

SPECIAL ISSUE

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NATIONAL ASSEMBLY BILLS, 2015

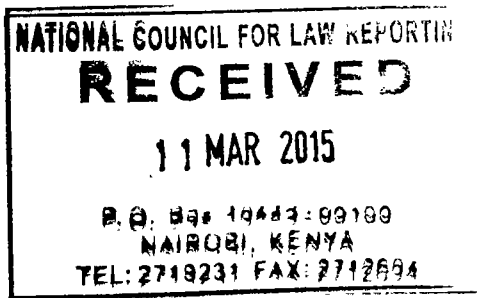
NAIROBI, 12th February, 2015

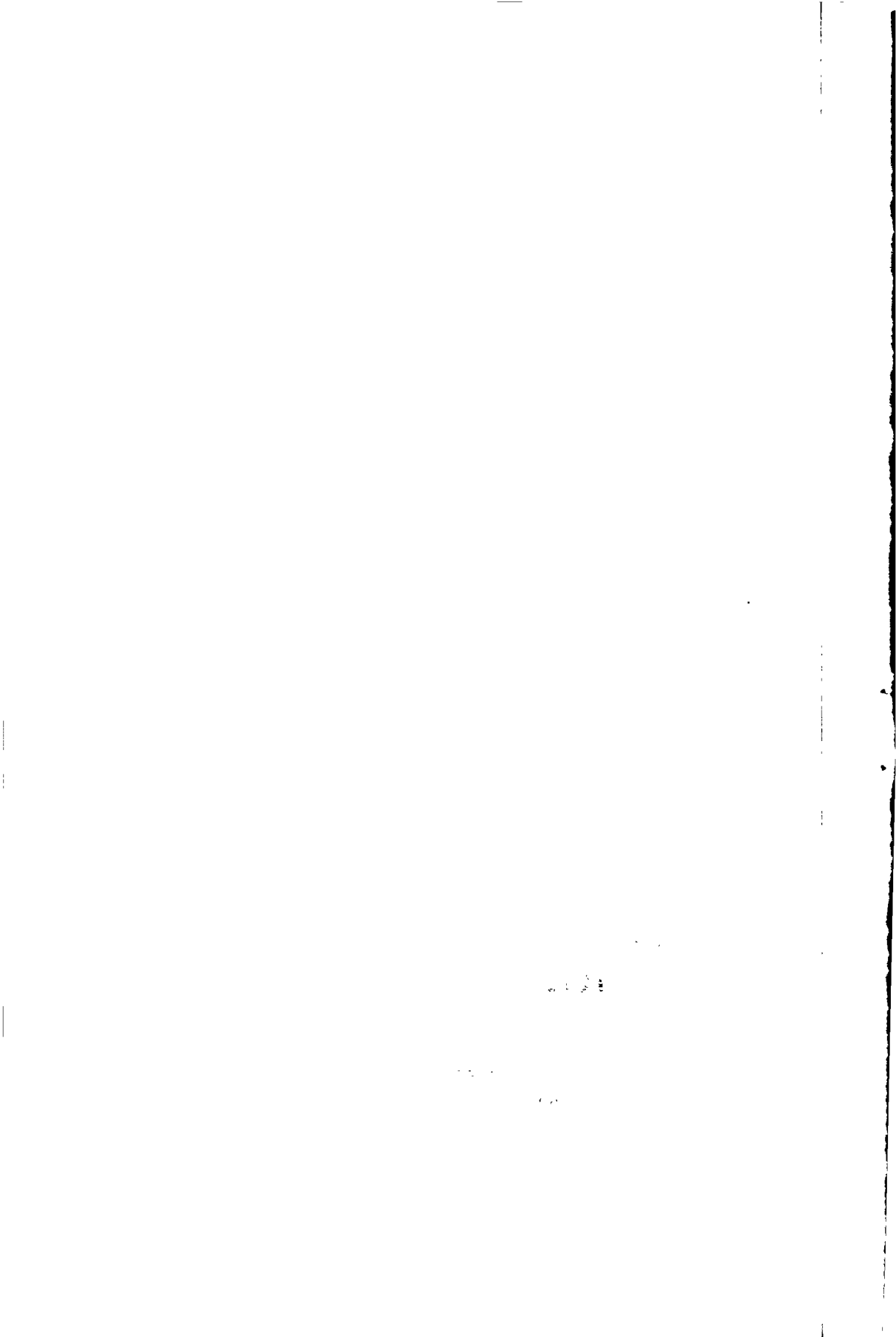
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**THE PUBLIC FINANCE MANAGEMENT
(AMENDMENT) BILL, 2015**

