



County Governance Watch



The Institute for Social Accountability

INAUGURAL REGIONAL CITIZENS' ACCOUNTABILITY FORUM - KISUMU

ENHANCING CITIZENS' ROLE IN PROMOTING TRANSPARENCY AND ACCOUNTABILITY IN KENYAN COUNTIES

VENUE: KISUMU SOCIAL CENTRE

DATE: 25TH MARCH 2025



Report Contents

INTRODUCTION AND BACKGROUND INFORMATION	4
REGIONAL CITIZENS' ACCOUNTABILITY FORUM – KISUMU SOCIAL CENTRE	5
OBJECTIVES OF THE REGIONAL CITIZENS' ACCOUNTABILITY FORUMS (RCAFs).....	5
COUNTY INTEGRITY, TRANSPARENCY, AND ACCOUNTABILITY (CITA) REPORT 2024 BY KEVIN OSIDO.	6
KEY COMPONENTS OF THE COUNTY GOVERNANCE INDEX (CGI)	6
OBJECTIVES OF THE CITA STUDY	8
PUBLIC BENEFIT ORGANIZATIONS REGULATORY AUTHORITY (PBORA) – LINTON OTIENO	9
OVERVIEW AND FUNCTIONS.....	9
KEY FUNCTIONS OF PBORA.....	9
OFFICE OF THE CONTROLLER OF BUDGET (OCOB) – OSCAR LOMUNAN.....	11
THE ROLE OF THE CONTROLLER OF BUDGETS	11
BUDGET MAKING PROCESS:.....	13
STAGES IN BUDGETING PROCESS	14
BUDGET FORMULATION AT THE COUNTY LEVEL	14
COUNTY BUDGET APPROVAL.....	15
OVERSIGHT INSTITUTIONS AT COUNTY LEVEL.....	16
CONTROL OF BUDGET EXECUTION.....	16
MANAGEMENT OF FUNDS AT COUNTY LEVEL	17
MONITORING BY COB	17
REPORTING ON BUDGET EXECUTION AT COUNTY LEVEL	17
ACCOUNTING, REPORTING AND AUDITING	18
INSTITUTIONS INVOLVED IN BUDGET MONITORING AND REPORTING	18
EMERGING ISSUES.....	18
CHALLENGES	18
CONCLUSION	19
KEY DISCUSSION POINTS WITH OCoB AND STAKEHOLDERS.....	19
KISUMU COUNTY ASSEMBLY REPRESENTATIVE, SENIOR CLERK – DAVID OCHIENG	20
FUNCTIONS OF THE ASSEMBLY	20
ROLE OF COUNTY ASSEMBLY IN MONITORING	21
DISCUSSION POINTS WITH STAKEHOLDERS	21
ETHICS AND ANTI-CORRUPTION COMMISSION (EACC) – GLADYS AMUTAVY AND MERCY AUDI	22
OVERVIEW AND FUNCTIONS.....	23
MANDATE AND LEGAL FRAMEWORK.....	23
KEY FUNCTIONS OF EACC	24
THE INSTITUTIONAL FRAMEWORKS	25
CONCEPTS	25
INTEGRITY, ETHICS & LEADERSHIP	25
OTHER RELATED CONCEPTS	26
NATURE OF CORRUPTION	27
CORRUPTION DETECTION	27
RED FLAGS FOR CORRUPTION AT THE WORK PLACE.....	28

CORRUPTION PREVENTION: TOOLS, STRATEGIES AND EFFECTS 28

EFFECTS OF CORRUPTION..... 29

CHALLENGES 29

RECOMMENDATIONS..... 30

CONCLUSION 30

QUOTES. ERROR! BOOKMARK NOT DEFINED.



Introduction and Background Information

Kenya introduced the concept of devolution in the 2010 Constitution, aiming to bring the government closer to citizens and advance development. While devolution has achieved some success in promoting development and enhancing citizen engagement, corruption remains a significant challenge affecting county governments. Kenya is the 126 least corrupt nation out of 180 countries, according to the 2023 Corruption Perceptions Index reported by Transparency International, a decline from 124th position in 2020. The devolved governance system, introduced by the 2010 Constitution, aimed to promote equitable distribution of resources across Kenya's 47 counties. However, it has also increased opportunities for corruption (EACC, 2015). Common forms of corruption at the county level include bribery, theft of revenue, procurement irregularities, favoritism, and nepotism during recruitment. Procurement services are highly prone to corruption.

Various reports from the Ethics and Anti-Corruption Commission (EACC), Transparency International Kenya, and the Kenya National Audit Office reveal that county governments have become hotspots for corruption, with numerous governors and county officials implicated in corruption cases over the years. The 2018 National Ethics and Corruption Survey (NECS) findings further indicate that corruption is perceived as the top challenge in the country, surpassing poverty and unemployment. The survey also revealed that 61.7% of citizens who identified corruption as a major problem did not actively participate in anti-corruption efforts, with many resorting to bribery to access government services. In addition, the Constitution of Kenya establishes the Offices of the Controller of Budget and the Auditor General with clear mandates on ensuring the judicious management and utilization of public resources. These offices are also required to provide periodic reports that relate to transparency and accountability of public resources.

Nonetheless, Kenya has established various legal and institutional frameworks that can be instrumental in addressing corruption in the devolved government. Despite these measures, the widespread nature of corruption calls for more proactive citizen engagement in governance processes to hold public officials accountable and foster a culture of integrity, transparency, and ethical governance. County Governments form the core of service delivery and governance in Kenya. The service delivery aspirations have been riddled with corruption and mismanagement of funds. Furthermore, the engagement with some of the aforementioned reports has not been quite effective due to various reasons; some of which include lack of a clear understanding of the technical aspects and presentation of these reports, delayed action from duty bearers on recommendations made and lack of closer engagement with right-holders on their agency towards the implementation of these reports.

The Constitution of Kenya (2010) and other supportive legislations require that measures are put in place to address such governance challenges. A few County governments have adhered to such requirements. This lack of urgency to address graft and such theft orchestrated the recent protests witnessed in Kenya led by Kenya's youthful population coined under the GenZ Movement.

County Governance Watch (CGW) has conducted assessments through the County Governance Index (CGI), which is a tool that assesses performance of Counties in service delivery areas, viz: water, education, agriculture, infrastructure, health and integrity. The County Governance Index (CGI) is an essential tool developed by CGW to measure governance and service delivery across Kenya's counties. This innovative instrument assesses the operational performance of counties and provides a comprehensive, data-driven evaluation of governance effectiveness, public service delivery, and integrity.

Deploying the CGI's "Integrity" indicator to measure and enhance citizens' accountability in corruption issues is crucial for promoting sustainable governance in Kenya. CGW, through this initiative, aims to empower citizens to play an active role in combating corruption, fostering a culture of transparency, accountability, and ethical governance across all counties. The Second CGI Report, dubbed the County Integrity Transparency and Accountability (CITA) Report was launched on December 04, 2024 with immense support from TISA among other partners.

Regional Citizens' Accountability Forum – Kisumu Social Centre

On March 25, 2025, the Inaugural Regional Citizens' Accountability Forum was convened at the Kisumu Social Centre, bringing together over 112 dedicated changemakers drawn from various civil society organizations. This group comprised youth leaders, women advocates, Persons with Disability, representatives from community networks, the County Assembly, and officials from various government entities, all united in their commitment to enhancing transparency and accountability in governance.

The forum, themed "Enhancing Citizens' Role in Promoting Transparency and Accountability," served as a significant platform for in-depth discussions on pressing societal issues. Participants engaged in comprehensive dialogues that covered essential topics such as the Public Benefits Organization (PBO) Act, the insights provided by the Controller of Budget's report, the oversight and legislative role of the County Assembly, and the critical role of public participation in governance. Additionally, strategies to combat corruption were deliberated, emphasizing the empowerment of citizens to hold their leaders accountable.

