

Mr. Speaker Sir, on behalf of the Members of the Budget Committee and as required under Article 228 of the Constitution as well as the Speakers communication of 23rd August, 2011. I take this opportunity to present to the House, the Committee's Report on the approval of the nominee to serve as Controller of Budget. Specifically, the report covers the observations of the Members and the recommendations of the Committee.

Mr. Speaker Sir, the Budget Committee as currently constituted of the following Members:-

1. The Hon. Elias P. Mbau, M.P. – Chairperson
2. The Hon. Alfred Wekesa Sambu, M.P. – Vice-Chairperson
3. The Hon. Martin Ogindo, M.P.
4. The Hon. Danson Mungatana, M.P.
5. The Hon. Moses Lessonet, M.P.
6. The Hon. Omari Bwana Zonga, M.P.
7. The Hon. John Mbadi, M.P.
8. The Hon. Nemesys Warugongo, M.P.
9. The Hon. Sheikh Dor, M.P.
10. The Hon. John Mututho, M.P.
11. The Hon. Nelson Gaichuhie, M.P.
12. The Hon. Emilio Kathuri, M.P.
13. The Hon. Abdul Bahari, M.P.
14. The Hon. Johnson Muthama, M.P.
15. The Hon. Jackson Kiptanui, M.P.

Mr. Speaker Sir, in addition to the above members, the following Chairpersons of all Departmental Committees are ex-officio members of the Budget Committee:

1. The Hon. (Eng.) James Rege, MP – Chairperson, Energy, Information and Communications
2. The Hon, David Koech, MP – Chairperson, Education, Research and Technology
3. The Hon. Mutava Musyimi, - Chairperson, Lands and Natural Resources
4. The Hon. John Mututho, MP – Chairperson, Agriculture, Livestock and Cooperatives

5. The Hon. (Dr.) Robert Monda, - Chairperson, Health
6. The Hon. David Were, MP – Chairperson, Transport, Public Works and Housing
7. The Hon. Aden Keynan, MP – Chairperson, Defence and Foreign Relations
8. The Hon. Fred Kapondi, MP, - Chairperson, Administration and National Security
9. The Hon. Chris Okemo, - Chairperson, Finance, Planning and Trade
10. The Hon. Sophia Abdi Noor, MP – Chairperson, Labour and Social Welfare
11. The Hon. Mohammed Gabbow, MP – Chairperson, Local Authorities
12. The Hon. Ababu Namwamba, MP – Chairperson, PSC, Cost of Living
13. The Hon. (Dr.) Julius Kones, MP – Ag. Chairperson, Public Accounts Committee
14. The Hon. Mithika Linturi, MP-Chairperson, Public Investments Committee
15. The Hon, Thomas Mwadeghu, MP- Chairperson, Local Authorities and Funds Accounts Committee
16. The Hon. Ekwe Ethuro, MP, Chairperson- Constituencies Fund Committee
17. The Hon. Mohamed Abdikadir, MP-Chairperson, Constitutional Implementation Oversight Committee

Mandate of the Committee

The Budget Committee is established under the Standing Order 190 and is mandated to:

- a) Examine the Budget Policy Statement presented to the House and shall report to the House, what, if any, economies should be made consistent with proper carrying into effect of the policies implied in or by such statement and estimates; and
- b) Evaluate tax estimates, economic and budgetary policies and programmes with direct Budget outlays.

The Budget Committee is further given legal backing under the Fiscal Management Act of 2009.

ACKNOWLEDGEMENT

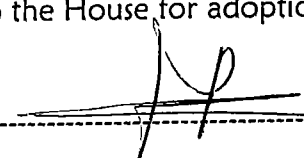
Mr. Speaker,

The Committee is grateful to the Offices of the Speaker and the Clerk of National Assembly for the support received as it discharged its mandate of reviewing the nominee to serve as Controller of Budget. The Committee is also grateful to the Members of Parliament who participated in the process.

Mr. Speaker Sir,

It is therefore my pleasant duty and privilege, on behalf of the Budget Committee to table this Report to the House for adoption.

Signed



THE HON. ELIAS P. MBAU, MP
CHAIRMAN, BUDGET COMMITTEE

Date

24/08/2011

BACKGROUND

Mr. Speaker Sir,

1. Following the communication given by the Speaker on 23rd August, 2011 and pursuant to article 228 of the Constitution which provides that;
 - i. There shall be a Controller of Budget who shall be nominated by the President and, with the approval of the National Assembly, appointed by the President.*
 - ii. To be qualified to be the Controller, a person shall have extensive knowledge of public finance or at least ten years experience in auditing public finance management.*
 - iii. The Controller shall, subject to Article 251, hold office for a term of eight years and shall not be eligible for re-appointment.*

2. The Committee held two meetings to consider the nomination of **Mrs. Agnes Nangira Odhiambo** for the appointment to the post of Controller of Budget. The committee considered both the detailed information submitted from Office of the Permanent Secretary, Secretary to the Cabinet and Head of Civil Service and was able to interrogate the nominee and made observations and recommendations as hereby submitted.

CONSIDERATION OF THE NOMINEE BY THE COMMITTEE

Mr. Speaker Sir,

3. Mrs. Agnes Nangira Odhiambo was nominated for the post of Controller of Budget by His Excellency the President in consultation with the Rt. Honorable Prime Minister as per the provisions of the Constitution, 2010, article 228.
4. At a meeting held on 24th August, 2011, the Committee orally interviewed the nominee.

