

SPECIAL ISSUE

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REPUBLIC OF KENYA

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NATIONAL ASSEMBLY BILLS, 2022

NAIROBI, 14th October, 2022

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**THE PUBLIC FINANCE MANAGEMENT
(AMENDMENT) BILL, 2022**

A Bill for

**AN ACT of Parliament to amend the Public Finance
Management Act, 2012**

ENACTED by Parliament of the Republic of Kenya
as follows—

1. This Act may be cited as the Public Finance
Management (Amendment) Act, 2022.

Short title.

2. Section 25 of the Public Finance Management Act,
2012, in this Act referred to as the “principal Act”, is
amended—

Amendment of
section 25 of No.
18 of 2012.

(a) in subsection (7) by deleting the word “fourteen”
appearing immediately after the words “not later
than” and substituting therefor the word “twenty-
one”

(b) in subsection (9) by deleting the word “fifteen”
appearing immediately after the words “not later
than” and substituting therefor the word “twenty-
two”

MEMORANDUM OF OBJECTS AND REASONS**Statement of objects and reasons for the Bill**

The principal object of this Bill is to amend the Public Finance Management Act, 2012 to increase the period for consideration of the Budget Policy Statement from fourteen to twenty-one days to allow for comprehensive scrutiny of the proposals contained in the Statement.

The Bill seeks to implement the resolutions made by the 12th Parliament in its approval of the 5th Report of the Procedure and House Rules Committee on Amendments to the Standing Orders.

Statement on the delegation of legislative powers and limitation of fundamental rights and freedoms

This Bill does not delegate legislative powers nor does it limit any fundamental rights and freedoms.

Indication of whether the Bill concerns county governments

This Bill does not concern county governments.

Statement as to whether the Bill is a money Bill within the meaning of Article 114 of the Constitution

The enactment of this Bill shall not occasion additional expenditure of public funds.

Dated the 11th October, 2022.

GLADYS BOSS,
Deputy Speaker.

Section 25 of No. 18 of 2012 which it is proposed amend—

National Treasury to prepare annual Budget Policy Statement

25. (1) The National Treasury shall prepare and submit to Cabinet the Budget Policy Statement for approval.

(2) The National Treasury shall submit the Budget Policy Statement approved in terms of subsection (1) to Parliament, by the 15th February in each year.

(3) In preparing the Budget Policy Statement, the National Treasury shall set out the broad strategic priorities and policy goals that will guide the national government and county governments in preparing their budgets both for the following financial year and over the medium term.

(4) The National Treasury shall include in the Budget Policy Statement—

- (a) an assessment of the current state of the economy and the financial outlook over the medium term, including macro-economic forecasts;
- (b) the financial outlook with respect to Government revenues, expenditures and borrowing for the next financial year and over the medium term;
- (c) the proposed expenditure limits for the national government, including those of Parliament and the Judiciary and indicative transfers to county governments; and
- (d) the fiscal responsibility principles and financial objectives over the medium term including limits on total annual debt.

(5) In preparing the Budget Policy Statement, the National Treasury shall seek and take into account the views of—

- (a) the Commission on Revenue Allocation;
- (b) county governments;
- (c) Controller of Budget;
- (d) the Parliamentary Service Commission;
- (e) the Judicial Service Commission;
- (f) the public; and

(g) any other interested persons or groups.

(6) Regulations made under this Act shall prescribe circumstances and the manner in which persons or groups may make written or oral representations about the contents of the statement.

(7) Parliament shall, not later than fourteen days after the Budget Policy Statement is submitted to Parliament, table and discuss a report containing its recommendations and pass a resolution to adopt it with or without amendments.

(8) The Cabinet Secretary shall take into account resolutions passed by Parliament in finalising the budget for the relevant financial year.

(9) The National Treasury shall publish and publicise the Budget Policy Statement not later than fifteen days after submission of the Statement to Parliament.