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16/2/25

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 16 FEB 2025

DAY:  
TUE

THE NATIONAL ASSEMBLY

TABLED  
BY:

HON. BENJAMIN LAGAT, MP  
VICE-CHAIRPERSON, D-C-DA  
FINANCE & NATIONAL PLANNING

CLERK-AT  
THE-TABLE:

A. SHIBUKO

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON:

THE CONSIDERATION OF

THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) (NO. 2) BILL, 2024 (NATIONAL  
ASSEMBLY BILLS NO. 26 OF 2024)

NATIONAL ASSEMBLY  
RECEIVED

18 FEB 2025

SPEAKER'S OFFICE  
P. O. Box 41842, NAIROBI.

CLERK'S CHAMBERS  
DIRECTORATE OF DEPARTMENTAL COMMITTEES  
PARLIAMENT BUILDINGS  
NAIROBI

NOVEMBER, 2024

## TABLE OF CONTENTS

TABLE OF CONTENTS.....	i
LIST OF ABBREVIATION.....	viii
ANNEXURES.....	ix
CHAIRPERSON'S FOREWORD.....	x
ACKNOWLEDGMENT.....	xi
CHAPTER ONE.....	5
1.0 PREFACE.....	5
ESTABLISHMENT OF THE COMMITTEE.....	5
1.2 MANDATE OF THE COMMITTEE.....	5
COMMITTEE MEMBERSHIP.....	7
COMMITTEE SECRETARIAT.....	8
CHAPTER TWO.....	9
2.0 OVERVIEW OF THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) (NO. 2) BILL, 2024 (NATIONAL ASSEMBLY BILLS NO. 26 OF 2024).....	9
BACKGROUND.....	9
SUMMARY OF LEGAL PROVISIONS.....	9
CHAPTER THREE.....	11
3.0 PUBLIC PARTICIPATION AND STAKEHOLDER ENGAGEMENT ON THE BILL.....	11
LEGAL FRAMEWORK ON PUBLIC PARTICIPATION.....	11
MEMORANDA RECEIVED ON THE BILL.....	11
CHAPTER FOUR.....	16
4.0 COMMITTEE RECOMMENDATION.....	16
CHAPTER FIVE.....	17
5.0 SCHEDULE OF PROPOSED AMENDMENTS.....	17



## LIST OF ABBREVIATION

MP	-	Member of Parliament
PFM	-	Public Finance Management
ICPAK	-	Institute of Certified Accountants of Kenya
SRC	-	Salaries and Remuneration Commission

## **ANNEXURES**

Annexure 1: Adoption Schedule

Annexure 2: Minutes

Annexure 3: The Public Finance Management (Amendment) (No. 2) Bill, 2024 (National Assembly Bills No. 26 of 2024)

Annexure 5: Advertisement inviting the public to submit memoranda on the Bill

Annexure 6: Letter from the Clerk of the National Assembly inviting relevant stakeholders to submit memoranda on the Bill

Annexure 7: Letter from the Clerk of the National Assembly inviting relevant stakeholders to attend the public participation forum

Annexure 8: Memoranda by Stakeholders

## CHAIRPERSON'S FOREWORD

This report contains the proceedings of the Departmental Committee on Finance and National Planning on the consideration of the Public Finance Management (Amendment) (No. 2) Bill, 2024 (National Assembly Bills No. 26 of 2024), sponsored by the Leader of the Majority party, Hon. Kimani Ichungwah, EGH, MP. The Bill was published on 16<sup>th</sup> April, 2024. It was read a First Time on 19<sup>th</sup> June, 2024 and was then committed to the Committee for consideration and tabling of report to the House pursuant to Standing Order 127.

The principal object of the Bill is to amend the Public Finance Management Act, Cap. 412A, to align the timelines for the passing and consideration of the Finance Bill by the County Assemblies and the National Assembly.

In compliance with Article 118(b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly placed an advertisement in the print media on 21<sup>st</sup> June, 2024 inviting the public to submit memoranda by way of written statements on the Bill.