Objectives of the Regional Citizens' Accountability Forums (RCAFs)

1. To disseminate the findings of the CGI and share successes from select counties in the region.
2. To increase public awareness of the impact of corruption (and public debt) on governance and service delivery, while creating a deeper understanding of the OCoB and OAG Reports.
3. To deploy the County Governance Index (CGI) specifically for measuring citizens' accountability on integrity issues.
4. To promote citizen engagement in anti-corruption efforts through capacity-building, advocacy, public forums, and dialogues.
5. To strengthen partnerships among stakeholders, including government bodies, civil society organizations, and the private sector, in combating corruption

County Integrity, Transparency, and Accountability (CITA) Report 2024 by Kevin Osido.



He started by appreciating the participants for honoring CGW's invitation but more so for contributing to community change and holding the county accountable. "This is an interesting conversation that brings together stakeholders from across the board to have a conversation on how best to contribute to transparency and accountability." He added.

The **County Integrity, Transparency, and Accountability (CITA) Report 2024**, developed by **County Governance Watch Kenya (CGW)**, is a comprehensive assessment tool designed to evaluate governance effectiveness at the county level. The report was formulated through the **Social Accountability County Governance Index (CGI)**, which serves as a benchmark for measuring county performance in critical governance and service delivery sectors.

The primary objective of the **CITA Report** was to examine the **corruption preventive measures** put in place by county governments and their impact on promoting **accountable service delivery**. By assessing transparency and integrity mechanisms, the report provides evidence-based recommendations to enhance governance and curb corruption at the devolved level.

Key Components of the County Governance Index (CGI)

The County Governance Index (CGI) is structured around a set of core indicators, each reflecting a crucial sector that directly influences citizens' quality of life and the overall development of counties. These indicators offer a multi-dimensional evaluation of governance effectiveness and help track progress in service delivery.

1. Water

This indicator assessed the efficiency of county governments in ensuring **accessibility, quality, and management of water resources**. It evaluates factors such as:

- **Water coverage levels:** The proportion of the population with reliable access to clean and safe drinking water.
- **Water quality and sanitation standards:** Adherence to national water quality guidelines and sanitation best practices.
- **Sustainability and conservation efforts:** Implementation of policies that safeguard water catchment areas and promote sustainable water use.

Access to clean water is a **fundamental human right**, and a county's effectiveness in **providing adequate and safe water** is a direct measure of its commitment to citizen welfare and sustainable development.

2. Health

The healthcare indicator examined the effectiveness of county governments in **delivering quality and accessible healthcare services**. It focused on:

- **Availability of health facilities:** Distribution and accessibility of hospitals, clinics, and dispensaries within counties.
- **Quality of healthcare services:** Standards of medical care, including availability of essential drugs and qualified personnel.
- **Budgetary allocation to health:** Assessment of funding towards county health services, including maternal and child healthcare programs.

An efficient **county health system** is vital for improving **public health outcomes**, reducing disease burdens, and enhancing overall **productivity** within the population.

3. Education

Education is a critical determinant of a county's **social and economic development**. The CGI assessed county efforts in enhancing **educational services** through:

- **Access to schools:** Availability of early childhood education centers, primary, and secondary schools.
- **Quality of education:** Teacher-to-student ratios, curriculum implementation, and co-curricular support.
- **Infrastructure adequacy:** Investment in school facilities, learning materials, and digital education integration.

Counties that prioritize **education and literacy development** lay a strong foundation for their residents, equipping them with skills necessary for **economic empowerment and self-sufficiency**.

4. Infrastructure

Infrastructure plays a **pivotal role in economic growth** and citizen well-being. This indicator evaluated:

- **Road networks and maintenance:** The condition and accessibility of roads, especially in rural and marginalized areas.
- **Public transport and connectivity:** Availability of reliable transport systems within and between counties.
- **Energy and utility services:** County efforts in **electricity distribution**, street lighting, and sanitation services.

Counties that invest in **robust infrastructure** facilitate trade, and commerce, and **enhance citizens' mobility and access to essential services**.

5. Agriculture

Agriculture remains a **key economic pillar** for many counties, particularly in rural and semi-urban regions. The **CITA Report** evaluated county performance in:

- **Support for farmers and small and micro-enterprises:** Access to farm inputs, extension services, and training programs.
- **Market linkages and value chains:** County interventions in promoting agricultural trade and agribusiness development.
- **Climate resilience strategies:** Implementation of sustainable agricultural practices to mitigate climate change effects.

Counties that support **agriculture and agribusiness innovation** contribute significantly to **food security, economic stability, and poverty reduction**.

6. Integrity

This indicator is at the heart of the **CITA Report**, measuring how well counties uphold **ethical leadership, transparency, and accountability** in public service. It assessed:

- **Corruption prevention mechanisms:** Policies and structures in place to detect and curb corruption.
- **Public finance management:** Adherence to **budgetary allocation** principles and financial audit requirements.
- **Citizen engagement and participation:** The extent to which counties involve residents in decision-making, budgeting, and governance oversight.

A county's **integrity rating** directly correlates with its ability to deliver **effective and equitable services** to its people.

County Governance Watch

Objectives of the CITA Study

The **CITA Report 2024** set out to examine **accountability, public participation, and transparency** across ten counties in Kenya. The key objectives included:

- **Assessing Awareness of Budget Allocations:** Understanding how well citizens comprehend county budget allocations and spending.
 - **Evaluating County Website Functionality:** Determining if county websites provide real-time and comprehensive financial and governance data.
 - **Measuring Public Participation:** Assessing the effectiveness of citizen engagement platforms in influencing governance decisions.
 - **Analyzing Public Accountability Mechanisms:** Examining the effectiveness of systems put in place to hold county officials accountable for budget decisions.
-

It was interesting to note that Kisumu County scored 47% in its efforts to ensure that county budgets are accessible, 42% on the quality of the information on the website, 45% on the awareness of budgetary allocations.

Citizen participation in governance is vital for inclusive decision-making and accountability. The study explored citizens' opportunities to engage in budgetary and development matters scoring Kisumu County at 54%.

Public perceptions of corruption are closely tied to visible accountability mechanisms within county governments. The study sought to capture how citizens view the integrity of their county governments, particularly concerning procurement and resource allocation- Kisumu scoring 60%.

Transparency in procurement and contract implementation is essential for ensuring that public funds are used effectively and projects are completed as promised and the County rated at 40%.

Public Benefit Organizations Regulatory Authority (PBORA) – Lyndon Otieno, Senior Legal Officer

Overview and Functions



The Public Benefit Organizations Regulatory Authority (PBORA) is a statutory body established under the Public Benefit Organizations (PBO) Act, 2013, to regulate, coordinate, and oversee the operations of Public Benefit Organizations (PBOs) in Kenya. The Authority plays a crucial role in ensuring transparency, accountability, and compliance among non-profit organizations engaged in various development and humanitarian initiatives.

Mandate and Legal Framework

PBORA derives its authority from:

1. **The Public Benefit Organizations (PBO) Act, 2013** – Provides the legal framework for the registration, governance, and operations of PBOs.
2. **The Constitution of Kenya, 2010** – Recognizes the role of civil society and non-state actors in governance and development.
3. **Other Relevant Laws** – Includes the Income Tax Act (for tax exemptions), the Companies Act (for organizational structures), and the Anti-Money Laundering Act (for financial transparency).

Key Functions of PBORA

1. **Registration and Regulation of PBOs**

- Approves and registers organizations seeking PBO status.
 - Ensures compliance with legal and operational requirements.
2. **Oversight and Compliance Monitoring**
 - Monitors PBOs' financial activities and governance structures.
 - Conducts audits and investigations to ensure transparency and accountability.
 3. **Capacity Building and Support**
 - Provides training and technical assistance to PBOs on best practices in governance and financial management.
 - Facilitates networking and collaboration among organizations.
 4. **Policy and Legal Framework Development**
 - Advises the government on policies affecting the non-profit sector.
 - Engages stakeholders in legislative and regulatory reforms.
 5. **Promotion of Public Participation and Accountability**
 - Encourages civic engagement and partnerships between PBOs and government agencies.
 - Enhances public trust in the sector by ensuring adherence to ethical standards.
 6. **Facilitating Access to Funding and Resources**
 - Works with donors and development partners to streamline funding mechanisms for PBOs.

