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REPUBLIC OF KENYA  
THIRTEENTH PARLIAMENT – FOURTH SESSION  
THE NATIONAL ASSEMBLY

CONSTITUTIONAL IMPLEMENTATION OVERSIGHT COMMITTEE

SECOND REPORT ON THE STATUS OF IMPLEMENTATION OF THE  
CONSTITUTION BY:

1. THE OFFICE OF THE CONTROLLER OF BUDGET;
2. THE COMMISSION ON REVENUE ALLOCATION ; AND
3. THE OFFICE OF THE AUDITOR GENERAL

 JUNE, 2025 THE NATIONAL ASSEMBLY PAPERS LAID	
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DAY: Tuesday	
TABLED BY:	Hon. William Kamket, MP Vice-chairperson
CLERK-AT THE-TABLE:	MS. Anne Shibusko

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Directorate of Audit & General Purpose Committees  
National Assembly  
NAIROBI

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**LIST OF ABBREVIATIONS AND ACRONYMS**

- 1. OCoB - Office of the Controller of Budget
  - 2. CRA - Commission on Revenue Allocation
  - 3. OAG - Office of the Auditor-General
  - 4. PFMA - Public Finance Management Act, Cap 412A
  - 5. CFSPs - County Fiscal Strategy Papers
-

## CHAIRPERSON'S FOREWORD

1. This Report contains proceedings, observations and recommendations of the Constitutional Implementation Oversight Committee in its interactions of reports and oral submissions provided by the Commission on Revenue Allocation, the Office of the Controller of Budget and the Office of the Auditor-General.
2. The Constitutional Implementation Oversight Committee is established under Paragraph 4 of the Sixth Schedule of the Constitution to oversee the implementation of the Constitution.
3. Pursuant to this mandate, the Committee has so far invited five Constitutional Commissions and the two Independent Offices, with a view of understanding their operations vis-a-vis their constitutional mandate and any impediments in the performance of their role. The Commissions are: the National Police Service Commission, the Kenya National Commission on Human Rights, the National Land Commission, the National Gender and Equality Commission, the Commission on Revenue Allocation and the Independent Offices of the Controller of Budget and the Auditor-General. The Committee has also invited the Independent Policing Oversight Authority which, though not established under the Constitution, is tasked with the mandate of providing civilian oversight of the work of the police which the Committee was considering.
4. **Hon. Speaker**, in consideration of the implementation status of the Constitution, pursuant to its mandate, the Committee made the following observations:
  - (i) The underfunding of Constitutional Commissions and Independent Offices leaves these institutions unable to fully execute their mandates;
  - (ii) The lack of enforcement powers by Constitutional Commissions and Independent Offices renders many of their recommendations ineffective; and
  - (iii) The persistent culture of non-cooperation from regulated entities, actively undermines oversight functions of the Constitutional Commissions and Independent Offices.
5. The purpose of this report is, therefore, to bring to the attention of the House the achievements of the Constitutional Commissions and Independent Offices, the challenges faced by these bodies and recommendations to address the said challenges.
6. **Hon. Speaker**, I wish to express my appreciation to my fellow Honourable Members of these Committee, the Office of the Speaker, the Clerk of the National Assembly and the Secretariat for facilitating the production of this report.
7. **Hon. Speaker**, pursuant to Standing Order 199, it is my pleasant duty and privilege, on behalf of the Constitutional Implementation Oversight Committee, to lay this report on

the Table of the House and urge the House to adopt the recommendations contained therein.

**HON. ERIC KAREMBA MUCHANGI, CBS, MP.  
CHAIRPERSON, CONSTITUTIONAL IMPLEMENTATION OVERSIGHT  
COMMITTEE**

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## 1 PREFACE

### 1.1 Mandate of the Committee

1. The Constitutional Implementation Oversight Committee is established under Paragraph 4 of the Sixth Schedule to the Constitution which provides as follows:

*There shall be a select committee of the National Assembly to be known as the Constitutional Implementation Oversight Committee which shall be responsible for overseeing the implementation of this Constitution and which, among other things—*