In addition, the Clerk of the National Assembly vide letter Ref. No.NA/DDC/F&NP/2024/100 dated 17<sup>th</sup> September 2024 invited key stakeholders to submit views on the Bill and attend a public participation forum on 25<sup>th</sup> September, 2024. The memoranda were to be received on or before 15<sup>th</sup> April, 2024 at 5.00 pm (East African Time). By the close of the submission deadline, the Committee had received four memoranda.

On behalf of the Departmental Committee on Finance and National Planning and pursuant to the provisions of Standing Order 199(6), it is my singular honour to present to this House the Report of the Committee on its consideration of the Public Finance Management (Amendment) (No. 2) Bill, 2024 (National Assembly Bills No. 26 of 2024). The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support accorded to it during its consideration of the Bill.

Finally, I wish to express my appreciation to the Honourable Members of the Committee and the Committee Secretariat who made invaluable contributions towards the preparation and production of this report.

It is my pleasure to report that the Committee has considered the Public Finance Management (Amendment) (No. 2) Bill, 2024 (National Assembly Bills No. 26 of 2024) and wish to report to this August House with the recommendation that the House approves the Bill with amendments.

**HON. CPA KURIA KIMANI, M.P.**

**CHAIRPERSON, DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING**



## ACKNOWLEDGMENT

The Committee extends its sincere gratitude to the Office of the Speaker of the National Assembly and the Clerk of the National Assembly for their invaluable logistical and technical support throughout its sittings. Their assistance facilitated the Committee's deliberations and ensured the smooth progress of its work.

The Committee especially acknowledges and appreciates the participation of all stakeholders and members of the public who diligently submitted their comments on the Bill. Their insights and contributions have enriched the Committee's understanding of the various perspectives on the proposed measures.

Further, the Committee wishes to express its heartfelt appreciation to the Honourable Members of the Committee and the dedicated Committee Secretariat whose commitment, expertise and collaborative efforts were instrumental in preparing and producing this report. I particularly commend the Secretariat for their diligent work that enabled the Committee to fulfill its constitutional mandate by thoroughly analyzing the Bill to the Committee.

On behalf of the Departmental Committee on Finance and National Planning and pursuant to Standing Order 199 (6), it is both a privilege and an honor to present to the House, the Report of the Departmental Committee on Finance and National Planning on its Consideration of the Public Finance Management (Amendment) (No. 2) Bill, 2024 (National Assembly Bills No. 26 of 2024). The Committee trusts that this report will serve as a valuable resource for informed debate and decision-making by the members of this House.

## CHAPTER ONE

### 1.0 PREFACE

#### 1.1 ESTABLISHMENT OF THE COMMITTEE

1. The Departmental Committee on Finance and National Planning is one of the fifteen Departmental Committees of the National Assembly established under **Standing Order 216 (5)** whose mandate is as follows:

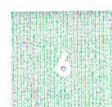
- i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
- ii. *To study the program and policy objectives of Ministries and departments and the effectiveness of their implementation;*
- iii. **To study and review all the legislation referred to it;**
- iv. *To study, access, and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
- v. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
- vi. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on Appointments);*
- vii. *To examine treaties, agreements and conventions;*
- viii. *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
- ix. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
- x. *To examine any questions raised by Members on a matter within its mandate.*

#### 1.2 MANDATE OF THE COMMITTEE

2. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, public finance, monetary policies, public debt, financial institutions (excluding those in securities exchange), investment and divestiture policies, pricing policies, banking, insurance, population revenue policies including taxation and national planning and development.

3. In executing its mandate, the Committee oversees the following government Ministries and Departments:

- i. State Department of National Treasury;
- ii. State Department of Economic Planning;
- iii. Commission on Revenue Allocation; and
- iv. Office of the Controller of Budget; and