Public Benefit Organizations (PBOs) in Kenya face several challenges that impact their operations and effectiveness. Here are some of the key issues:

1. **Financial Dependency:** Many PBOs struggle with financial sustainability, relying heavily on donor funding. This dependency can limit their ability to implement long-term strategies.
2. **Regulatory Hurdles:** The operationalization of the Public Benefit Organizations Act, 2013, has faced delays and amendments, creating uncertainty and mistrust between PBOs and the government.
3. **Limited Stakeholder Engagement:** Some PBOs fail to adequately involve stakeholders in program design, implementation, and resource mobilization, which can hinder their effectiveness.
4. **Shrinking Civic Space:** There is a growing concern about the reduction of space for civil society organizations to operate freely, often due to increased government scrutiny and restrictions.
5. **Governance Challenges:** Issues such as inefficiency, corruption, and diversion of funds within some PBOs undermine public trust and accountability.
6. **Competition for Resources:** With many organizations vying for limited donor funds, competition can lead to fragmentation and duplication of efforts

He encouraged the CBOs and NGOs to be fully registered and ensure that they submit their annual returns. In addition, he encouraged organization representatives to check their status as the PBO Act takes its full course.

Office of the Controller of Budget (OCoB) – Oscar Lomunan

The Office of the Controller of Budget (OCoB) is an independent constitutional office in Kenya mandated to oversee the implementation of the national and county government budgets by authorizing withdrawals from public funds. The office plays a critical role in ensuring fiscal discipline, transparency, and accountability in the management of public finances as provided under Article 228 of the Constitution of Kenya, 2010.

Mandate and Legal Framework

The OCoB operates under the following legal and policy frameworks:

1. **The Constitution of Kenya, 2010** – Article 228 establishes the office and outlines its mandate.



2. **The Public Finance Management (PFM) Act, 2012** – Provides guidelines on budget implementation, expenditure monitoring, and financial accountability.

3. **The County Governments Act, 2012** – Guides financial operations at the county level.

The role of the Controller of Budgets includes:

1. **OVERSIGHT ROLE**

It involves overseeing the implementation of the budgets of both **national** and **county** governments.

“To oversee connotes the power to control, monitor, evaluate, review, keep an eye and to advise”.

COB therefore monitors use of funds in-year and reports to Parliament.

2. CONTROLLING ROLE

This role involves authorizing withdrawals from Public Funds.

Before authorizing any withdrawal from Public Funds, the Controller of Budget must first be satisfied that the said withdrawal is authorized by law as per Article 228 (5) of the Constitution.

3. REPORTING ON BUDGET IMPLEMENTATION

The OCOB prepares **quarterly reports** to the Legislature and Executive on budget implementation which ensures continuous monitoring of usage of public funds.

Special reports where there are requests from the Executive, Legislature, or the public and sometimes on own initiative.

Consolidated budget implementation reports for national and county governments to both houses of Parliament. Budget Implementation Reports for county governments to each County Assembly.

These reports are shared with the public through media briefings and also through the COB website

4. ADVISORY ROLE

It involves advising Parliament on financial matters where the Cabinet Secretary in charge of finance stops the transfer of funds to a state organ or public entity (Article 225 (7)).

The suspension of funds cannot be lifted or sustained before the COB reports to Parliament.

The COB also advises government entities on improving budget implementation e.g low absorption of funds. This therefore promotes accountability in the use of financial resources.

5. INVESTIGATION ROLE

The Office of the Controller of Budget may conduct investigations on its own motion or on a complaint made by a member of the public with regard to budget implementation.

6. ARBITRATION/MEDIATION ROLE

It involves conducting **alternative dispute resolution mechanisms** to resolve disputes relating to budget implementation.

The mediation role may involve the **resolution of conflicts** between the county government and the national government or between a municipality/city and a county with respect to budget implementation.

Oscar took the participants through the public funds and their sources. These include:

a) Consolidated Fund

This is the fund into which all money raised or received by or on behalf of the National Government is paid. The COB is therefore mandated to ensure that the fund is utilized in accordance with the law.

b) County Revenue Fund

This is the fund into which all money raised or received by or on behalf of the county government including money raised from property rates, entertainment taxes, levies, fees, charges, etc. is paid. (Local collections)

c) Equalization Fund

This is the fund into which 0.5% of all revenue collected by the national government each year is paid. The fund will be used by the national government to provide basic services including water, roads, health facilities and electricity to the marginalized areas so as to bring the quality of those services in those areas to the same level as generally enjoyed by the rest of the nation.

d) Conditional and/or unconditional grants from national government. Article 202 (2)

These grants are intended to support county governments in fulfilling their functions and responsibilities.

e) Donor funds

These funds often come from international organizations, governments, and private foundations.

f) Loans and grants. Article 212

It states that a county government may borrow only if:

1. The national government guarantees the loan.

2. The borrowing is approved by the county assembly

g) Individuals' Voluntary contributions

These contributions are often made by self-employed individuals, retirees, or those in informal sectors who wish to secure benefits like pensions or health coverage

He further made a presentation on the Formula for sharing of national revenue among county governments. Commission on Revenue Allocation recommended that total shareable revenue be shared among county governments based on the following formula which has been approved by parliament:

Population	45%
Basic Equal Share	25%
Poverty	20%
Area	8%
Fiscal Responsibility	2%

In addition, CRA identified marginalized counties to allocate equalization funds based on the following factors;

- ✓ Widespread poverty and insecurity
- ✓ Food insecurity
- ✓ Water scarcity for human and livestock use
- ✓ Impassible roads and hostile terrain
- ✓ Makeshift medical facilities
- ✓ Lack of access to the national electricity grid

Marginalized counties identified from July 2011-June 2014 are: Turkana, Mandera, Wajir, Marsabit, Samburu, West Pokot, Tana River, Narok, Kwale, Garissa, Kilifi, Taita Taveta, Isiolo and Lamu.

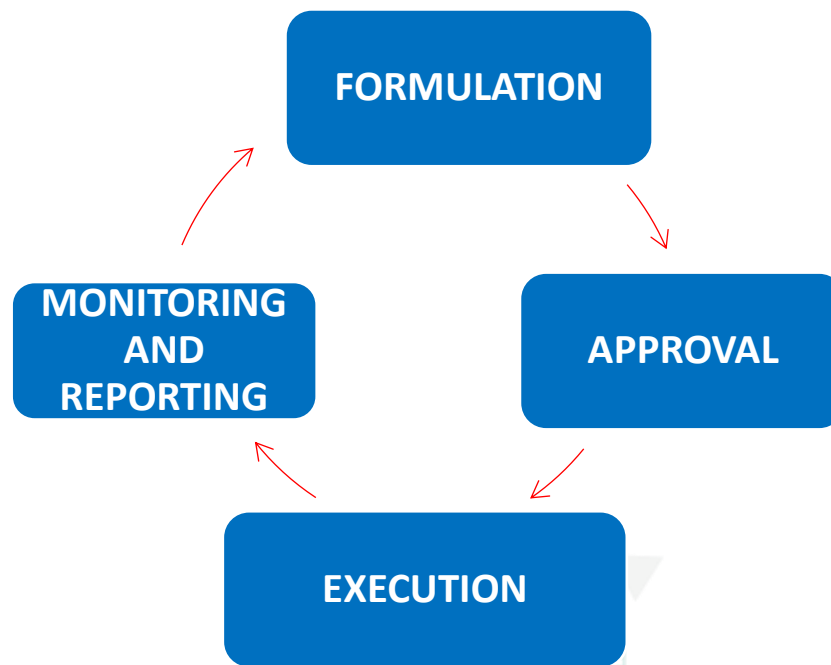
Budget making process:

The budget must meet these 3 objectives

- Total level of spending must be affordable, for the economy to continue to deliver growth and other macro-economic objectives
- Funds should be allocated to reflect the county's priorities.
- Agencies should achieve efficiency gains so as to deliver service at lowest cost.