*(a) shall receive regular reports from the Commission on Implementation of the Constitution on the implementation of this Constitution including reports concerning—*

*(i) the preparation of the legislation required by this Constitution and any challenges in that regard;*

*(ii) the process of establishing the new commissions;*

*(iii) the process of establishing the infrastructure necessary for the proper operation of each county including progress on locating offices and assemblies and establishment and transfers of staff;*

*(iv) the devolution of powers and functions to the counties under the legislation contemplated in section 15 of this Schedule; and*

*(v) any impediments to the process of implementing this Constitution;*

*(b) coordinate with the Attorney-General, the Commission on the Implementation of the Constitution and relevant parliamentary committees to ensure the timely introduction and passage of the legislation required by this Constitution; and*

*(c) take appropriate action on the reports including addressing any problems in the implementation of this Constitution.*

### 1.2 Committee Membership

2. The Committee membership comprises of the following: -

#### **Chairperson**

**Hon. Eric Karemba Muchangi, CBS, MP**

Runyenjes Constituency

**UDA Party**

#### **Vice-Chairperson**

**Hon. William Kamket, MP**

Tiaty Constituency

**KANU – Party**

**MEMBERS**

**Hon. Sylvanus Osoro, MP**

South Mugirango Constituency

**United Democratic Alliance**

**Hon. Kitur Benard Kibor, MP**

Nandi Hills

**United Democratic Alliance**

**Hon. Caroli Omondi, MP**

**Hon. Jessica Mbalu Nduku Kiko, CBS, MP**

Suba South Constituency  
**Orange Democratic Party**

**Hon. George Risa Sunkuiya, MP**  
Kajiado West Constituency  
**United Democratic Alliance**

Hon. Peter Oscar Nabulindo, MP

Kibwezi East Constituency  
**Wiper Democratic Movement**

**Hon. Njoroge Mary Wamaua, MP**  
Maragwa Constituency  
**United Democratic Alliance**

Hon. Lawrence Aburi Mpuru, M.P.  
**Tigania East Constituency**

Hon. Teresia Wanjiru, MP  
Nominated Member  
**United Democratic Alliance**

Hon. John Murumba Chikati, MP  
Tongaren Constituency  
**Ford-Kenya**

Hon. Patrick Osero Kibagendi, MP  
Borabu Constituency  
**Orange Democratic Movement**

Hon. Ali Abdisatat Kalif, MP  
Nominated Member  
**United Democratic Alliance**

Hon. John Mukunji Mwaniki, MP  
Manyatta Constituency  
**United Democratic Alliance**

Hon. Jackson Lentoijioni Lekumontare, MP  
Samburu East  
**Kenya Africa National Union**

Hon. Harun Mohamed Umulkher, MP  
Nominated Member  
**Orange Democratic Movement**

Hon. Hamisi Kakuta Maimai, MP  
Kajiado East Constituency  
**Orange Democratic Movement**

Hon. Geoffrey Ekesa Mulanya, MP  
Nambale Constituency  
**Independent**

Hon. Daniel Karitho Kiili, MP  
Igembe Central Constituency  
**Jubilee Party**

Hon. Mejjadonk Benjamin Gathiru, MP  
Embakasi Central  
**United Democratic Alliance**

Hon. Paul Abuor, MP  
Rongo Constituency  
**Orange Democratic Movement**

Hon. Charles Ngusya Nguna, MP  
Mwingi West  
**Wiper Democratic Alliance**

### **1.3 Committee Secretariat**

3. The Secretariat facilitating the Committee in executing its mandate comprises of:

Mr. Oscar Namulanda  
Deputy Director Committees  
**Lead Clerk**

Ms. Hellen Masiyoi  
**Clerk Assistant I**

Ms. Emma Essendi  
**Senior Legal Counsel**

Ms. Lilian Kiende Mburugu  
**Media Relations Officer**

Ms. Pauline Sifuma  
**Hansard Reporter**

Ms. Kafuyai D Wamae  
**Clerk Assistant III**

Mr. Alvin Ochieng  
**Research Officer III**

Mr. Kelvin Lengasi  
**Audio Officer**

Mr. Jillo Yeziel  
**Sergeant -at- Arms**

## 2 INTRODUCTION

4. This report contains the status of implementation of the Constitution as submitted by the following three institutions between September 2024 and April 2025 as follows:
  - a) The Office of the Controller of Budget;
  - b) The Commission on Revenue Allocation; and
  - c) The Office of the Auditor-General.

