

SPECIAL ISSUE

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NATIONAL ASSEMBLY BILLS, 2024

NAIROBI, 1st November, 2024

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NATIONAL ASSEMBLY
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**THE PUBLIC FINANCE MANAGEMENT
(AMENDMENT) (NO. 4) BILL, 2024**

A Bill for

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

ENACTED by the Parliament of Kenya, as follows —

1. This Act may be cited as the Public Finance Management (Amendment) (No. 4) Act, 2024.

Short title.

2. Section 50 of the Public Finance Management Act (in this Act referred to as the “principal Act”) is amended —

Amendment of section 50 of Cap. 412A.

(a) by deleting subsection (2C) and substituting therefor the following new subsection—

(2C) The provisions of subsection (2A) and (2B) shall come into force on the date that is five years from the date of the commencement of this Act.

(b) by inserting the following new subsection immediately after subsection (2C)—

(2CA) The Cabinet Secretary shall, not later than five years from the date of the coming into force of this Act, take measures to ensure that borrowing by the national government complies with the threshold prescribed in subsection (2A).

3. section 194 of the principal Act is amended —

Amendment of section 194 of Cap. 412A.

(a) in subsection (1), by adding the following new paragraphs immediately after paragraph (g)—

(h) prescribe a framework for the implementation of accrual accounting by the Government; and

(i) prescribe a risk management framework.

(b) by adding the following new subsection immediately after subsection (5)—

(6) The framework for the implementation of accrual accounting contemplated under subsection (1)(h) shall provide for a transition period of three years from the date of the commencement of subsection (1)(h).

MEMORANDUM OF OBJECTS AND REASONS

The principal object of the Public Finance Management (Amendment) Bill, 2024, is to amend the Public Finance Management Act (Cap. 412A).

Clause 1 of the Bill provides for the short title.

Clause 2 of the Bill provides for the amendment of section 50 of the principal Act to clarify the effective dates of the debt threshold requirement for the Cabinet Secretary National Treasury to ensure compliance.

Clause 3 of the Bill provides for the amendment of section 194 of the Act to provide for a framework for implementation of accrual accounting in Government and risk management by the Public Sector Accounting Standards Board. This is meant to improve the accountings standards for better transparency and governance.

Dated the 23rd October, 2024.

KIMANI ICHUNG'WAH,
Leader of Majority.

Section 50 of Cap. 412A which it is intended to amend—

50. Obligations and restrictions on national government guaranteeing and borrowing

(2C) The Cabinet Secretary shall, not later than five years from the date of the coming into force of subsections (2A) and (2B), take measures to ensure that borrowing by the national government complies with the threshold prescribed in subsection (2A).

Section 194 of Cap. 412A which it is intended to amend—

194. Functions of the Board

(1) The Accounting Standards Board shall provide frameworks and set generally accepted standards for the development and management of accounting and financial systems by all State organs and public entities, and shall in particular perform the following functions—

- (a) set generally accepted accounting and financial standards;
- (b) prescribe the minimum standards of maintenance of proper books of account for all levels of Government;
- (c) prescribe internal audit procedures which comply with this Act;
- (d) prescribe formats for financial statements and reporting by all state organs and public entities;
- (e) publish and publicise the accounting and financial standards and any directives and guidelines prescribed by the Board;
- (f) in consultation with the Cabinet Secretary on the effective dates of implementation of these standards, Gazette the dates for application of the standards and guidelines; and
- (g) perform any other functions related to advancing financial and accounting systems management and reporting in the public sector.