For the budget to meet it's three objectives, it must be very comprehensive

Stages in Budgeting Process



At what stage are the civil societies engaged? It was evident that they play a critical role all through the cycle. This will ensure that they are not left behind in any stage of the cycle.

Budget formulation at the County level

Budget Circular - County budget process commences with the issuance by the CECM-Finance of initial instructions (Budget Circular) to guide the budget process by **30th August every year**

Development Plans - No public funds can be appropriated without a development plan (Section 104 – County Government Act 2012). Article 220 of the Constitution also requires a development plan. County Executive Committee Member for planning to prepare and submit a development plan to the County Assembly for approval before **1st September every year**.

County Budget Review and Outlook Paper (C-BROP) - The County Treasury shall prepare and submit to the county executive committee for approval a C-BROP by 30th September each year

County Fiscal Framework - County Treasury determines the County Fiscal Framework which sets out estimates of available financial resources

County Fiscal Strategy Paper(C-FSP) - The C-FSP shall contain:

- ✚ Broad strategic priorities and policy goals- medium term and long term.
- ✚ Outlook on expenditures, revenues and borrowing for the medium term
- ✚ In preparing the C-FSP, the county treasury shall seek the views of the public and any other interested persons and groups

County Budget Estimates - County Treasury shall consolidate the budgets for ratification by the County Executive Committee before submission to the county assembly no later than end-April for approval.

County Budget Approval

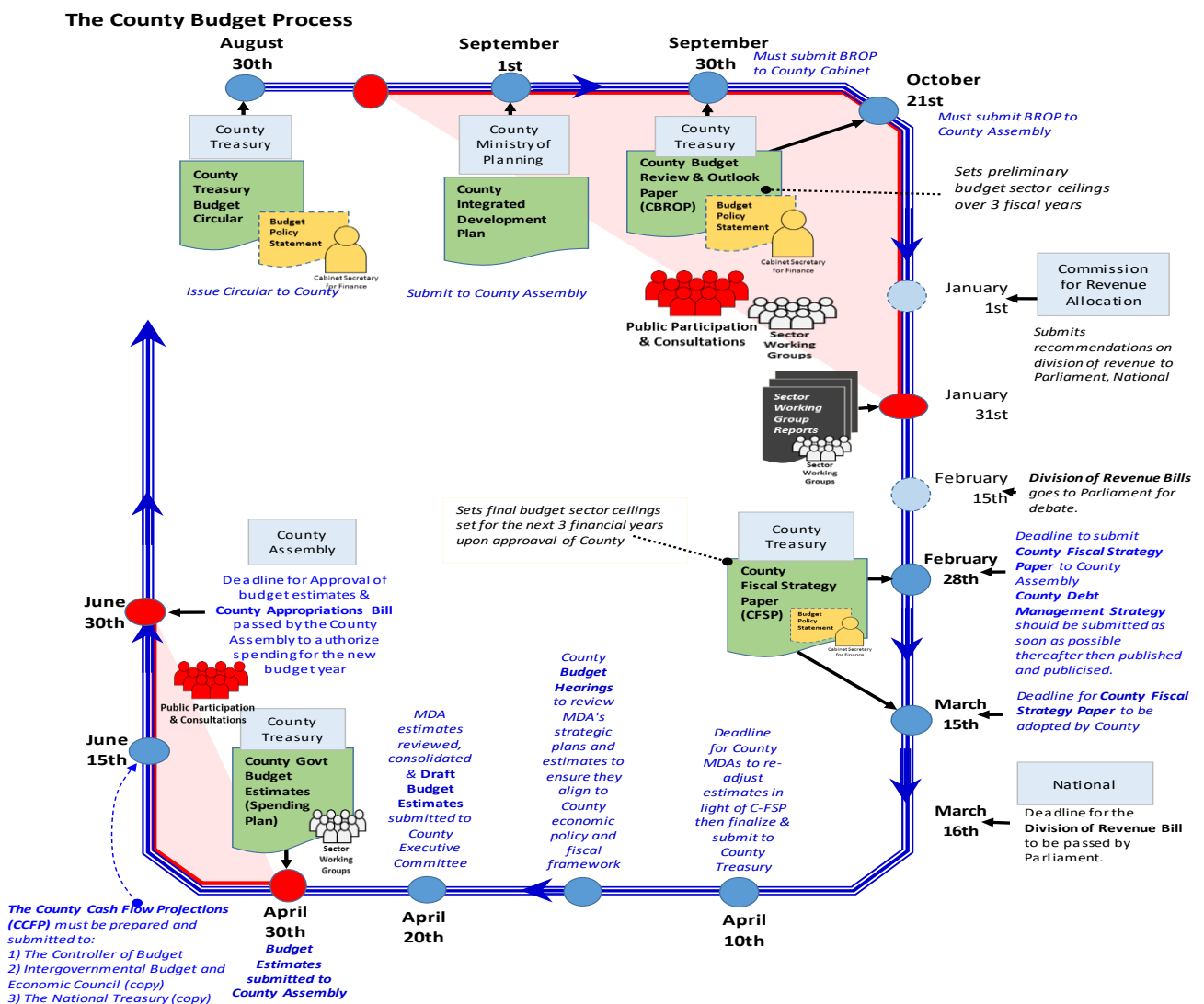
County Appropriations Bill

The County Assembly reviews the budget estimates and may make amendments but in line with the C-FSP:

- ✚ Any increase in expenditure to be balanced by a reduction elsewhere; and
- ✚ Reduction used to reduce deficit.
- ✚ Approved estimates are included in the County Appropriation Bill to be approved by CA by the **end of June**.
- ✚ Appropriation bill is assented by the governor

County Finance Bill

CECM-Finance to make a public pronouncement of revenue-raising measures—i.e. County Finance Bill in **June** Within **90 days** after approval of the Appropriations Bill, the CA is required to consider the County Finance Bill and approve it with or without amendments.



Oversight Institutions at County Level

Oversight institutions for the county budget execution process:

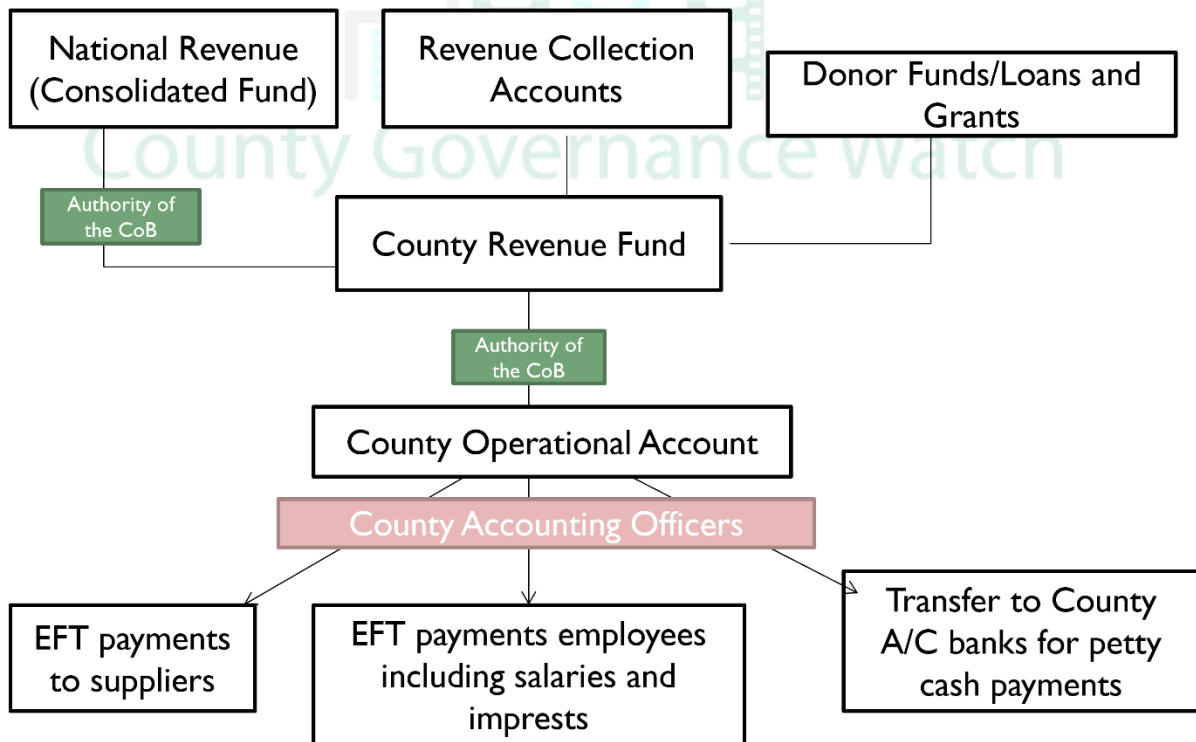
- ✚ County Assembly
- ✚ County Executive Committee
- ✚ County Budget and Economic Council
- ✚ CRA: recommendations on Division of Revenue and Allocation of Revenue
- ✚ **Controller of Budget**
- ✚ Auditor General
- ✚ **Civil Societies** etc