A Bill for

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

ENACTED by the Parliament of Kenya, as follows—

1. This Act may be cited as the Public Finance Management (Amendment) Act, 2015.

Short title.

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

Amendment of section 2 of No.18 of 2012.

- (a) in the definition of “national government entity”, by inserting the words “State Organ” immediately after the word “any”;
- (b) in the definition of “Treasury Single Account, by—
 - (i) inserting the word “funds” immediately after the word “draws” appearing in paragraph (a);
 - (ii) inserting the word “funds” immediately after the word “draws” appearing in paragraph (b) ;
- (c) by inserting the following new definition in its proper alphabetical sequence—

“Government to government loan” means any loan that is negotiated with or covered by any government or national government entity including such government export credit agency (ECA) or investment insurance agency or financial institution that acts as an intermediary between the government and exporters to facilitate export financing whether by means of buyer or supplier credit, credit insurance, financial intermediary loans, guarantees, organization for Economic Co-operation and Development (OECD) tied-aid credit or officially supported export credit depending on the mandate granted to such export credit agency by the relevant government for the purpose of facilitating trade and investment between the two countries.

3. Section 5 of the principal Act is amended—Amendment of
section 5 of No.
18 of 2012.

- (a) in subsection (1), by deleting the words “and county assembly” appearing immediately after the words “County Executive Committee” and substituting therefor the words “the county assembly and Parliament”.
- (b) in subsection (4), by inserting the words “and county executive committee” immediately after the words “County Assembly”.

4. Section 8 of the principal Act is amended—Amendments of
section 8 of No.
18 of 2012.

- (a) by deleting the word “Senate” appearing in paragraph (d) and substituting therefor the words “county governments”;
- (b) in subsection (2) by inserting the words “Cabinet Secretary” immediately before the words “Commission on Revenue Allocation”.

5. Section 10 of the principal Act is amended in subsection (1) by inserting the following new paragraph immediately after paragraph (h)—

Amendment of
section 10 of No.
18 of 2012.

- “(i) upon request by county assemblies, build capacity for budget analysis”.

6. Section 13 of the principal Act is amended—Amendment of
section 13 of No.
18 of 2012.

(a) in subsection (1), by—

- (i) deleting the words “Cabinet Secretary and” appearing immediately after the words “facilitate the”;
 - (ii) inserting the word “management” immediately after the word “financial” appearing in paragraph (f);
- (b) in subsection (2), by inserting the words “or any other person designated by the National Treasury” after the word “officers”.

7. Section 15 of the principal Act is amended—Amendment of
section 15 of No.
18 of 2012.

(a) in subsection (2), by—

- (i) deleting the words “national and county governments” appearing in paragraph (a) and substituting therefor the words “national government”;
 - (ii) deleting the words “and the county assembly for the county government” appearing in paragraph (d) ;
- (b) in subsection (5), by inserting the word “responsibility” immediately after the word “fiscal”.

8. Section 17 of the principal Act is amended—

Amendment of section 17 of No. 18 of 2012.

- (a) in subsection (6) by deleting the word “quarter” wherever it occurs and substituting therefor by the word “month”;
- (b) in subsection (7) by deleting the expression “15th May” and substituting therefor the expression “15th June”.