### 1.3 COMMITTEE MEMBERSHIP

4. The Departmental Committee on Finance and National Planning comprises of the following Members:

#### **Chairperson**

Hon. CPA Kuria Kimani, CBS, MP  
Molo Constituency

#### **UDA Party**

#### **Vice-Chairperson**

Hon. (Amb). Benjamin Langat, CBS, MP  
Ainamoi Constituency

#### **UDA Party**

Hon. (Dr). Adan Keynan, CBS, MP  
Eldas Constituency

#### **Jubilee Party**

Hon. Andrew Okuome, MP  
Karachuonyo Constituency

#### **ODM Party**

Hon. David Mwalika Mboni, MP  
Kitui Rural Constituency

#### **Wiper Party**

Hon. CPA. Joseph Oyula, MP  
Butula Constituency

#### **ODM Party**

Hon. Joseph K. Makilap, MP  
Baringo North Constituency

#### **UDA Party**

Hon. Umul Ker Kassim, MP  
Mandera County

#### **UDA Party**

Hon. CPA Julius Rutto, MP  
Kesses Constituency

#### **UDA Party**

Hon. (Dr.) Shadrack Ithinji, MP  
South Imenti Constituency

#### **Jubilee Party**

Hon. Paul K. Biego, MP  
Chesumei Constituency

#### **UDA Party**

Hon. Joseph Munyoro, MP  
Kigumo Constituency

#### **UDA Party**

Hon. Dr. John Ariko Namoi, MP  
Turkana South Constituency

#### **ODM Party**

Hon. Mohamed S. Machele, MP  
Mvita Constituency

#### **ODM Party**

Hon. George Sunkuyia, MP  
Kajiado West Constituency

#### **UDA Party**

#### 1.4 COMMITTEE SECRETARIAT

5. The following staff facilitate the Committee:

Mr. Benjamin Magut  
**Principal Clerk Assistant /Head of Secretariat**

Ms. Jennifer Ndeto  
**D/Director, Legal Service**

Mr. Salem Lorot  
**Legal Counsel I**

Mr. James M. Macharia  
**Media Relations Officer I**

Ms. Peninnah Simiren  
**Legal Counsel II**

Ms. Winfred Kambua  
**Clerk Assistant III**

Mr. George Ndenjeshe  
**Fiscal Analyst III**

Mr. Benson Kamande  
**Clerk Assistant III**

Ms. Nelly W.N Ondieki  
**Research Officer III**

Mr. Benson Muthuri  
**Serjeant-At-Arms**

Ms. Joyce Wachera  
**Hansard Officer III**

## CHAPTER TWO

### 2.0 OVERVIEW OF THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) (NO. 2) BILL, 2024 (NATIONAL ASSEMBLY BILLS NO. 26 OF 2024)

#### 2.1 BACKGROUND

6. The Public Finance Management (Amendment) (No. 2) Bill, 2024 (National Assembly Bills No. 26 of 2024), is sponsored by the Leader of the Majority Party, Hon. Kimani Ichung'wah, EGH, MP. The Bill was published on 16<sup>th</sup> April, 2024. It was read a First Time on 19<sup>th</sup> June, 2024 and was then committed to the Committee for consideration and tabling of report to the House pursuant to Standing Order 127.

#### 2.2 SUMMARY OF LEGAL PROVISIONS

7. The principal object of the Bill is to amend the Public Finance Management Act, Cap. 412A, to align the timelines for the passing and consideration of the Finance Bill by the County Assemblies and the National Assembly.

8. Clause 2 of the Bill seeks to amend section 129(2)(a) of the Act to clarify and harmonize timelines for passing the Finance Bill between the County Assembly and the National Assembly. It seeks to delete the words "except the Finance Bill" in section 129(2)(a) of the Act. Section 129(2)(a) of the Act provides as follows—

*(2) Following approval by the County Executive Committee, the County Executive Committee member for finance shall—*

*(a) submit to the county assembly the budget estimates, supporting documents, and any other Bills required to implement the budget, except the Finance Bill, by the 30th April in that year;*

9. Clause 3 of the Bill seeks to introduce a new section 131A to provide for similar procedures for submission, consideration and passing of the Finance Bill in the County Assembly as that of the National Assembly. The proposed new section 131A provides as follows—

*Submission, consideration and passing of the County Finance Bill*

*131A. (1) County Executive Committee member for finance shall submit to the County Assembly, on or before 30th April, the County Finance Bill setting out the revenue measures for the County Government.*

(2) Following submissions of the County Finance Bill by County Executive Committee member for finance, the relevant committee of the County Assembly shall introduce the Bill in the County Assembly.

(3) The County Assembly shall consider and pass the County Finance Bill, with or without amendments, in time for it to be presented for assent by 30th June each year.