Control of Budget Execution

OCoB oversees the implementation of budgets of the county governments by authorizing withdrawal from county revenue fund if satisfied that the withdrawal is in accordance to law.

To oversee specifically refers to control, monitor, advise, and report on the implementation of the budgets by county governments entities

Flow chart showing control of budgetary resources by the Controller of Budget



25/03/2025

30

Management of funds at county level

- ❖ County governments are required to open and operate accounts at the Central Bank of Kenya
- ❖ Imprest accounts are to be operated at commercial banks at the county level.
- ❖ These accounts are:
 - County Revenue Fund (County Government Exchequer Account)
 - County Government Operational Account
 - County Government Operations Account-Standing Imprest Account (At commercial banks)
 - County Government Revenue Collection Account (At commercial banks)

Monitoring by COB

The COB is mandated by law to monitor county governments' recurrent and development budgets. (Article 228 (6)) –Constitution.

- **Recurrent Expenditure** - the COB will analyze recurrent expenditures from quarterly and annual reports and report to the County Assemblies and the Senate
- **Development Expenditures**- undertake physical monitoring of selected projects/programmes
- Any signs of mismanagement will be picked and forwarded to the Auditor General and other investigating entities for further investigation.

Reporting on Budget Execution at County Level

The OCOB monitors budget implementation by analyzing and compiling statutory reports from:

- ❖ The **monthly returns** filed by the county government entities.
- ❖ Regular **monitoring exercises** on selected projects/programmes by county governments
- ❖ These reports will highlight:
 - **Level of absorption** of public funds (recurrent and development)
 - **Utilization of funds** according to the budgets and work plans
 - Mismanagement /misappropriation of public funds
 - Any signs of mismanagement will be picked and forwarded to the Auditor General and other investigating entities for further investigation.
- ❖ The reports include:

I. Reports to the Senate

OCOB reports to the Senate on the implementation of budgets of the county government entities every four months.

II. Reports to the County Assembly

OCOB prepares and submits reports on budget implementation of county government entities to each of the respective 47 County Assembly.

III. Reports to the County Executive Committee

IV. Reports to Governors

These reports escalate issues on budget implementation by county government entities to the County Assemblies and Senate as early as possible without waiting for the end of the year.

V. Advisory Reports to Parliament

OCOB prepares special reports when a Cabinet Secretary responsible for finance stops the transfer of funds to a county government entity and there is need to uphold or review the decision.

Accounting, Reporting and Auditing

- PFM Act provides for **Annual /Quarterly Reporting** by:
 - **Accounting Officers** - on financial statements for their respective entity.
 - **Receiver of revenue** - on revenue received and collected.
 - **Administrators** of County public funds.
 - **Accounting officers** to submit CG financial statement to the Auditor General 3 months after the end of the FY
 - County Treasury to **consolidate** annual/quarterly CG Financial Statements
- CG Consolidated financial statements to be submitted to the Auditor General 4 months after the end of the FY.
- Reports are to be **published** and **publicized**.

Institutions Involved in Budget Monitoring and Reporting

- **Institutions**
 - County executives
 - Controller of Budget
 - The Public
- **Auditor General**
 - Continuous Systems audits
 - Performance/value for money Audits
 - Financial Audits
- **Controller of Budget**
 - *Recurrent expenditures - analysis of recurrent expenditures from quarterly and annual reports*
 - *Development Expenditures - undertake physical monitoring of selected projects/programmes*

County Governance Watch

Emerging Issues

- I. The transition from centralized system to a devolved system has already faced problems, particularly in timely transmission of data from the Counties to the Controller of Budget
- II. Devolution was expected to increase community participation in the monitoring and evaluation exercise. This will increase public accountability of the resources given. (Social Audits)
- III. There is going to be improved project ownership by the citizenry in the counties which will enhance project sustainability on completion.
- IV. The devolution will introduce competition and benchmarking between the counties i.e. those with proper M&E frameworks will provide leadership for the rest.

Challenges

The following are the challenges noted in managing county resources:

- ✓ Use of IFMIS – Still limited. However, the government is working on a new system that automates the process from the tendering to the payment.
- ✓ Staff Capacity among the county governments.
- ✓ Inadequate institutional arrangements

- ✓ Revenue shortfalls - Own Source Revenue
- ✓ Corruption and other economic crimes: devolved to the counties
- ✓ Managing the high expectations from the people as expressed through ownership and public participation.
- ✓ Lack of M&E framework for project implementation
- ✓ Pending Bills (Continuous) – Kisumu stands at 5B in pending Bills.

Conclusion

- PFMA provides the legal framework within which all aspects related to financial resources in the county governments must be managed.
- Budget monitoring ensures that revenue and expenditure is constantly kept in check so that appropriate action is taken should significant variances from projections occur.
- It is therefore imperative to uphold best practices in the management of public resources in order to ensure high standards of living for all Kenyans.

Key Discussion Points with OCoB and Stakeholders

Key Discussion Points	Details
Division of Development Funds Across Counties	Need for equitable distribution and data-driven allocation. However, this is also determined by the project allocation eg. Funds for urban or peri-urban affects how much a sub-county or ward receives.
ICT and City Management	Strengthening digital governance for better service delivery. This will also enable track resources collected and spending.
Regulation of Matatu Sector and Police Accountability	Addressing collusion and misconduct through structured enforcement.
Public Participation in Financial Strategic Planning	Need for a unified CFSP document and an accessible budget book. Concerns were raised that there were many budgets developed in a year and therefore not able to track which one was being implemented.
County Budget Oversight	Understanding budget classifications, role of special programs, management of surplus funds, and addressing deficits will enable citizens to track service delivery viz-a – viz the funds allocated.
Due Diligence and Accountability Measures	Application of Chapter 6 of the Constitution, EACC's role in vetting public officials, and community sensitization.
Public Access to Information and Priorities	Enhancing transparency and eliminating selective project implementation.
County Governance and Oversight	Strengthening the role of MCAs, addressing issues in county asset management (e.g., Kibuye market toilets), and investigating cases of financial mismanagement

Wage Bill	A participant questioned the limit of the office of controller of budgets especially looking at the budget. Kisumu County has a wage bill of 52% which raised concerns but it was clarified that the COB does not generate budgets but rather monitors and gives reports on spending at the County and National level.
Funds diversion	Participants raised concern over the diversion of funds especially in the County. A project has an allocation and after some time the funds are transferred to another project. What is usually the justification?



Kisumu County Assembly Representative, Senior Clerk – David Ochieng

Article 176 of the Constitution establishes the County Assembly which shall consist of members elected by the registered voters of the wards; each ward constituting a single member constituency, on the same day as a general election of Members of Parliament, being the

second Tuesday in August, in every fifth year.

The number of special seat members necessary to ensure that no more than two-thirds of the membership of the Assembly are of the same gender; the number of members of marginalized groups, including persons with disabilities and the youth, prescribed by an Act of Parliament; and the Speaker, who is an ex-officio member.