### 2.1 Establishment and Mandate.

- 3 The Office of the Controller of Budget (CoB) is established under Article 228 of the Constitution of Kenya with its operational framework provided by the Controller of Budget Act, Cap. 429. The constitutional mandate of the Office includes overseeing the implementation of budgets at both national and county levels of government and authorizing withdrawals from public funds.

### 2.2 Background

- 4 The Controller of Budget, Dr. Margaret Nyakang'o, appeared before the Committee on 17<sup>th</sup> September 2024, at Bunge Towers to deliberate on the discharge of the mandate of the Office of Controller of Budget pursuant to Article 228 of the Constitution and any impediment faced by the Office in undertaking its role.

### 2.3 Submissions by the Office of Controller of Budget

#### 2.3.1 *Budget Oversight and Implementation*

- 5 Dr. Nyakang'o reported that during the 2023/24 financial year, the Office had approved withdrawals totalling KES 1.87 trillion from the Consolidated Fund and County Revenue Funds. However, the Office had raised 247 objections to irregular withdrawal requests, preventing the illegal expenditure of KES 18.6 billion.
- 6 The Controller of Budget highlighted systemic challenges in budget implementation, noting that 63% of national government ministries and 47% of county governments failed to meet their quarterly expenditure targets, while simultaneously exceeding their recurrent expenditure ceilings by an average of 22%.

#### 2.3.2 *Pending Bills Crisis*

- 7 Regarding the mounting pending bills, currently estimated at KES 538 billion nationally, the Office explained its limited mandate in the payment process. While the OCoB verifies and classifies pending bills as lawful obligations (having processed 12,347 such bills in FY 2023/24), the actual payment process excludes the Office once funds are released to spending entities
- 8 The Controller proposed a technological solution currently under development that would link the OCoB's requisition system directly with the Central Bank of Kenya, creating an end-to-end oversight mechanism from approval to payment.

### **2.3.3 Revenue Overestimation and Fiscal Planning**

- 9 The Office identified chronic revenue overestimation as a root cause of pending bills, with both levels of government consistently over-projecting revenues by 35-40%. This practice leads to unsustainable expenditure commitments and accumulation of unpaid bills to suppliers.
- 10 Dr. Nyakang'o particularly criticized the unrealistic revenue projections in the Finance Bill 2024, where the public was only presented with expenditure estimates without corresponding, realistic revenue generation plans.

### **2.3.4 Wasteful Expenditure Patterns**

- 11 The submission detailed alarming patterns of wasteful spending, including:
- 47 foreign travel expenditures by county executives totalling KES 284 million while pending bills accumulated
  - Procurement of unnecessary luxury vehicles by 23 ministries despite outstanding supplier payments
  - Renovation expenditures exceeding KES 1.2 billion in 12 counties with unpaid medical suppliers

### **2.3.5 Multiple Accounts and Fiscal Irregularities**

- 12 The Office reported identifying 187 unauthorized bank accounts operated by 31 county governments, contrary to Public Finance Management Regulations. While the OCoB has conducted public education on this issue, the Controller noted the absence of legal mechanisms to compel compliance or sanction violations.
- 13 The Controller of Budget has been engaged to conduct special audits on these accounts to determine ownership structures, transaction patterns, and potential malfeasance.

### **2.3.6 Housing Levy and Special Funds**

- 14 The Controller of Budget clarified that the Housing Levy falls outside the OCoB's oversight mandate due to its classification as a "levy" rather than a budgeted fund. This legal loophole prevents any independent oversight of the estimated KES 63 billion collected annually under this programme.