9. Section 24 of the principal Act is amended—

Amendment of section 24 of No. 18 of 2012.

- (a) in subsection (3) by deleting paragraph (b) and substituting therefor the following new paragraph—

“(b) ensure that there are accounting procedures and systems for the Commission to properly account for the monies and property as specified by the National Treasury”;
- (b) in subsection (9), by deleting the words “ a final” appearing in paragraph (c) and substituting therefor the words “ an audited”.

10. Section 35 of the principal Act is amended in subsection (1) by—

Amendment of section 35 of No. 18 of 2012.

- (a) deleting paragraph (c) and substituting therefor the following new paragraph—

“(c) making an overall estimation of the national government revenues, expenditures and borrowing requirements”;

- (b) deleting the words “three months” appearing in paragraph (j) and substituting therefor the words “four months”.

11. Section 38(1) of the principal Act is amended by deleting the expression “202(2)” appearing in paragraph (b)(iii) and substituting therefor expression the “202”.

Amendment of section 38 of No. 18 of 2012.

12. Section 39(7) of the principal Act is amended by inserting the words “or is not likely to be assented to, by the beginning of the financial year” immediately after the words “assented to”.

Amendment of section 39 of No. 18 of 2012.

13. The principal Act is amended by inserting the following new section immediately after section 39—

Insertion of a new section of No. 18 of 2012.

Expenditure before approval of the budget estimates by National Assembly.

39A. (1) Funds may be withdrawn from the Consolidated Fund for the purposes of meeting expenditure of the national government for the financial year as a direct charge against the Consolidated Fund in accordance with Article 206(2)(c) of the Constitution, if—

- (a) estimates of expenditure submitted to the National Assembly for a financial year have not been approved or are not likely to be approved by the beginning of that financial year; or
- (b) the National Assembly has not authorized the withdrawal of money from the Consolidated Fund in accordance with Article 222 of the Constitution.

(2) The amount withdrawn under subsection (1) shall not exceed in total one-half of the amounts included in the estimates of expenditure for that year that have been tabled in the National Assembly.

(3) The authority under subsection (1) shall cease upon assent of the Appropriation Act for the financial year.

(4) The expenditure incurred under subsection (1), shall form part of expenditures for the financial year.

14. The principal Act is amended by inserting the following new section immediately after section 42—

Insertion of a new section of No. 18 of 2012.

Expenditure before approval of the County Allocation of Revenue Act.

42A. (1) If the annual Division of Revenue Bill and the County Allocation of Revenue Bill submitted to Parliament for the next financial year have not been enacted into law before 1st July, funds may be withdrawn from the Consolidated Fund not exceeding fifty percent of the total amount allocated to each county government for transfer to county governments, based on the County Allocation of Revenue Bill introduced in Parliament for that financial year as a direct charge against the Consolidated Fund in accordance with Article 206 (2)(c) of the Constitution.

(2) The approval of a withdrawal from the Consolidated Fund by the Controller of Budget under subsection (2) above shall be issued only if accompanied by written instructions from the National Treasury requesting for the withdrawal.

(3) The authority under subsection (1) shall cease upon assent of the County Allocation of Revenue Act for the financial year.

(4) The transfers under subsection (1) shall form part of transfers for the financial year to the relevant county government.

15. Section 52 of the principal Act is amended by deleting subsection (2) and substituting therefor the following new subsection—

Amendment of section 52 of No. 18 of 2012.

“(2) Despite the provisions of subsection (1), the following persons may be authorized by the Cabinet Secretary to execute loan documents for borrowing by a national government entity—

- (a) the accounting officer responsible for the entity; or
- (b) any other specified officer authorized by legislation to execute such documents on behalf of the entity”.

16. Section 60 of the principal Act is amended by—

Amendment of section 60 of No. 18 of 2012.