(4) Any recommendations made by the relevant committee of the County Assembly or resolution passed by the County Assembly on revenue matters shall—

(a) ensure the total amount of revenue raised is consistent with the approved fiscal framework;

(b) take into account the principles of equity, certainty and ease of collection;

(c) consider the impact of the proposed changes on the composition of the tax revenue with reference to direct and indirect taxes;

(d) consider domestic, regional and international tax trends;

(e) consider the impact on development, investment, employment and economic growth; and

(f) take into account the taxation and other tariff arrangements and obligations that Kenya has ratified, including taxation and tariff arrangements under the East African Community Treaty.

(5) The recommendations of the County Executive Committee member for finance shall be included in a report and tabled in the County Assembly.

10. Clause 4 of the Bill seeks to repeal section 133 to align the practice in the County Assembly to that of the National Assembly in the consideration of the Finance Bill. Section 133 provides as follows—

*Approval of the Finance Bill.*

133. Not later than ninety days after passing the Appropriation Bill, the county assembly shall consider and approve the Finance Bill with or without amendments.

## CHAPTER THREE

### 3.0 PUBLIC PARTICIPATION AND STAKEHOLDER ENGAGEMENT ON THE BILL

#### 3.1 LEGAL FRAMEWORK ON PUBLIC PARTICIPATION

11. Article 118 (1)(b) of the Constitution provides that:

*"Parliament shall facilitate public participation and involvement in the legislative and other business of Parliament and its Committees."*

12. The National Assembly Standing Order 127 (3) and (3A) stipulates that:

*"(3) The Departmental Committee to which a Bill is committed shall **facilitate public participation on the Bill** through an appropriate mechanism including-*

*(a) inviting submission of memoranda;*

*(b) holding public hearings;*

*(c) consulting relevant stakeholders in a sector; and*

*(d) consulting experts on technical subjects.*

*(3A) The Departmental Committee shall take into account the views and recommendations of the public under paragraph (3) in its report to the House."*

#### 3.2 MEMORANDA RECEIVED ON THE BILL

13. Pursuant to the aforementioned provisions of law, the Clerk of the National Assembly placed an advertisement in the print media on 16<sup>th</sup> April, 2024, inviting the public to submit memoranda through written statements on the Bill. Further, the Clerk of the National Assembly vide letter Ref.No. NA/DDC/F&NP/2024/101 dated 17<sup>th</sup> September, 2024 invited key stakeholders to submit views on the Bill and attend a public participation forum on 25<sup>th</sup> September 2024 respectively.

14. The Committee received memoranda from the Office of the Auditor-General, the Office of the Attorney-General, the Institute of Certified Public of Kenya (ICPAK), and the Coast Regional Budget Hub. The memoranda are annexed to this report as Annexure 8.

#### 3.3 PUBLIC VIEWS AND SUBMISSION

##### Clause 2

##### Institute of Certified Accountants of Kenya (ICPAK)

15. Amend the clause to insert the words "by the 30<sup>th</sup> of April in that year" in the proposed deletion of the words "except the Finance Bill" in section 129(2) of the Public Finance Management Act.



16. The proviso as it is in the Bill is not complete. The amendment therefore seeks to achieve completeness.

#### **Committee Observation**

The Committee observed that section 129(2)(a) of the Public Finance Management Act, Cap. 412A, provides for the CEC for finance to submit to the county assembly the budget estimates, supporting documents, and any other Bills required to implement the budget, except the Finance Bill, by the 30th April in that year. The proposed amendment seeks to delete the words “except the Finance Bill” to provide clarity and harmonization of timelines for passing of the Finance Bill between County Assembly and National Assembly. However, the Committee was of a different view that the stakeholder’s proposal to also delete the words “by the 30<sup>th</sup> April in that year” would remove the deadline which was important in timely passage of legislation in line with court pronouncements.

#### **Clause 3**

17. ICPAK proposed that clause 3 of the Bill be amended by inserting a new subsection (2A) immediately after subsection (2) in the proposed new section 131A as follows—

*(2A) The County Executive Committee member for finance shall ensure public participation as provided for under the Constitution.*

18. The justification for the proposed amendment was that it was in line with Article 201 of the Constitution which provides for public participation in financial matters.

