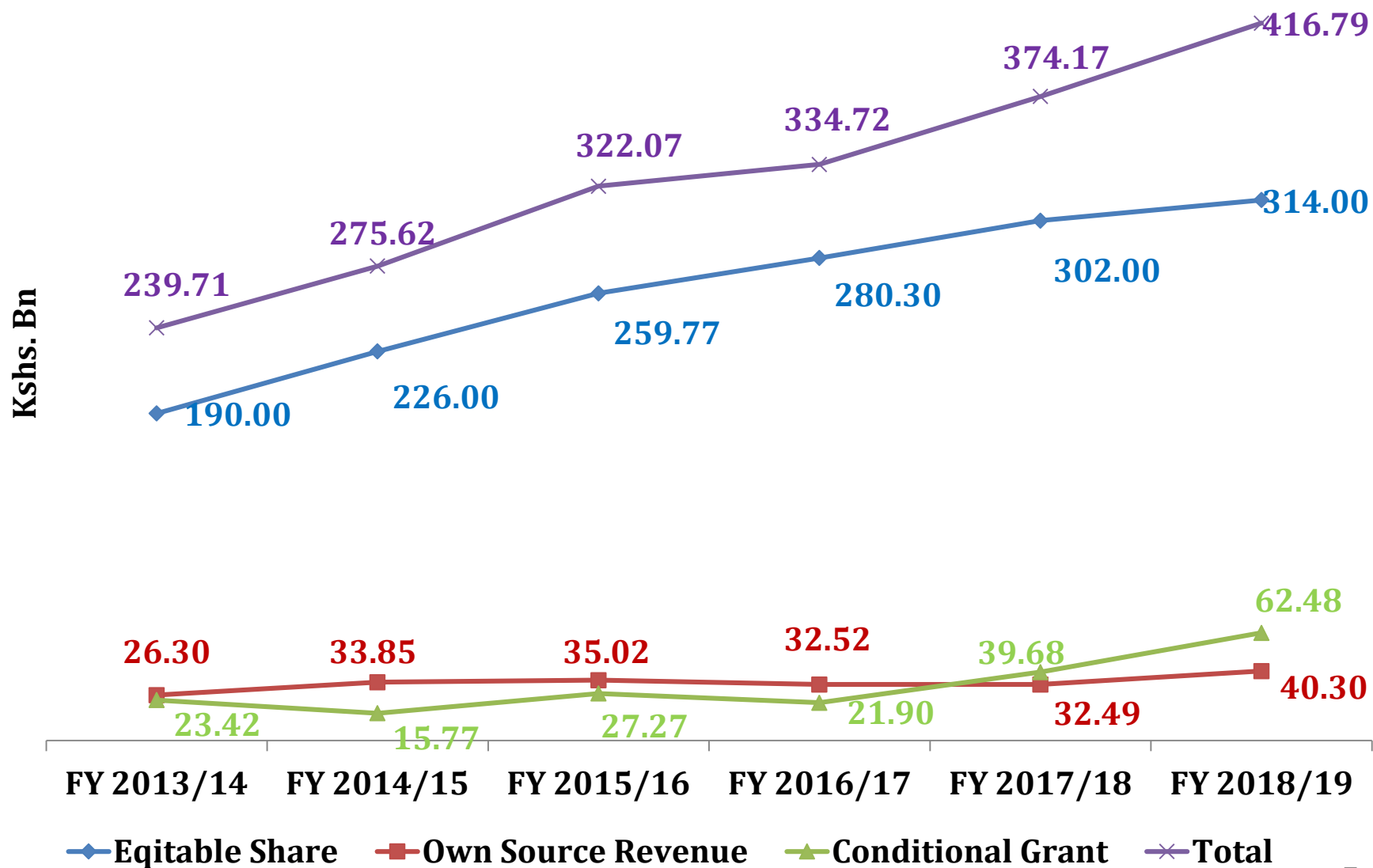
Enforcing budget ceilings

**Section 5(d) of CoB Act,
2016**

Trends in Fiscal Performance



Revenue Performance~ FY2013/14 – 2018/19

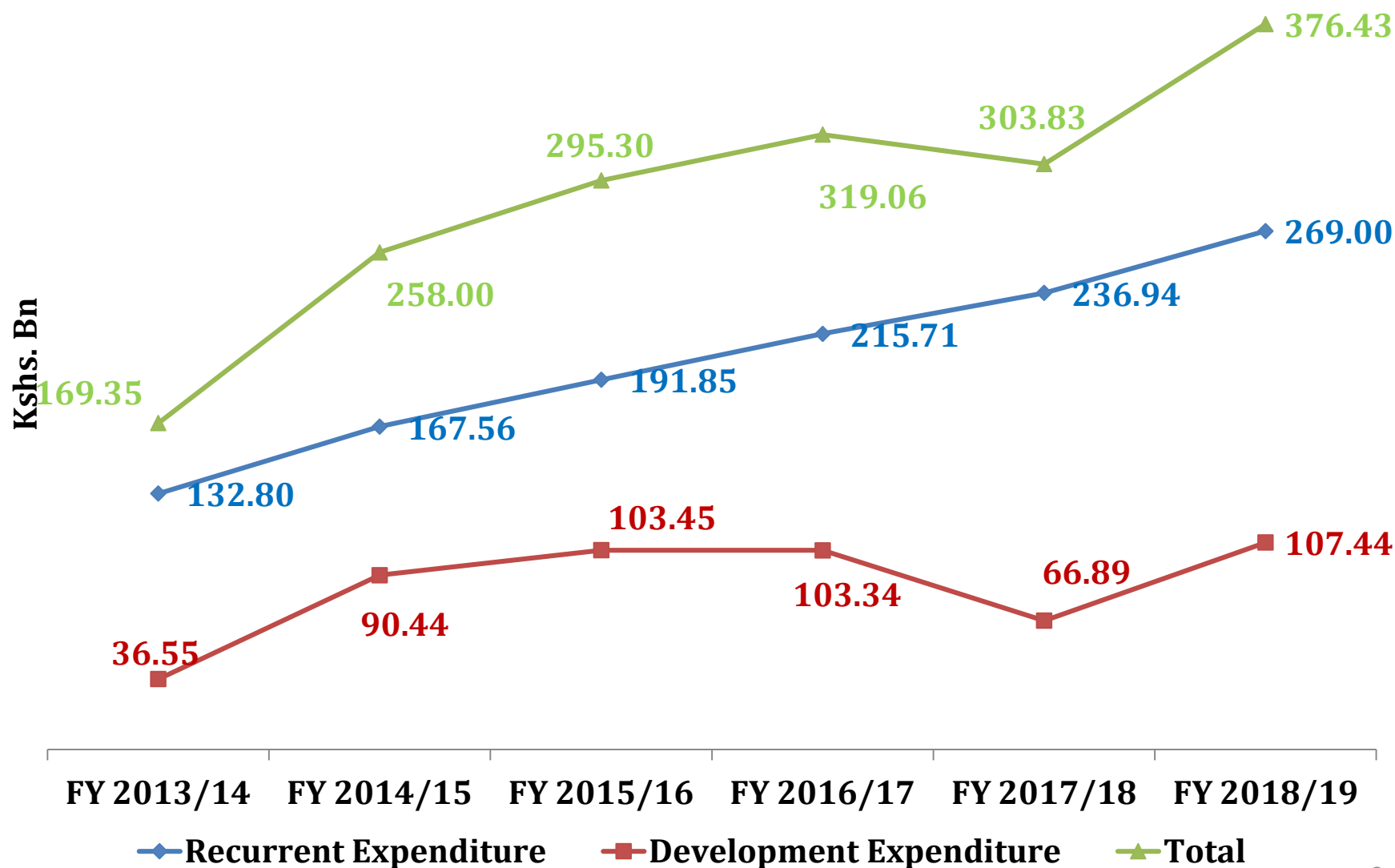


Revenue Performance~ FY2013/14 – 2018/19

Period FY	Equitable Share Kshs. Bn.	Own Source Revenue Kshs. Bn.	Conditional Grant Kshs. Bn.	Total Kshs. Bn.
FY2012/13	9.78	6.76	2.89*	19.43
FY 2013/14	190.00	26.30	23.42	239.71
FY 2014/15	226.00	33.85	15.77	275.62
FY 2015/16	259.77	35.02	27.27	322.07
FY 2016/17	280.30	32.52	21.90	334.72
FY 2017/18	302.00	32.49	39.68	374.17
FY 2018/19	314.00	40.30	62.48	416.79
Total	1,581.86	207.24	193.41	1,982.51