- (a) inserting the following new subsection immediately after subsection (1)—

“(2) In order to enable the payment of any sum required for fulfilling any guarantee under this Act to be duly made, a certificate under the hand of the Attorney-General specifying the sum so required to be paid and satisfying the payment thereof shall be sufficient authority to the Controller of budget for the purposes of releasing the funds from the consolidated Fund”.

- (b) renumbering subsections (2), (3) and (4) as subsection (3), (4) and (5) respectively.

17. Section 66(1)(g) of the principal Act is amended by inserting the words “and non-financial” immediately after the word “financial”.

Amendment of section 66 of No. 18 of 2012.

18. Section 68(3) of the principal Act is amended by inserting the words “responsible for that entity” immediately after the words “Cabinet Secretary”.

Amendment of section 68 of No. 18 of 2012.

19. Section 77 of the principal Act is amended by—

Amendment of section 77 of No. 18 of 2012.

- (a) inserting the words “or vary” immediately after the words “may waive”;
- (b) inserting the words “or variation” immediately after the word “waiver” wherever it occurs in paragraph (a),.

20. Section 78 of the principal Act is amended by inserting the words “Except as provided otherwise under this Act or any other Act” before the words “the Kenya Revenue Authority”.

Amendment of section 78 of No. 18 of 2012.

21. Section 82(4) of the principal Act is amended by deleting the words “by the receiver or collector”.

Amendment of section 82 of No. 18 of 2012.

22. Section 87(1) of the principal Act is amended by deleting the word “company” appearing in paragraph (b) and substituting therefor the word “corporation”.

Amendment of section 87 of No. 18 of 2012.

23. Section 88 of the principal Act is amended—

Amendment of section 88 of No. 18 of 2012.

(a) in subsection (1) and (2)(a) and (b), by inserting the words “and government-linked corporation” immediately after the word “state corporation”;

24. Section 89 of the principal Act is amended—

Amendment of section 89 of No. 18 of 2012.

(a) in subsection (2) by—

- (i) inserting the words “and government-linked corporation” immediately after the words “state corporation” appearing in paragraph (c);
- (ii) inserting the words “or government-linked corporation” immediately after the words “in respect of state corporation” appearing in paragraph (e);
- (iii) inserting the words “or government-linked corporation” immediately after the words “state corporation” appearing in paragraph (f);
- (iv) inserting the words “or government linked-corporation” immediately after the words “state corporation” appearing in paragraph (g);
- (v) inserting the words “or government-linked corporation” immediately after the words “assets of that state corporation” appearing in paragraph (h);

(vi) inserting the words “or government-linked corporation” immediately after the words “state corporation” appearing in paragraph (j).

(b) in subsection (4), by deleting the expression “(2)” and substituting therefor the expression “(1)”.

25. Section 91 of the principal Act is amended in subsection (b), by inserting the words “and government-linked corporation” immediately after the word “state corporation”

Amendment of section 91 of No. 18 of 2012

26. Section 93(3)(b) of the principal Act is amended by inserting space after the word “Act” and the rest of the text forming the sandwich to read as follows:

Amendment of section 93 of No. 18 of 2012

“this shall constitute a serious material breach or persistent material breach for purposes of stopping transfer of funds under Article 225 (3) of the Constitution”.

27. Section 96(1) of the principal Act is amended by deleting the word “entity”.

Amendment of section 96 of No. 18 of 2012.

28. Section 97(4) of the principal Act is amended by deleting the words “or renew”.

Amendment of section 97 of No. 18 of 2012.

29. Section 98(2) of the principal Act is amended by inserting the word “serious” immediately after the words “findings on details of the”.

Amendment of section 98 of No. 18 of 2012.

30. Section 104(1) of the principal Act is amended by inserting the word “county” immediately after the words “and other” appearing in paragraph (j).

Amendment of section 104 of No. 18 of 2012.

31. Section 105(2) of the principal Act is amended by inserting the words “or any other person designated by the County Treasury” immediately after the word “officers”.

Amendment of section 105 of No. 18 of 2012.