County Assembly of Kisumu comprises of 35 elected and 12 nominated Members of the County Assembly (MCA's) who sit on various committees of the Assembly.

Functions of the Assembly

The Assembly plays a critical role in governance and oversight at the local level. Here are some of their key functions:

1. **Legislation:** County assemblies develop, debate, and pass laws that address specific needs within their counties, ensuring alignment with the Constitution of Kenya.
2. **Oversight:** They oversee the operations and performance of the county executive, ensuring accountability and proper use of resources.
3. **Approval of Budget:** County assemblies evaluate and approve county budgets, ensuring resources are allocated to areas that benefit the residents.
4. **Representation:** Members of the county assemblies (MCAs) represent the interests of their constituents, advocating for policies and programs that address local concerns.

5. **Approval of Appointments:** They vet and approve key appointments made by the county governor, such as members of the county executive committee.
6. **Monitoring Projects:** County assemblies monitor the implementation of development projects to ensure they align with the planned objectives.

Role of County Assembly in Monitoring

County assemblies monitor budgets through a series of mechanisms aimed at ensuring transparency, accountability, and effective utilization of public funds by:

1. **Reviewing Financial Reports:** County executives are required to submit regular financial statements and reports to the county assembly. Members scrutinize these to assess expenditure against budget allocations.
2. **Auditing:** Through collaboration with the Auditor General, county assemblies review audit reports that detail how funds were spent and whether there were any irregularities.
3. **Committee Oversight:** Specialized committees, such as the Budget and Appropriations Committee, review and track spending on specific projects, ensuring adherence to approved plans.
4. **Public Participation:** County assemblies often engage citizens in budget monitoring by organizing forums where residents can provide feedback on projects and expenditures.
5. **Field Inspections:** Members of the assembly sometimes conduct on-site inspections to verify if projects funded in the budget have been implemented as planned.
6. **Summoning Officials:** County assembly members can summon county executive officials to explain discrepancies or delays in budget implementation.

Discussion points with stakeholders

Key Discussion Points	Details
Public Participation	<p>Public participation is usually done with the chosen few who are usually invited.</p> <p>During public participation there are scenarios where the assembly does PP and the Executive also holds PP on the same agenda. It was therefore proposed that:</p> <ol style="list-style-type: none"> 1. There is need to have a validated public participation Act that qualifies the participants. 2. Harmonious planning for public participation especially when the subject matter is the same. The MCA and the Administrator to hold a joint meeting because it leads to two separate reports and in most cases key priorities are left out 3. Have a feedback mechanism that informs the citizens on projects being implemented in the fiscal year against the proposals and memorandums submitted. 4. Avail documents early to enable citizens familiarize with the subject matter before the public participation.

	<p>5. Come up with user friendly documents and possibly in the local language in the spirit of leave no one behind.</p> <p>6. MCAs to take up the proactive measure and sensitize the communities on the budget cycle but also on the monitoring and evaluation of projects in their wards.</p>
Information, Communication and Technology.	<ul style="list-style-type: none"> • The county to be innovative and use all platforms to publish for public participation. • Avail documents on the website for easy access of any document citizens may need. • Establish a feedback mechanism that responds to the citizens in the shortest time possible.
Inclusion	<p>The County Assembly needs to be sensitive with inclusion issues, especially on Persons with Disability. The Deaf are left out in getting the information on time. In other scenarios, there are no interpreters which leads to their views not being considered.</p> <p>The County Assembly will ensure that they have a sign interpreter to accommodate this section of the population.</p>
Corruption	<p>The Assembly needs to safeguard the citizens from corrupt officers by ensuring that they do due diligence and also assist citizens in following up on corruption cases.</p>

Ethics and Anti-Corruption Commission (EACC) – Gladys Amutavy and Mercy Audi



Overview and Functions

The Ethics and Anti-Corruption Commission (EACC) is an independent constitutional body mandated to combat corruption and promote ethical conduct in Kenya. Established under Article 79 of the Constitution of Kenya, 2010, and operationalized by the Ethics and Anti-Corruption Commission Act, 2011, the EACC plays a critical role in preventing, investigating, and enforcing laws against corruption and unethical behavior in public and private sectors.

Mandate and Legal Framework

The Ethics and Anti-Corruption Commission (EACC) in Kenya operates under several key legal frameworks:

- 1. The Constitution of Kenya (2010):** Provides the foundation for the establishment of the EACC under Article 79, which mandates the creation of an independent body to combat corruption and promote ethical conduct. Article 10 (values), Chapter Six (leadership and integrity), Article 232 (Public Service); Article 2(6) of the Constitution – Treaties and Conventions ratified by Kenya are part of the guiding laws.

- 2. The Ethics and Anti-Corruption Commission Act (2011):** Establishes the EACC, outlines its functions, powers, and structure, and provides guidelines for the appointment of its members. It gives powers and functions of EACC: investigations, recovery, prevention, education, advisory, and conciliation.

- 3. The Anti-Corruption and Economic Crimes Act (2003):** Defines corruption-related offenses and prescribes penalties for economic crimes, investigations, prevention, special magistrates, recovery and out of court settlement

- 4. The Public Officer Ethics Act (2003):** Sets ethical standards for public officers and requires them to declare their wealth.

- 5. The Leadership and Integrity Act (2012):** Implements Chapter Six of the Constitution, which focuses on leadership and integrity i.e. ethical standards of public officers, and wealth declaration.

- 6. The Bribery Act (2016):** Addresses bribery in both public and private sectors and provides measures for its prevention.

- 7. The Proceeds of Crime and Anti-Money Laundering Act (2009):** Targets money laundering and the recovery of proceeds from crime. Deals with suspicious transactions and asset tracing and recovery.



- 8. The Witness Protection Act (2006):** Offers protection to witnesses who provide information on corruption cases.

- 9. Public Audit Act, 2003** – Audit of public resources

- 10. Public Finance Management Act, 2012** – management of public finances

- 11. Public Procurement and Asset Disposal Act, 2015** – regulates procurement and disposal in government

- 12. Mutual Legal Assistance Act** – facilitates trans-

border investigations

- 13. Evidence Act** – facilitates obtaining of evidence to be adduced in court

14. **Criminal Procedure Code**
15. **Penal Code**
16. **County Government Act**

These laws collectively empower the EACC to investigate corruption, enforce ethical standards, and promote accountability in public service.

In addition to the laws, the Ethics and Anti-Corruption Commission (EACC) in Kenya is guided by several policies and frameworks that enhance its operations:

1. **National Ethics and Anti-Corruption Policy (Sessional Paper No. 2 of 2018):** This policy provides a coordinated approach to combating corruption and promoting ethics across various sectors in Kenya.
2. **EACC Strategic Plan (2023–2028):** This outlines the Commission's goals, strategies, and key result areas for combating corruption and promoting integrity over the five-year period.
3. **Corruption Prevention Guidelines:** These guidelines, such as the "Guidelines for Establishment and Operationalization of Corruption Prevention Committees," provide frameworks for public entities to prevent corruption.
4. **Integrity Assurance Programs:** These programs focus on building capacity within public institutions to uphold ethical standards and prevent corruption.
5. **Public Education and Awareness Initiatives:** EACC implements programs to educate the public on ethics, integrity, and the fight against corruption.

These policies and frameworks complement the legal instruments, ensuring a holistic approach to promoting integrity and combating corruption.

Key Functions of EACC

1. Investigation of Corruption Cases

- Conducts inquiries and investigations into corruption and economic crimes in public and private institutions.
- Gathers evidence and forwards cases to the Office of the Director of Public Prosecutions (ODPP) for prosecution.

2. Prevention of Corruption

- Develops and implements anti-corruption policies and measures in public institutions.
- Conducts corruption risk assessments and audits in government agencies.

3. Promotion of Ethical Standards

- Monitors compliance with Chapter Six of the Constitution on Leadership and Integrity.
- Provides advisory opinions and guidelines on ethical conduct.