### **2.3.7 Legislative and Operational Constraints**

- 15 Dr. Nyakang'o identified critical limitations in the Controller of Budget Act, Cap. 429:
- The Office is barred from reporting on economic developments and fiscal forecasts (section 9(4))
  - No enforcement powers to ensure implementation of recommendations

- Inadequate sanctions for violations of public finance management laws
- Restricted access to critical financial information from some national government entities

16 The Office has prepared proposed amendments to address these gaps, which have been submitted to the Senate for consideration.

follows:

THAT-

- (i) The CoB's oversight mandate is severely undermined by legislative limitations and lack of enforcement mechanisms;
- (ii) The pending bills crisis directly results from systemic failures in fiscal planning and revenue projection;
- (iii) The Housing Levy's exclusion from oversight creates significant accountability gaps;
- (iv) Wasteful expenditure continues unabated despite the existence of oversight institutions; and
- (v) Multiple unauthorized accounts indicate deliberate attempts to circumvent financial controls.

## 2.5 COMMITTEE RECOMMENDATIONS

18 Based on the Committee's findings and general observations, the Committee makes the following recommendations;

THAT;

- (i) The National Assembly amends the Controller of Budget Act to:
  - a) Grant enforcement powers to implement recommendations of the Controller of Budget;
  - b) Remove restrictions on economic reporting; and
  - c) Provide sanctions for violations;
- (ii) The National Treasury implements the *Office of Controller of Budget-Central Bank of Kenya* integrated payment system in order to track funds from approval to expenditure to ensure accountability;
- (iii) The Controller of Budget completes special audits on all unauthorized accounts within 120 days and submits reports to relevant investigative agencies;
- (iv) The Public Finance Management (Amendment) Bill 2024 includes provisions to bring all special funds and levies under Office of Controller of Budget for oversight; and

- (v) The Salaries and Remuneration Commission reviews compensation for Office of Controller of Budget staff to enhance institutional capacity and prevent brain drain.

## THE COMMISSION ON REVENUE ALLOCATION (CRA)

### 2.6 Establish and Mandate

- 19 The Commission on Revenue Allocation (CRA) is established under Article 215 of the Constitution of Kenya as an independent body tasked with ensuring equitable distribution of national revenue. Its core mandate involves recommending the basis for revenue sharing between the national and county governments and among the 47 county governments.
- 20 The CRA develops evidence-based formulas that consider factors like population size, development needs, service delivery gaps, and fiscal responsibility to promote balanced regional development while maintaining national cohesion.

### 2.7 Submissions by the Commission on Revenue Allocation (CRA)

- 21 The Chairperson of the CRA, CPA Mary Wanyonyi, appeared before the Committee on Thursday, 19<sup>th</sup> September 2024, at Bunge Towers to deliberate on the Commission's discharge of its mandate pursuant to Article 216 of the Constitution and any impediment faced by the Commission in undertaking its role.
- 22 The Chair noted that in accordance with section 25(5) of the Public Finance Management Act, Cap. 412A the CRA provided expert recommendations on three pivotal policy documents that shape Kenya's fiscal trajectory:
  - a) ***Budget Review and Outlook Paper (BROP) 2023*** – The Commission evaluated the government's expenditure performance, revenue collection efficiency, and macroeconomic projections to ensure alignment with equitable development goals.
  - b) ***Budget Policy Statement (BPS) 2024*** – This assessment focused on fiscal policy priorities, expenditure ceilings, and revenue-raising measures, with recommendations aimed at enhancing county financial sustainability.
  - c) ***Medium-Term Debt Management Strategy (MTDS) 2024*** – The CRA analysed Kenya's borrowing framework to mitigate risks associated with public debt and ensure that county governments are not adversely affected by unsustainable national debt levels.

### ***County Fiscal Oversight and Strengthening Fiscal Responsibility***

- 23 The Commission Chair noted that the Commission had intensified its oversight role to enhance fiscal discipline at the county level. However, challenges persist, as evidenced by the fact that only 24 out of 47 counties submitted their County Fiscal Strategy Papers (CFSPs) for review, despite the legal requirement under section 117 of the PFMA, Cap. 421A. The CFSPs are crucial in assessing county governments' budget priorities,

revenue projections, and expenditure plans, and non-compliance undermines transparency.