32. Section 107(2) of the principal Act is amended by—

Amendment of section 107 of No. 18 of 2012.

(a) inserting the word “county” immediately after the words “medium term, the” appearing in paragraph (d);

(b) deleting paragraph (e) and substituting therefor the following new paragraph—

“(e) the county governments debts and obligations shall be maintained at such a sustainable level as approved by the county assembly”;

33. Section 109(4) of the principal Act is amended by deleting the words “or a bank approved by the County Executive Committee member responsible for finance and shall be kept” appearing in paragraph (a).

Amendment of section 109 of No. 18 of 2012.

34. Section 112 of the principal Act is amended—

Amendment of section 112 of No. 18 of 2012.

(a) in subsection (3) by inserting the following new paragraph immediately after paragraph (b)—

“(c) is meant to alleviate the damage, loss, hardship or suffering caused directly by the event”;

(b) by inserting the following new subsection immediately after subsection (3) —

“(4) An event threatens damage to human life or welfare under subsection (3)(a) only if it involves, causes or may cause—

- (a) loss of life, human illness or injury;
- (b) homelessness or damage to property;
- (c) disruption of food or water supply or provision of shelter; or
- (d) disruption of provision of services including health services”.

35. Section 116 of the principal Act is amended—

Amendment of section 116 of No. 18 of 2012.

(a) in subsection (1), by inserting the word “county” immediately after the words “establish other”; and

(b) in subsection (7) by inserting the word “audited” immediately after the words “present the” appearing in paragraph (c).

36. Section 119(2) of the principal Act is amended by deleting the words “or a bank approved by the County Treasury”.

Amendment of section 119(2) of No. 18 of 2012.

- 37.** Section 123 (3) of the Principal Act is amended by deleting the words appearing after words “publicize the statement”.
- Amendment of
Section 123 of
No. 18 of 2012
- 38.** Section 125(1) of the principal Act is amended by deleting the words “planning and” appearing in paragraph (b).
- Amendment of
section 125 of No.
18 of 2012.
- 39.** Section 126 of principal Act is amended—
- Amendment of
section 126 of No.
18 of 2012.
- (a) in subsection (1), by deleting the words “prepare a” and substituting therefor the words “prepare an integrated”;
- (b) in subsection (2), by inserting the word “annual” immediately after the words “prepare the”;
- (c) in subsection (3), by—
- (i) deleting expression “1st September” and substituting therefor the “expression 30th September”;
- (ii) inserting the word “annual” immediately after the words “submit the”.
- (d) by inserting the following new subsection immediately after subsection (3)
- “(4) The County Assembly shall consider and approve the annual development plan submitted under subsection (3) above, not later than 30th October”.
- 40.** Section 127(1) of the principal Act is amended by deleting the expression “15th June” and substituting therefor the expression “30th April”.
- Amendment of
section 127 of No.
18 of 2012.
- 41.** Section 129 of the principal Act is amended—
- Amendment of
section 129 of No.
18 of 2012.
- (a) in paragraph (a) of subsection (1) by deleting the words “excluding the county assembly” appearing in paragraph (a);
- 42.** Section 131 of the principal Act is amended—
- Amendment of
section 131 of No.
18 of 2012.
- (a) in subsection (1), by inserting the words “except the County Finance Bill” immediately after the words “implement the budget”;

- (b) by inserting the following new subsection after subsection (4)—

“(5) Where a County Assembly approves any changes in the annual estimates of budget under this section, any increase or reduction in expenditure of a Vote, shall not exceed ten percent of the Vote’s ceilings’ set out in the County Fiscal Strategy Paper adopted by the County Assembly”;

- (c) by renumbering subsection (5) to be subsection (6) and inserting the following new subsection after subsection (6):

“(7) The County Executive Committee Member shall submit a copy of the budget estimates approved under subsection (5) to the National Treasury within fourteen days of its approval”.

43. The principal Act is amended by inserting the following new section immediately after section 131—

Insertion of new section 131A in No. of 18 of 2012.