#### **Committee Observation**

The Committee observed that public participation is a constitutional imperative; hence, it was not necessary to provide for it in the proposed new section since it was obligatory for public participation to be conducted as the Constitution dictates.

19. ICPAK further proposed that clause 3 of the Bill be amended in the proposed new section 131A by rearranging the subsections for logical flow in the Bill. The re-arranged provision was as follows—

- 1.31A. (1) County Executive Committee member for finance shall submit to the County Assembly on or before 30<sup>th</sup> April the County Assembly Bill setting out revenue measures for the County Government.
- (2) Following the County Finance Bill by the County Executive member for finance, the relevant committee of the County Assembly shall introduce the Bill in the County Assembly.
- (3) The County Executive Member for finance shall ensure public participation as provided for under the Constitution
- (4) Any recommendations made by the relevant committee of the County Assembly or resolution passed by the County Assembly on revenue matters shall:
  - (a) ensure that the total amount of revenue raised is consistent with the approved fiscal framework and the County Allocation of Revenue Act;
  - (b) take into account the principles of equity, certainty and ease of collection;
  - (c) consider the impact of the proposed changes on the composition of tax revenue with reference to direct and indirect taxes;
  - (d) consider domestic, regional and international tax trends;
  - (e) consider the impact on development, investment, employment and economic growth; and
  - (f) take into account the taxation and other tariff agreements and obligations that Kenya has ratified, including taxation and tariff agreements under the East African Community Treaty.
- (5) The County Assembly shall consider and pass the Finance Bill with or without amendments in time for it to be presented for assented by 30<sup>th</sup> of June each year.
- (6) The recommendations of the County Executive Committee member for finance shall be included and tabled in the County Assembly.

### **Committee Observation**

**The Committee observed as follows:**

- (a) **The proposed amendment has deleted the proposed new subsection (3) (*providing for the passage of County Finance Bill and its deadline for passage*) and replaced it with a new subsection providing for the requirement of ensuring public participation. The new subsection (3) has been moved and placed after the new subsection (4).**

**The Committee was of the view that, firstly, public participation is a constitutional imperative; hence, it was not necessary to provide for it in the proposed new section since it was obligatory for public participation to be**

conducted as the Constitution dictates. Secondly, the sequence provided for in the Bill was proper and that it was logical.

(b) The proposed amendment has inserted County Allocation of Revenue Act into subsection 4(a); however, no justification has been given for the amendment.

(c) The proposed amendment to subsection 4(f) has sought to replace “tariff arrangements” with “tariff agreements”. The Committee agreed to this amendment since it provides clarity.

### **COAST REGIONAL BUDGET HUB**

20. The Coast Regional Budget Hub submitted that clause 3 of the Bill will align the county timelines with those of the national government, requiring Finance Bills to be submitted by April 30<sup>th</sup> and passed by June 30<sup>th</sup>. This synchronization will help reduce inconsistencies between county and national financial frameworks, ensuring that county governments are better prepared for the start of the fiscal year.
21. Further, the amendments promote timely enactment of revenue-raising measures, reducing delays that could affect the implementation of the budget.

#### **Committee Observation**

**The Committee noted the stakeholder's submission.**

22. Amend clause 3 of the Bill in the proposed new section 131A (4) by inserting a new paragraph (g) to provide for openness and accountability, including public participation in revenue matters, in alignment with Article 201(a) of the Constitution, which mandates that all aspects of public finance adhere to the principles of openness, accountability, and public participation.

#### **Committee Observation**

**The Committee agreed with the stakeholder.**

23. The stakeholder further proposed the following:

(a) There is a need to establish a monitoring framework to ensure that both county executives and assemblies adhere to the newly established timelines;

- (b) To ensure smooth implementation of the revised timelines, county assemblies should invest in building their technical and administrative capacities to handle the increased workload during the budget estimates and Finance Bill review periods;
- (c) There is a need to create public awareness of the changes should the Bill sail through and encourage robust public participation in the Finance Bill process at the county level to ensure that revenue-raising measures are both transparent and reflective of local needs.