24 She added that to improve fiscal governance, the CRA had been actively supporting the establishment and capacity-building of County Budget and Economic Forums (CBEFs). These forums, mandated under section 137 of the PFMA, serve as platforms for public participation in budgeting processes. While 35 counties have established CBEFs, only 13 have received full training on their roles in enhancing budget credibility and

25 Furthermore, the CRA has developed a Fiscal Responsibility Index, a pioneering tool designed to assess and rank counties based on three key parameters:

- a) Fiscal Reporting – Transparency in financial disclosures and adherence to reporting timelines.
- b) Fiscal Focusing and Budgeting – The extent to which counties prioritize development needs in their budgets.
- c) Fiscal Risk Analysis and Management – Measures taken to mitigate financial vulnerabilities, such as pending bills and unsustainable debt.

26 The index will incentivize counties to improve their fiscal management practices by providing a standardized performance benchmark.

#### ***Constitutional Mandate Implementation***

27 The Commission reported that it had fully discharged its obligation under Article 205 of the Constitution by conducting comprehensive reviews of all Bills containing provisions on revenue sharing or county financial matters during the reporting period. This included detailed technical analysis of the Division of Revenue Bill 2023, County Allocation of Revenue Bill 2023, and relevant Supplementary Appropriation Bills.

28 Pursuant to Section 25(5) of the Public Finance Management Act, Cap. 412A, the Commission submitted detailed recommendations on the Budget Review and Outlook Paper (BROP) 2023, Budget Policy Statement (BPS) 2024, and Medium-Term Debt Management Strategy (MTDS) 2024. These recommendations focused on ensuring alignment with principles of equitable development and fiscal responsibility.

#### ***Equalization Fund Management***

29 On the Equalization Fund, the Commission reported completion of field visits to 26 marginalized counties to document service delivery gaps in water, roads, health and electricity infrastructure. These findings were to inform development of the Third Policy for Identifying Marginalized Areas - a vital tool for directing resources to Kenya's most underserved regions. These initiatives collectively advance the Commission's

constitutional agenda to promote equitable development through fair, evidence-based revenue allocation.

#### *Fourth Basis for Revenue Sharing among counties*

- 30 The Commission informed the Committee that preparatory work for the Fourth Basis for Revenue Sharing Among County Governments (FY 2025/26-2029/30) was at an advanced stage. This involved development of a new allocation formula through extensive county consultations in all 47 counties, economic modelling, and stakeholder validation workshops.
- 31 The Chairperson noted that the new formula would incorporate emerging demographic data, updated poverty indices, and refined measures of fiscal effort while maintaining continuity with the existing framework.

#### *Revenue Optimization and Equalization Efforts*

- 32 The Commission implemented targeted programmes to enhance county revenue generation, including disseminating groundbreaking research on Own Source Revenue potential and tax gaps in five pilot counties (*Taita Taveta, Uasin Gishu, West Pokot, Kakamega and Homabay*), while building capacity through specialized Tax Administration Diagnostic Assessment Tool (TADAT) training for staff. Recognizing untapped revenue streams, fact-finding missions assessed economic potential around major water bodies in *Nakuru, Kisumu, Homabay, Kilifi and Kwale counties*.

#### **COMMITTEE OBSERVATIONS**

- 33 With regard to the **Commission on Revenue Allocation (CRA)** the Committee observed as follows:

THAT-

- (i) The Commission has demonstrated strong technical capacity in executing its constitutional mandate, particularly in developing sophisticated fiscal analysis tools and conducting comprehensive county engagements.
- (ii) Persistent non-compliance by county governments, particularly in submission of fiscal documents, undermines the effectiveness of fiscal oversight mechanisms.
- (iii) The development of the Fourth Basis for Revenue Sharing is progressing well but faces significant data challenges that may affect the timeliness of completion.
- (iv) The Equalization Fund continues to face implementation challenges in effectively addressing regional disparities, necessitating stronger monitoring frameworks.
- (v) Revenue enhancement initiatives show promise but require scaling to all counties to have meaningful national impact.

- (vi) Despite constitutional provisions for equitable development (Article 174(c), 175(b)), county governments persistently misallocate shareable revenue, with recurrent expenditures consuming over 70% of county budgets while development projects remain underfunded.