Expenditure before approval of the budget estimates by the County Assembly.

131A. (1) Funds may be withdrawn from the County Revenue Fund for the purposes of meeting expenditure of the county government for the financial year as a direct charge against the County Revenue Fund in accordance with Article 207 of the Constitution , if—

- (a) estimates of expenditure submitted to the County Assembly for a financial year have not been approved or are not likely to be approved by the beginning of that financial year; or
- (b) the County Assembly has not authorized the withdrawal of money from the County Revenue Fund in accordance with section 134 of this Act.

(2) The amount withdrawn under subsection (1) shall not exceed in total one-half of the amounts included in the estimates of expenditure for that year that have been tabled in the County Assembly.

(3) The authority under subsection (1) shall cease upon assent of the Appropriation Act for the financial year.

(4) The expenditure incurred under subsection (1) shall form part of expenditures for the financial year.

44. Section 132(1) of the principal Act is amended by deleting the words “County Executive Member” and substituting therefor the words “County Executive Committee member”.

Amendment of section 132 of No. 18 of 2012.

45. Section 133 of the principal Act is amended by inserting the word “County” immediately after the words “approve the”.

Amendment of section 133 of No. 18 of 2012.

46. Section 136 of the principal Act is amended by inserting the following new subsection immediately after subsection (2)—

Amendment of section 136 No. 18 of 2012

“(3) The balances declared under subsection (2) above shall be surrendered within fourteen days after receipt of the audit report”.

47. Section 137(3) of the principal Act is amended by inserting the word “County” immediately after the words “and the” appearing in paragraph (a).

Amendment of section 137 of No. 18 of 2012.

48. The Heading appearing immediately after section 137 of the principal Act is amended by inserting the words “grants and loans” immediately after the words “public finances”.

Amendment of the Heading immediately after section 137 of No. 18 of 2012.

49. Section 141 of the principal Act is amended—

Amendment of section 141 of No. 18 of 2012.

- (a) in subsection (1), by inserting the words “the county’s” immediately after the words “level of”.
- (b) in subsection (9), by deleting the words “together with the principal amount”.

50. Section 143 of the principal Act is amended by deleting subsection (2) and substituting therefor the following new subsection—

Amendment of section 143 of No. 18 of 2012.

“(2) Despite the provisions of subsection (1), the following persons may be authorized by the County Executive Committee member to execute loan documents for borrowing by a county government entity—

- (a) the accounting officer responsible for the entity; or
- (b) any other specified officer authorized by legislation to execute such documents on behalf of the entity”.

51. Section 144(8) of principal Act is amended by deleting the word “delegate” appearing in paragraph (b) and substituting therefor the word “person”.

Amendment of section 144 of No. 18 of 2012.

52. Section 145(1) of the principal Act is amended by deleting the word “entity”.

Amendment of section 145 of No. 18 of 2012.

53. Section 155 of the principal Act is amended—

Amendment of section 155 of No. 18 of 2012.

- (a) in subsection (2), by inserting the word “internal” immediately after the word “any”;
- (b) in subsection (5), by deleting the words “internal auditing” and substituting therefor the word “audit”.

54. Section 159 of the principal Act is amended by—

Amendment of section 159 of No. 18 of 2012.

- (a) deleting the expression “(1)”;
- (b) inserting the words “or vary” immediately after the word “waive”;
- (c) deleting paragraph (a) and substituting therefor the following new paragraph—

“(a) the County Treasury shall maintain a public record of each waiver or variation together with the reason for the waiver or variation and report on each waiver or variation in accordance with section 164 of this Act”;

- (d) renumbering paragraphs (b) and (c) as paragraphs (c) and (d).

55. The Heading appearing immediately after section 162 of the principal Act is amended by inserting the words “county governments and” immediately after the word “by”.

Amendment of the Heading immediately after section 162 of No. 18 of 2012.

56. Section 165(4) of the principal Act is amended by—

Amendment of section 165 of No. 18 of 2012.