#### **Committee Observation**

**The Committee noted the stakeholder's recommendations but observed that the proposals were administrative hence did not require specific amendments.**

#### **THE OFFICE OF THE ATTORNEY-GENERAL AND DEPARTMENT OF JUSTICE**

24. The Attorney-General stated that the amendments proposed with regard to the Act do not offend the Constitution or any other Act of Parliament and therefore were in order, subject to policy guidance by the National Treasury.

#### **Committee Observation**

**The Committee noted the submission by the Attorney-General.**

#### **OFFICE OF THE AUDITOR-GENERAL**

25. The Auditor-General agreed with the proposed amendment since it enhances the credibility of the budget and in particular ensures consideration of performance in revenue collection before setting the budget. The amendments will also ensure that County Governments consider own source revenue before setting their expenditure.

#### **Committee Observation**


**The Committee noted the submission by the Auditor-General.**



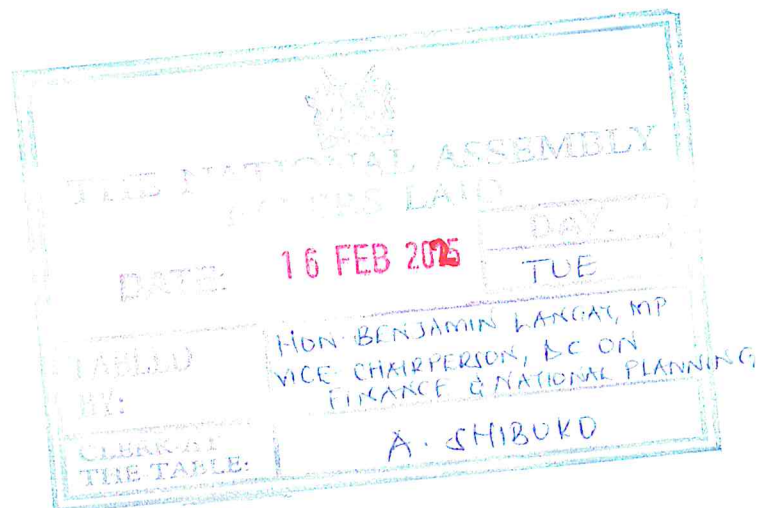
## CHAPTER FOUR

### 4.0 COMMITTEE RECOMMENDATION

26. The Committee having considered the Public Finance Management (Amendment) (No. 2) Bill, 2024 (National Assembly Bills No. 26 of 2024) recommends that the House approves the Bill with amendments as proposed in the schedule.

SIGNED..........DATE.....18/02/2025

HON. CPA KURIA KIMANI, CBS, MP  
CHAIRPERSON  
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING







THE NATIONAL ASSEMBLY  
THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING.  
ADOPTION LIST

**REPORT ON THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) (NO. 2) BILL, 2024**  
**(NATIONAL ASSEMBLY BILLS NO. 26 OF 2024)**

We, the Members of the Departmental Committee on Finance and National Planning have pursuant to Standing Order 199, adopted this Report and affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity today, **Tuesday, 18<sup>th</sup> February 2025.**

S/NO.	NAME	SIGNATURE
1.	HON. (CPA). KURIA KIMANI, CBS, MP - <b>CHAIRPERSON</b>	
2.	HON. (AMB). BENJAMIN KIPKIRUI LANGAT, MP – <b>VICE CHAIRPERSON</b>	
3.	HON. DR. ADAN KEYNAN WEHLIYE, MP	
4.	HON. GEORGE SUNKUYIA RISA, MP	
5.	HON. (CPA) JOSEPH MAERO OYULA, MP	
6.	HON. ANDREW ADIPO OKUOME, MP	
7.	HON. DAVID MWALIKA MBONI, MP	
8.	HON. JOSEPH MAKILAP KIPKOROS, MP	
9.	HON. JOSEPH KAMAU MUNYORO, MP	
10.	HON. (CPA) JULIUS KIPLETING RUTTO, MP	
11.	HON. PAUL KIBICHIY BIEGO, MP	
12.	HON. UMUL KER SHEIKH KASSIM, MP	
13.	HON. DR. SHADRACK MWITI ITHINJI, MP	
14.	HON. DR. JOHN ARIKO NAMOIT, MP	
15.	HON. MOHAMED SOUD MACHELE, MP	