***Transition Authority Grant**

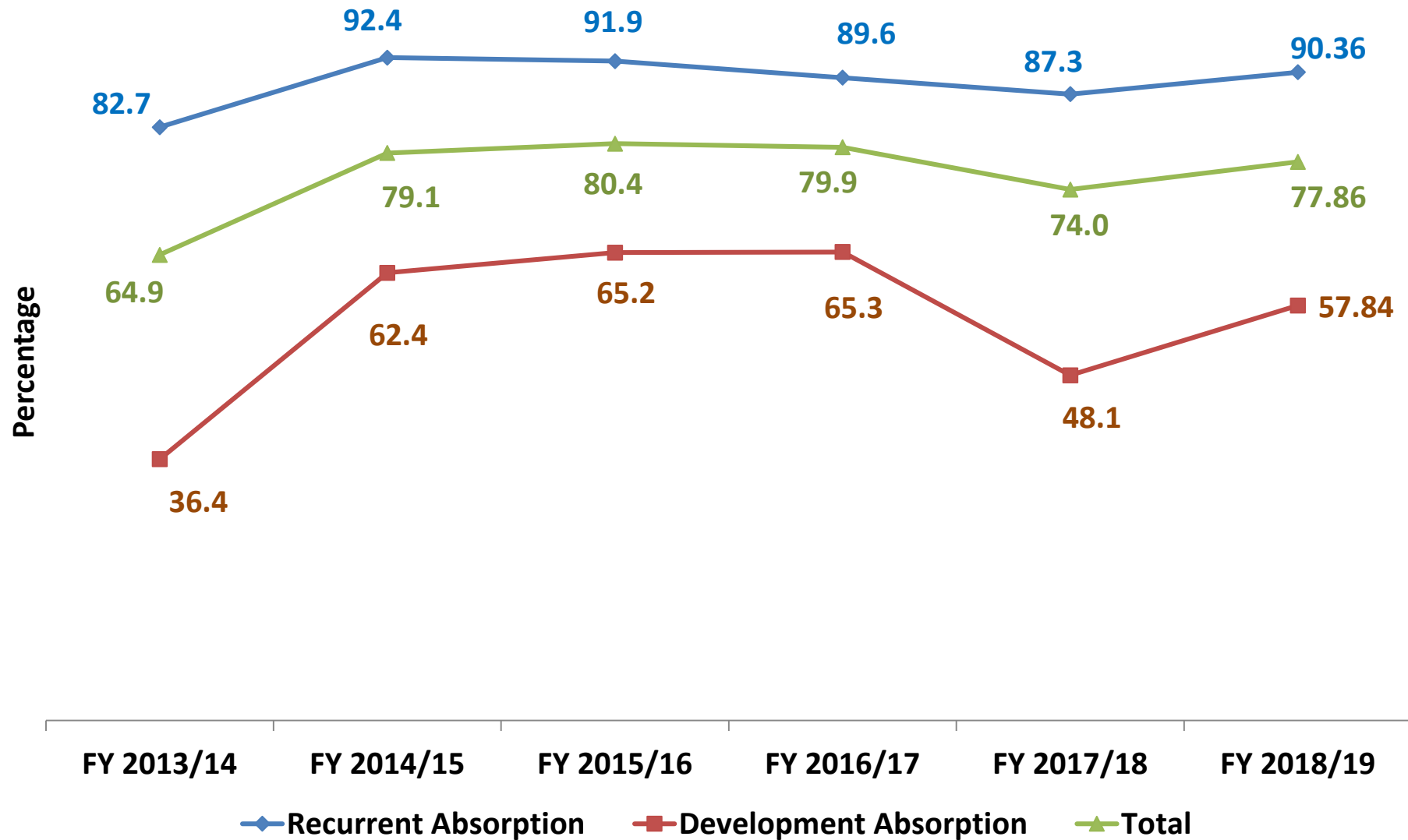
Expenditure Performance~ FY 2013/14 – 2018/19