- (a) deleting the words “two months” and substituting therefor the word “three months”;
- (b) deleting the words “by the receiver”.

57. Section 171(2) of the principal Act is amended by deleting the words “organ of state” wherever they occur in paragraph (c) and substituting therefor the words “State Organ”.

Amendment of section 171 of No. 18 of 2012.

58. Section 174 of the principal Act is amended—

Amendment of section 174 of No. 18 of 2012.

(a) in paragraph (a), by deleting the words “their allocation” and substituting therefor the words “its total revenue”;

(b) in paragraph (b), by inserting the word “total” immediately after the word “its”.

59. Section 176(2) of the principal Act is amended by inserting the words “until such a time as the relevant appropriation law is passed” immediately after the word “approval” appearing in paragraph (a).

Amendment of section 176 of No. 18 of 2012.

60. Section 178 of the principal Act is amended—

Amendment of section 178 of No. 18 of 2012.

- (a) in subsection (2), by inserting the words “or donations” immediately after the word “grants”;
- (b) in subsection (7), by—
- (i) inserting the words “upon authorization by the Cabinet Secretary” immediately after the word “finance”;
- (ii) inserting the words “or donation” immediately after the word “grant”.

61. Section 180 of the principal Act is amended—

Amendment of section 180 of No. 18 of 2012.

- (a) in subsection (1), by inserting the word “reporting” immediately after the words “follows the”;
- (b) in subsection (2), by—
 - (i) inserting the words “Within three months of the end of a financial year” immediately before the words “the Accounting Officer”;
 - (ii) inserting the words “and submit copies to the Auditor-General and the County Treasury” immediately after the words “accounts”.

62. Section 183 of the principal Act is amended by deleting the word “company” appearing in paragraph (b) and substituting therefor the word “corporation”.

Amendment of section 183 of No. 18 of 2012.

63. Section 184 of the principal Act is amended—

Amendment of section 184 of No. 18 of 2012.

- (a) in subsection (1) by inserting the words “and county government linked-corporations” immediately after the words “County corporations” appearing in paragraph (b);
- (b) in subsection (2), by—
 - (i) inserting the words “or county government-linked corporation” immediately after the words “county corporation” appearing in paragraph (a);
 - (ii) inserting the words “or county government-linked corporation” immediately after the words “county corporation” appearing in paragraph (b).

64. Section 185 of the principal Act is amended—

Amendment of section 185 of No. 18 of 2012.

- (a) in subsection (2), by—
 - (i) inserting the words “or county government-linked corporation” immediately after the words “county corporations” appearing in paragraph (a);
 - (ii) inserting the words “or county government-linked corporation” immediately after the words “county corporations” appearing in paragraph (b);

- (iii) inserting the words “or county government-linked corporation” immediately after the words “county corporations” appearing in paragraph (c);
 - (iv) inserting the words “or county government-linked corporation” immediately after the words “county corporations” appearing in paragraph (d);
 - (v) inserting the words “or county government-linked corporation” immediately after the words “county corporations” appearing in paragraph (e);
 - (vi) inserting the words “or county government-linked corporation” immediately after the words “the corporation” appearing in paragraph (f);
 - (vii) inserting the words “or county government-linked corporation” immediately after the words “county corporations” appearing in paragraph (g);
 - (viii) inserting the words “or county government-linked corporation” immediately after the words “county corporations” wherever they occur in paragraph (h);
 - (ix) inserting the words “or county government-linked corporation” immediately after the words “county corporations” appearing in paragraph (j);
- (b) in subsection (3), by deleting the word “company” appearing immediately after the words “government linked” and substituting therefor the word “corporation”;
- (c) in subsection (4), by inserting the words “County Executive Committee member and the respective county assembly” immediately after the words “to the”.
- 65.** Section 186 of the principal Act is amended by—
- (a) deleting the word “and” appearing immediately after the expression “183”;

- (b) inserting the expression “and 185” immediately after the expression “184”;
- (c) inserting the words “or government-linked corporation” immediately after the words “county corporation” appearing in paragraph (b)

66. Section 187 of the principal Act is amended by deleting subsection (3).

Amendment of section 187 of No. 18 of 2012.

