

REPUBLIC OF KENYA



TWELFTH PARLIAMENT– (FOURTH SESSION) THE NATIONAL ASSEMBLY

COMMUNICATION FROM THE CHAIR

(No. 004 of 2020)

ON EXTENSION OF TIME LIMIT FOR SUBMISSION AND PUBLISHING OF THE AUDITED FINANCIAL STATEMENTS AND ANNUAL REPORTS FOR FINANCIAL YEAR 2018/2019 FOR PUBLIC ENTITIES

Honourable Members, I wish to inform you that my office is in receipt of a letter dated 24th December 2019 from the Cabinet Secretary of the National Treasury and Planning regarding the statutory requirement for the submission of financial statements and annual reports of all public entities within six months after the end of each financial year.

In his letter, the Cabinet Secretary wishes to bring to the attention of the House the provisions of Article 229 of the Constitution that require the Auditor General to audit and report to Parliament the financial statements of all public entities within six months after the end of each financial year. Given that the Office of the Auditor General is currently vacant and the process of appointment is ongoing; the National Treasury is therefore seeking extension of the time limit for submission of the audited financial statements for the financial year 2018/2019 by public entities until such a time the Auditor General is appointed.

Honourable Members, section 81 of the Public Finance Management Act (2012) requires the Accounting Officer of a National Government entity to, not later than three months after the end of each financial year, submit the financial statements to the Auditor-General amongst other constitutional offices, and publish and publicise the said financial statements.

In the case of an entity that is a state corporation, the accounting officer is required to submit the corporation's financial statements to the Cabinet Secretary responsible for matters relating to that corporation who should, upon approving it submit a copy to the Auditor General.

Honourable Members, as you are all aware, the position of the Auditor-General is currently vacant, with the term of the former Auditor-General having come to an end on 22nd August, 2019. Given the foregoing fact, the Cabinet Secretary is requesting the National Assembly to extend the time limit for submission of audited financial statements by public entities until such a time the Auditor General shall be appointed pursuant to the provisions of section 90 of the Public Finance Management Act, 2012, which states as follows –

90. Any House of Parliament may, by resolution, extend the time limit, other than a time limit set in the Constitution, for submitting a statement or other document required to be submitted to it under this Act.

Honourable Members, this is the second time that a similar request has been made with the first one being the request for the extension of time limit for Central Bank of Kenya to submit and publish certified financial statement for the financial year 2018/2019, a request made and approved during the Third Session of the current Parliament.

In view of the foregoing, I hereby refer the request to the Public Investments Committee, the Public Accounts Committee and the Special Funds Accounts Committee for **joint** consideration with the Public Investments Committees which examines the highest number of audited reports and accounts of public entities being the lead Committee.

The referral is informed by the fact that the financial statements in reference relate to accounts of the National Government, State Corporations and Special Funds whose examinations fall within the mandate of these Committees. The Committees should expeditiously consider the matter **jointly** and submit their Report to the House **by 11th March 2020** to enable the House consider the said request by the Cabinet Secretary for National Treasury and Planning.

In their report, the joint Committees should apprise the House on the progress of the ongoing process of the appointment of the Auditor-General among other related matters.

I thank you.



THE HON. JUSTIN B. N. MUTURI, E.G.H, MP
SPEAKER OF THE NATIONAL ASSEMBLY

Thursday, 20th February, 2020