## COMMITTEE RECOMMENDATIONS

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- (i) That the National Assembly considers amendments to the Commission on Revenue Allocation Act, Cap. 428 to strengthen enforcement mechanisms for ensuring county compliance with fiscal responsibility requirements, including penalties for non-submission of mandatory reports.
- (ii) That the National Treasury increases budgetary allocation to the Commission in FY2025/26 specifically to:
  - a) Expand county capacity building programmes
  - b) Enhance data collection systems
  - c) Accelerate completion of the Fourth Basis for Revenue Sharing
- (iii) That the Commission develops and implements a comprehensive monitoring framework for Equalization Fund projects to ensure tangible results in bridging development gaps.
- (iv) A model like that of the Constituency Development Fund (CDF) needs to be adopted and used when it comes to counties shareable revenue.

## THE OFFICE OF THE AUDITOR-GENERAL

### 2.8 Establishment and Mandate

- 5. The Office of the Auditor-General (OAG) is established under Article 229 of the Constitution of Kenya and operationalized by the Public Audit Act, Cap. 412B. Its constitutional mandate includes auditing and reporting on all public funds, resources, and accounts of national and county governments, state organs, courts, public debt, and entities funded by public resources.

### 2.9 Background

- 6. The Deputy Auditor General, CPA Isaac Ng'ang'a, appeared before the Committee on Thursday, 24<sup>th</sup> April, 2025 at Bunge Towers to deliberate on the Commission's discharge of its mandate pursuant to Article 229 of the Constitution and any impediment faced by the Commission in undertaking its role.

## 2.10 Submissions by the Office of the Auditor General (OAG)

### *Expansion and Performance of Audits*

2. The Office of the Auditor General reported a **917% increase** in its audit scope over eight years, from 1,192 entities in FY 2016/2017 to over 12,700 entities in FY 2023/2024. This expansion includes Level 4/5 hospitals, public secondary schools, TVET institutions, municipalities, and newly created funds such as the Social Health Insurance Fund and the Primary Healthcare Fund.
3. The OAG conducts **performance audits** to assess public resource effectiveness, submitting over 50 reports to Parliament. Only two reports (2023 Flood Response, 2021 Services for Persons with Disabilities) have been debated.

### *Institutional Independence*

4. The Office of the Auditor General noted that despite constitutional safeguards in Articles 248 and 249 of the Constitution, the OAG ranks below peers (Uganda, South Africa) in financial autonomy. It receives 0.20% of the national budget, hindering mandate delivery.
5. CPA Isaac Ng'ang'a noted that *The Public Audit (Amendment) Bill, 2024* represents a critical legislative intervention to fortify the institutional independence of the Office of the Auditor-General (OAG), a constitutional imperative under Articles 248–249. The Bill addresses three pivotal areas:
  - i). **Financial Autonomy:** The Bill seeks to guarantee the OAG a minimum annual allocation of 0.5% of national revenue, calculated from the most recent audited accounts. This provision directly responds to chronic underfunding, where the OAG currently receives only 0.20% of the national budget despite auditing 100% of public funds. By anchoring funding to a fixed percentage, the Bill mitigates arbitrary budget cuts and ensures predictable resourcing for audits, reducing reliance on discretionary allocations by the National Treasury.
  - ii). **Operational Independence:** The establishment of an OAG Fund under the Bill would empower the Office to manage its finances independently, free from bureaucratic bottlenecks. This fund would enable the OAG to allocate resources flexibly to emerging priorities such as forensic audits, climate action assessments, and cybersecurity audits without seeking ad hoc approvals. Such financial self-determination is vital to maintaining impartiality and resisting external pressures, particularly when auditing politically sensitive entities.
  - iii). **Mandate Clarity and Compliance:** The Bill clarifies the OAG's constitutional authority to audit all public funds, including those managed by private entities, in line with the High Court's interpretation in Petition No. 33 of 2019. It rectifies ambiguities in the Public Audit Act, Cap. 412B which have led to jurisdictional disputes and non-compliance by some public institutions. By codifying the OAG's expanded mandate,

the Bill reinforces its independence to investigate and report without interference, ensuring alignment with judicial precedents like the 2024 High Court ruling (HCJR No. E082 of 2023) that affirmed strict adherence to constitutional audit timelines.