67. Section 193 of the principal Act is amended by—

Amendment of section 193 of No. 18 of 2012.

- (a) inserting the following new subsections immediately after subsection (3)—

“(4) The Public Sector Accounting Standards Board shall be accountable to the Cabinet Secretary for matters relating to finance for the effective, efficient and economical fulfillment of its purpose and objectives.

(5) The Public Sector Accounting Standards Board shall prepare and submit to the Cabinet Secretary a report on—

- (a) its annual work plan demonstrating its priorities and agenda on how it intends to meet its objectives and responsibilities for the following financial year; and

- (b) its annual report on its activities demonstrating the extent to which its plans and mandate were achieved;

(6) The Cabinet Secretary may from time to time request a report from the Public Sector Accounting Standards Board on its mandate and such report shall be submitted within two weeks from the date of the request”.

- (b) renumbering subsections (4), (5) and (6) as (7), (8) and (9), respectively.

68. Section 197(1) of the principal Act is amended by—

Amendment of section 197 of No. 18 of 2012.

- (a) inserting the words “county government or county government entity” before the word “commits”;
- (b) deleting the word “public” appearing in paragraph (a);
- (c) by deleting the word “wrongfully” appearing in paragraph (1) and substituting therefor the word “knowingly”.

69. The Second Schedule to the principal Act is amended in paragraph 8, by—

Amendment of
the Second
Schedule to No.
18 of 2012.

- (a) deleting the words “National Government Guarantees (Loans) Act” and substituting therefor the words “National Government Guarantees Loans Act”;
- (b) deleting the expression “section 51” and substituting therefor the expression “section58(2)(f)”.

MEMORANDUM OF OBJECTS AND REASONS

The principal object of this Bill is to amend the Public Finance Management Act (No. 18 of 2012) so as to ensure smooth implementation of the Act.

CLAUSE 1 of the Bill sets out the short title and commencement of the proposed Act.

CLAUSE 2 of the Bill proposes to amend section 2 of the Bill so as to clarify the definitions of “national government entity”, “national government security” and “Treasury Single Account”. The Bill Further proposes to insert a new definition of the words “Government to government loan” used in the Act as a technical phrase.

CLAUSE 3 of the Bill proposes to amend the section 5(1) of the Act by including the Parliament in the approval process of the declaration of county government entities. Further, the clause also proposes to amend section 5(4) of the Act by including the County Executive Committee in the approval process where a county government entity ceases to be a County Government entity in accordance with the Act.

CLAUSE 4 of the Bill proposes to amend section 8 of the Act to align the provisions of this section with the role of the Senate as provided for under Article 189 of the Constitution. The Bill further proposes to include the Cabinet Secretary responsible for matters relating to finance in carrying out the functions provided under the section for the purposes of guiding the Senate and other players on the implications and moving of resources from one county to another vis-à-vis the proposals made in the County Allocation Revenue Bill.

CLAUSE 5 of the Bill proposes to amend section 10 of the Act to enable the County Assemblies request the Budget Office for capacity building where necessary.

CLAUSE 6 of the Bill proposes to amend section 13 of the Act since the Cabinet Secretary cannot delegate a duty under his or her watch to himself or herself.

CLAUSE 7 of the Bill proposes to amend section 15 of the Act so as to restrict the provisions of this section to National Government. The section is further amended so as to clarify that it is only external borrowing that is limited to capital projects.

CLAUSE 8 of the Bill proposes to amend section 17(6) of the Act so as to ensure that National Treasury complies with the law since disbursements depend on revenue performance from time to time. Further amendment of subsection (7) is to ensure that the provision is in line with the provisions of section 127 of the Act.