Expenditure Performance~ FY2013/14 – 2018/19

Period FY	Recurrent Expenditure Kshs. Bn.	Development Expenditure Kshs. Bn.	Total Kshs. Bn.
FY2012/13	16.23	1.31	17.54
FY 2013/14	132.80	36.55	169.35
FY 2014/15	167.56	90.44	258.00
FY 2015/16	191.85	103.45	295.30
FY 2016/17	215.71	103.34	319.06
FY 2017/18	236.94	66.89	303.83
FY 2018/19	269.00	107.44	376.43
Totals	1,230.08	509.42	1,739.51

Absorption Rates – FY 2013/14 to 2018/19



Fiscal Performance: Gains and Issues

Performance Gains

- 1) Improvement in **OSR collection** from Kshs.26 billion in FY2013/14 to Kshs.40 billion in FY2018/19
- 2) Improved **spending on development programmes** from Kshs.37 billion in FY2013/14 to Kshs.107 billion in FY2018/19
- 3) Improved **staff capacity** in planning, budgeting and budget implementation (PBB)
- 4) Enhanced functionality and use of **IFMIS** by the CE and CA.
- 5) Establishment of **CBEF** to provide means for consultation on budgeting and financial management (Section 137 PFM Act)

Performance Gains

- 6) Reduction in expenditure on non core activities
 - ✓ *i.e. domestic & foreign travel, hire of motor vehicles, legal fees, etc.*
- 7) Improved **relations** between CAs & CEs
- 8) Improved **oversight** by CA
- 9) Establishment of **internal audit committees**

Fiscal Challenges/Issues

- 1) Capacity constraints in planning and budgeting
 - ✓ Preparation and reporting on PBB budget
 - ✓ Frequent staff changes
- 2) Inadequate Citizen participation in planning and budgeting
- 3) Inadequate internal audit arrangements
 - ✓ *15 CAs & 12 CEs have not established audit committees*
- 4) Lack of, or ineffective project implementation units
- 5) Failure to establish CBEF as per Section 137 PFM Act
 - ✓ *3 Counties have not established CBEF*
- 6) Spending OSR at source

Fiscal Challenges/Issues

- 7. Lack of information on geographical location of some projects
- 8) Strained relationship between CAs & CEs – *limits oversight*
- 9) High level of pending bills~ negatively affects the business community & could result in litigation by creditors
- 10) Unrealistic OSR targets

Recommendations

- 1) Strengthen staff capacity on preparation of PBB and reporting
 - ✓ *PBB links the government budget and its use of resources directly to defined public policy objectives and intended outcomes through programmes.*
- 2) Ensure adequate allocation of resources for effective citizen participation in planning and budgeting.
- 3) Establish and strengthen internal audit committees
- 4) Establish & Strengthen project implementation units to execute their roles effectively
- 5) Establish & Strengthen to provide means for consultation on budgeting and financial management

Recommendations

- 6) OSR collections should be deposited in CRF as required by Art 207 of the Constitution
- 7) Budgets should include information on project location to;
 - ✓ Ascertain equity in resources allocation
 - ✓ Monitor projects in a transparent manner
- 8) Effective implementation of budgets is premised on good working relations between County Assemblies County Executives
- 9) All pending bills should be budgeted for and paid promptly in the following financial year.
- 10) Set OSR target based on historical trends/performance observed
- 11) Rationalise expenditure on non core activities

Conclusion

- The need to strengthen collaboration between CoB, state and non state actors in promoting accountability in PFM cannot be over-emphasized.
- This collaboration will provide strong checks to ensure public funds are utilized efficiently and effectively for the benefit of the public.

THANK YOU