6. CPA Isaac Ng'ang'a noted that the reforms collectively address systemic vulnerabilities that have historically undermined the OAG's independence. The Bill's passage would elevate Kenya's standing by institutionalizing safeguards against political and fiscal interference, ensuring the OAG can fulfill its role as the constitutionally mandated

#### *Audit report submissions and backlog*

7. Regarding submission of audit reports to Parliament, the OAG noted that they have always complied with submission timelines with regard to reports. They however noted that there was a lot of backlog in the Parliamentary process of debating and considering the audit reports.

#### *Corruption*

8. Regarding allegations of corruption against officers who audit institutions, the OAG submitted that their office collaborates with the EACC (Ethics and Anti-corruption Commission) and DCI (Directorate of Criminal Investigation) on any incidences of corruption noting that some staff members have been interdicted as part of disciplinary measures.
9. CPA Isaac Ng'ang'a further noted that the Office had instituted mandatory transfers for officers every three years and that they had introduced a code of ethics to address challenges related to corruption and professional negligence among staff.

## **2.11 COMMITTEE FINDINGS AND OBSERVATIONS**

35 Having analysed the submissions from the **Office of the Auditor General (OAG)** the Committee observed as follows:

THAT-

- 1) The Office faces systemic impediments in meeting constitutional audit deadlines under *Article 229(4)* due to conflicting statutory requirements in the *Public Finance Management Act, 2012*, which compresses audit windows from six (6) to three (3) months. This conflict, exacerbated by the *High Court ruling in HCJR No. E082 of 2023* declaring timelines mandatory, has caused chronic reporting backlogs and undermined parliamentary oversight;
- 2) Despite constitutional guarantees (*Articles 248–249*), the Office operates with diminished autonomy, evidenced by underfunding (allocated **0.20%** of the national

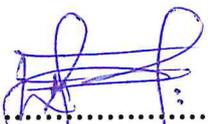
budget versus the internationally recommended 0.5%) and lower institutional independence rankings compared to peer institutions (Uganda and South Africa); and

- 3) Legislative interventions—particularly the expeditious passage of the *Public Audit (Amendment) Bill, 2024* is critical to guaranteeing funding to the Office of the Auditor General and establishing an Office of the Auditor General Fund to ensure operational flexibility.

## 2.12 RECOMMENDATIONS OF THE COMMITTEE

36 Based on the Committee’s findings and general observations, the Committee makes the following recommendations;

- i). The National Assembly amends the Public Finance Management Act, Cap. 412A to reconcile statutory deadlines with Article 229(4) of the Constitution. This amendment should require all public entities to submit financial statements within one month after the financial year-end, with clear penalties imposed on accounting officers for non-compliance. This legislative alignment is critical to eliminate reporting backlogs and restore effective Parliamentary oversight.
- ii). The National Treasury implements immediate interim measures bridging the OAG's funding gap from 0.20% to 0.50% of national revenue pending passage of the Public Audit (Amendment) Bill, 2024. Concurrently, Parliament prioritizes enactment of this Bill to constitutionally guarantee minimum funding, establish the OAG Fund for operational flexibility, and clarify jurisdictional mandates.
- iii). The Auditor-General audit and report to the Committee on three critical areas: first, the legality and economic impact of tax waivers granted under Article 210 of the Constitution; secondly, public debt management including sustainability analyses and contract transparency under Article 229(4); and thirdly, revenue collections through the E-Citizen platform with focus on system integrity and leakage risks.

SIGNED.......... DATE..... 19/06/2025.....

HON. ERICK KAREMBA MUCHANGI, CBS, MP  
CHAIRPERSON, CONSTITUTIONAL IMPLEMENTATION OVERSIGHT  
COMMITTEE

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 JUN 2025	DAY: Tuesday
TABLED BY:	Hon. William Kamuketa, MP (Vice Chairperson CIOC)
DEBATED BY:	Anne Shibusko