4. **Asset Recovery and Management**

- Traces, recovers, and manages assets acquired through corrupt means.
- Collaborates with local and international agencies on asset recovery efforts.

5. **Public Awareness and Education**

- Conducts civic education campaigns on ethics and corruption.
- Engages institutions, media, and citizens in anti-corruption initiatives.

6. **Policy and Legal Reforms**

- Recommends policy changes and legal reforms to strengthen anti-corruption efforts.

Key Reports Published by EACC

- **Annual Reports** – Provide updates on corruption investigations, legal actions, and policy interventions.
- **Corruption Perception Surveys** – Assess public perception and trends in corruption.
- **Leadership and Integrity Compliance Reports** – Evaluate adherence to ethical standards in public service.

The institutional frameworks include:

- Ethics and Anti-Corruption Commission
- Cabinet Committee on Anti-Corruption
- National Anti-Corruption Campaign Steering Committee
- Office of the Auditor General
- Public Procurement Oversight Authority
- National Police Service
- Kenya Revenue Authority
- State Corporations Advisory Committee
- Financial Reporting Centre
- Asset Recovery Agency

Concepts

Integrity, Ethics & Leadership

In integrity the Commission looks at Incorruptness; uprightness; honesty; moral soundness or purity; wholeness.

- **Personal Integrity:** Integrity is about what Hospital Managers will not do, about what they will not give up, about what they stand for at all costs. Personal moral integrity is the foundation of all integrity. Chapter Six emphasizes on personal integrity

- **Professional Integrity:** JOOTRH staff ought to remain steadfastly committed to the goals & proper methods of their profession, even when the going gets tough. Article 232 emphasis on professionalism
- **Institutional Integrity:** JOOTRH possesses institutional integrity when it has the stamina to remain committed to its fundamental goals even when pressures & temptations threaten to lead it astray.
- **Ethics:** Public Service Ethics Ref. Art. 10; Chapter 6; Code of Conduct; Home/ Personal Ethics; Religious Ethics: Ref. Holy Books; The Individual: Internal Ethics

➤ **Leadership: Article 73 (2) These Principles include:-**

1. Selection on the basis of personal integrity, competence and suitability, or election in free and fair elections;

2. Objective and impartial when making decisions, and in ensuring that decisions are not influenced by nepotism, favouritism, other improper motives or **corrupt practices**;

3. Selfless service based solely on the **public interest**, show by **being honest** in carrying out of public duties; also by declaring any personal interest that may **conflict** with public duties;

4. Be **accountable** to the public for decisions and actions;

5. Be **disciplined** and committed to serve the people.

➤ **The causes of corruption include:**

1. Base
2. Attitudinal challenges
3. Selfish desire/Greed
4. Impure thoughts
5. Bad governance
6. Inadequate oversight
7. Integrity Gap



Other related concepts

❑ **Out-of-Court Settlement:** The Commission can negotiate and enter into a settlement with a person suspected to have corruptly acquired property if the person voluntarily meets in full the following:

- i. Gives a full and true disclosure of all material facts relating to past conduct and economic crime.
- ii. Pays or refunds all the property he had acquired through corrupt conduct and

iii. Pays for all losses occasioned by his corrupt conduct.

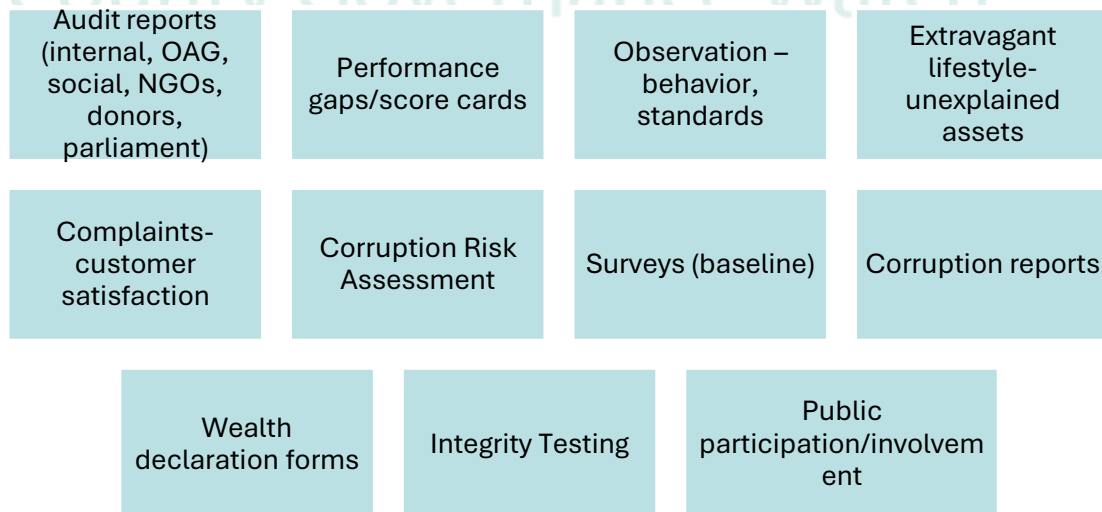
- ❑ **Unexplained Assets:** Unexplained assets are property that a person suspected of corruption has, and is unable to adequately account for despite being given a reasonable chance by the Ethics and Anti-Corruption Commission to do so. Where a public officer has amassed property that are well beyond the capacity of his income or means of livelihood, he will be called upon to explain the difference. Section 55 of the Act gives the Commission power to institute a case in Court for the surrender of unexplained assets to the State.
- ❑ **Punishment under ACECA:** Upon conviction a fine of 1M or 10 years or both; Where benefit or loss quantifiable an additional fine of twice value of benefit and or loss; While prosecution ongoing- suspension on half pay. (interdiction)

Nature of Corruption

Corruption may be in different nature that includes:

- **Transactive** – mutual arrangement between giver and taker to the advantage of both parties (business and government)
- **Extortive** – giver is compelled to bribe to avoid harm
- **Defensive** – by a victim of extortive corruption, in self defense
- **Investive** – offer of goods and services without any direct link to a particular favor, but in anticipation for future favors
- **Nepotistic** – unjustified appointments of friends, relatives and cronies to public offices or according favored treatment in pecuniary and other forms, violating the norms and rules of the undertaking
- **Collusive** – when people trusted with authority agree to indulge in corrupt practices jointly

Corruption Detection



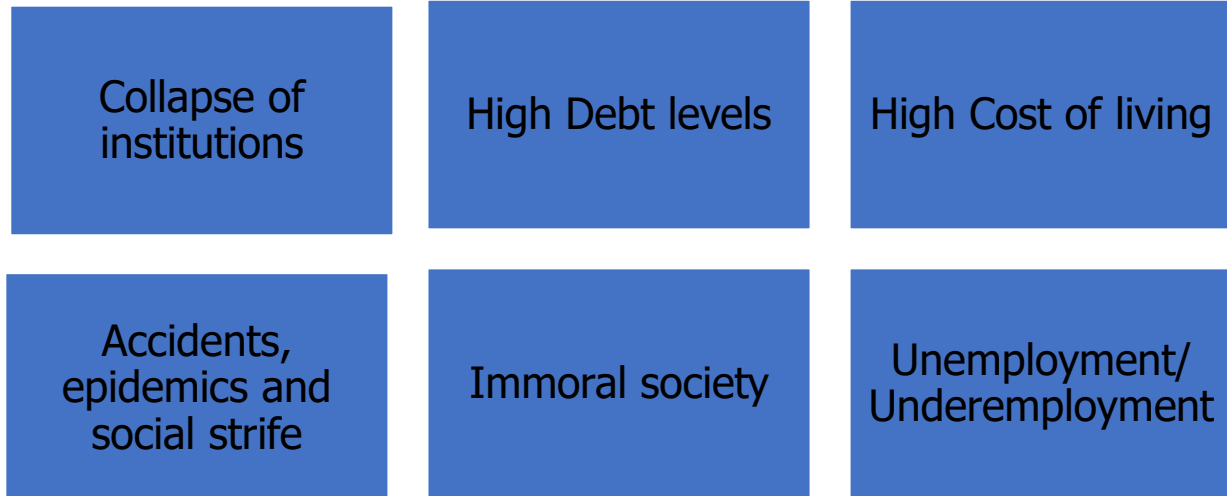
Red Flags for Corruption at the work place

- Extravagant lifestyle
- Going to work too early or leaving too late - unnecessarily
- Speaking in low tones on phone
- Overfriendliness with clients (and bosses)
- Buying small items frequently-same supplier
- Buying in large quantities of certain items to last for years
- Flying vouchers
- Creating emergencies in order to buy
- Requests for authorizations late in the day/Friday at 4.00pm
- Not taking leave
- Senior officers doing menial assignments
- No rotation
- No transfer/not willing to take up promotion

Corruption Prevention: Tools, Strategies and Effects

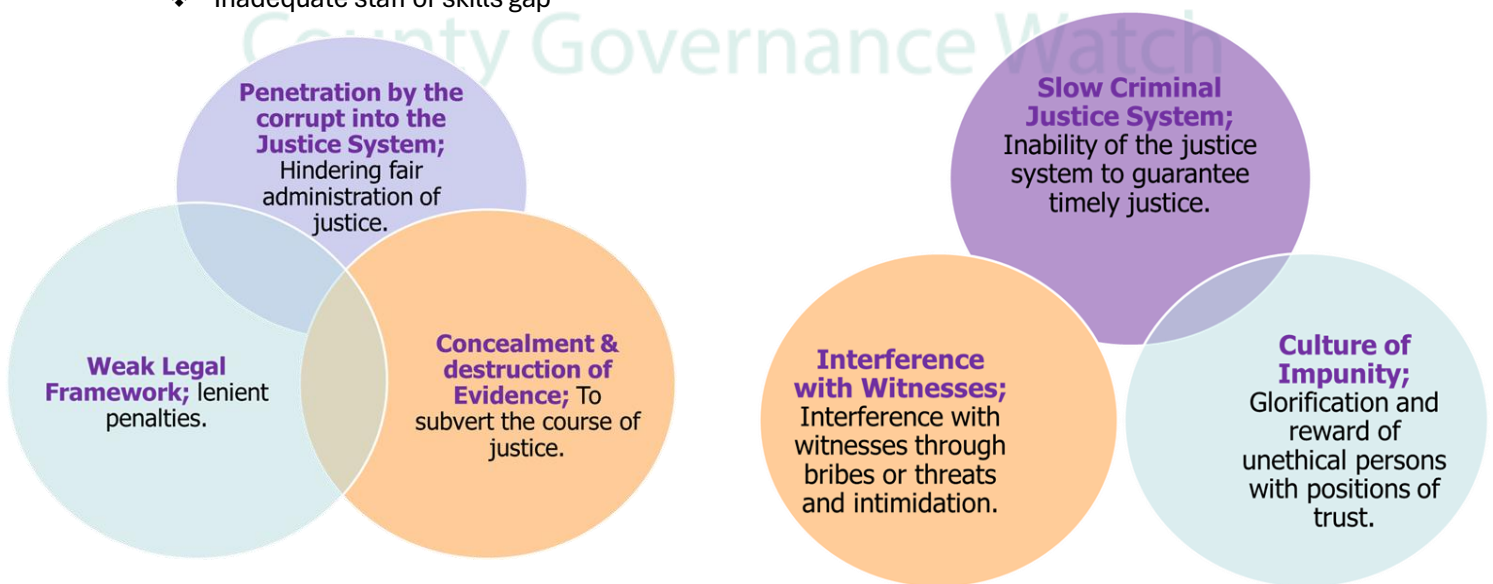
1. Code of Conduct and Ethics	13. Punishments/law enforcement
2. Corruption Prevention Policy	14. Customer Service Charters
3. Corruption Prevention Committee	15. HR, Financial and Procurement
4. Integrity Testing Programme	Manuals
5. Whistle Blowers Protection	16. Gift Registers
6. Internal Controls systems	17. Conflict of interest
7. Integrity Pacts/Islands of Integrity	18. Wealth Declaration
8. Training and sensitization	19. Lifestyle Audits
9. Vetting	20. Open door policy
10. Tone at the top	21. Job rotation Policy
11. Systems audits (surprise, regular.)	22. Integrity Assurance Officers
12. Corruption Reporting Channels	23. Corruption Risk Assessment and Corruption Mitigation Plan

Effects of Corruption



Challenges

- ❖ Emergence of solidarity groups against law enforcement;
- ❖ Ethnicization and politicization of the anti-corruption war;
- ❖ Inadequate participation of citizens in governance processes hinders effective checks and balances that would ensure accountability in public service;
- ❖ Inadequate public support where citizens glorify ill-gotten wealth and, in some cases, consider the perpetrators of such practices to be heroes;
- ❖ Public institutions not adequately embracing modern technology as a way of sealing loopholes that corrupt individuals capitalize on to plunder public resources.
- ❖ Inadequate staff or skills gap



Recommendations

The following were agreed as recommendations for both citizens and MDA/ SAGAs and County Government in upholding Integrity:

- 1) Maintaining strong oversight Committees
- 2) Committing to the Leadership and Integrity Codes for State and Public Officers
- 3) Thorough scrutiny of budgets and reports
- 4) Empowering the integrity assurance officers' Unit
- 5) Enhance leadership/ management/ role modelling
- 6) Holding heads of departments responsible for mainstreaming ethics/ integrity
- 7) Collaboration with other govt agencies e.g on vetting of nominees
- 8) Enhancing public participation/ supporting community based anti-corruption monitor
- 9) Intensive Early-Stage Consultation and Close Liaison
- 10) Regular Meetings, Workshops, Seminars
- 11) Team Building and other initiatives to improve org. culture
- 12) Evidence based decision making e.g management reports

Conclusion

- ✚ **Why institutions should avoid corruption:** Undermining confidence in public institutions; Wastage of public resources and money; Inefficiencies in operations; Reputation damage which makes it difficult to attract investment; Brings about injustices, increase poverty etc
- ✚ **Attaining Corruption-free lifestyle:** Manage the pressures – personal ego, family, friends, society, colleagues; Live within your means (fitting). Learn to say No. Do not overcommit; Don't misuse the opportunities – trust, position, influence, discretion; Do not rationalize evil – commissions, rewards, gratitude; Be transparent, accountable, listen, consult.
- ✚ **Entrenching ethics and integrity:** Individual responsibility; Ethical Leadership-Tone at the top; Enforcement of the laws and codes of conduct and ethics; Continuous verification of suitability of staff; Appropriate supervision; Administrative action- unethical conduct should not be tolerated; Education and awareness on the code of conduct and ethics

CITIZEN QUOTES AND TAKE AWAYS:

Kennedy Anjejo



“The bashing received by EACC team present as some speakers rose and enumerated matters, they consider corrupt in their backyards that the commission wasn't addressing. I wonder how an office overseeing 3 counties with a very lean staff would get to know all these issues. If members of the public were aware of such weighty matters and chose to sit quietly on them only to execute them in a sitting of this nature. Are we being fair? In as much as systems exist that can make the Commission tap these cases either through audit reports or when they come to public glare, not everything happening in our villages

can reach the Commission unless we scale it up there.

As citizens, we must realize that we are part of the bigger ecosystem called government where there are responsibilities for each one of us to fulfill so that the whole system functions properly. I am grateful to County Governance Watch for bringing the EACC and OCoB mashinani so that we can engage. I'm glad the meeting ended with the clarion call from EACC to the public stating, 'Trust us, engage us, report cases and see action roll on them.'

Photos



Handing over of copies of Controller of Budget (OCoB) Report to stakeholders



Governance Suites, ILU Compound, Mtito-Andei Rd, Lenana Rd, Hurlingham

P.O. Box 104578 00101, Nairobi, Kenya. Phone: +254(0)20 440 4140, 0720 576 696. Email: info@cgwkenya.org Website: www.cgwkenya.org