5. In conducting the vetting process, the Committee examined the candidate against the criteria set out in the Second Schedule to the *Commission for the Implementation of Constitution Act, 2010* (Criteria for vetting/approval of a nominee for appointment to public office by the National Assembly). That criterion requires the nominee to disclose information on her personal and professional life including her political affiliations, tax compliance and potential conflict of interests.

OBSERVATIONS BY THE COMMITTEE

6. The Committee appreciated that a lot of background information on how the process of nomination. The committee, after reviewing the curriculum vitae of Mrs. Agnes Nangira Odhiambo, and having heard her submissions during the interview, observed the following:
 - i. Mrs. Agnes Nangira Odhiambo is a Kenyan citizen born on 29th March, 1957.
 - ii. She is a holder of a Master in Business Administration from the University of Nairobi, and a Bachelor of Commerce Degree (Accounting Option) 1st class honors from the University of Nairobi. In addition to being a member of ICPAK.
 - iii. She has over 25 years of experience in financial management where she has held senior level positions in Institutions which have included Kenya Post offices Savings Bank (Post Bank), Metro Cash & Carry Ltd, and Unga Group Limited.
 - iv. She is currently the Chief Executive Officer of the Constituencies Development Fund Board where she supervises disbursement of CDF funds to the constituencies.
 - v. The candidate also exhibited diligence and had attention to detail.
 - vi. That after examination of the score card provided from the interviewing panel, it was observed that there was a huge variance in the scoring of candidates and thus Members proposed that in future there is need to the panelists for interviews to be representative in terms of diversity and geographical balance of the country.

RECOMMENDATIONS

7. The Committee after deliberations and through consensus thus recommends:-

- (i) That Mrs Agnes Nangira Odhiambo is up to the task as demonstrated by both her academic qualifications and professional experience in similar situations.
- (ii) That Mrs Agnes Nangira Odhiambo be appointed to the post of Controller of Budget.



Minutes of the 87th Sitting of the Budget Committee Held On Thursday 24th August, 2011 in the Committee Room, Continental House 5th Floor, Parliament Buildings Starting 9.30 am

PRESENT:

1. Hon. Elias Mbau, M.P. - Chair person
2. Hon. Alfred Sambu, M.P - Vice Chairperson (**Chairing**).
3. Hon. Moses Lessonet, M.P.
4. Hon. John Mbadi, M.P.
5. Hon. Martin Ogindo, M.P.
6. Hon. John Mututho, M.P, Chairman Agriculture, Livestock, and Cooperatives
7. Hon. Jackson Kiptanui, M.P
8. Hon. Nemesyus Warugongo, MP
9. Hon. David Koech – Chairman, Education, Research & Technology
10. Hon. Sophia Noor, M.P-Chairperson, Labour and Social Welfare
11. Hon. James Rege - Chairman, Energy, Communication & Information
12. Hon. Thomas Mwadeghu – Chairman, Local Authorities and Fund Accounts Committee
13. Hon. Dr. Julius Kones – Ag. Chairperson, Public Accounts Committee
14. Hon. Mithika Linturi - Chairman, Public Investment Committee
15. Hon. Ababu Namwamba, MP – PSC on Cost of Living
16. Hon. Eng. Nicholas Gumbo, MP- Chairman, House Broadcasting Committee
17. Hon. Ekwe Ethuro, MP- Chairman, Constituency Funds Committee
18. Hon. David Were, MP - Chairman, Transport, Public Works, and Housing

APOLOGIES:

1. Hon. Abdul Bahari, M.P.
2. Hon. Sheikh Dor Yakub, M.P.
3. Hon. Danson Mungatana, M.P.
4. Hon. Emilio Kathuri, MP
5. Hon. Omar Zonga, MP

IN ATTENDANCE:

KENYA NATIONAL ASSEMBLY

- | | | |
|--------------------------|---|---------------------------|
| 1. Mrs. Phyllis Makau | - | Director, Budget Officer |
| 2. Mr. Martin Masinde | - | Fiscal Analyst |
| 3. Mr. Fredrick Muthengi | - | Fiscal Analyst |
| 4. Milicent Ojiambo | - | Junior Legislative Fellow |
| 5. Rosemary Irungu | - | Junior Legislative Fellow |

AGENDA

1. Preliminaries/ Confirmation of Agenda
2. **Vetting of the Nomination of the Controller of Budget**
3. Any Other Business

MIN.NO.120/2011: Preliminaries/ Confirmation of Agenda

1. The meeting was opened with a word of prayer and the Chair informed the Members that the only agenda was to vet the nominee for Controller of Budget.

MIN.NO.121/2011: Discussions with the Nominee Mrs. Agnes Nangira Odhiambo

2. The Chair asked the nominee to give a brief account of her academic qualification, professional qualification, work experience, and why she thinks she is fit to be appointed as Controller of Budget. In addition,
3. On academic front, the nominee explained that she attended Misikhu Girls High School and Ngandu Girls' High School, for her O levels and A-levels, respectively. She further explained that she was the best student in her school at both levels by scoring Division 1 in O-levels and 3 Principles and 1 Subsidiary in A-levels. She later joined the University of Nairobi to pursue a Bachelor of Commerce Degree (Accounting Option) where she attained a First Class Honours Degree in 1980. Further, she informed the Committee that due to her exemplary academic performance, she was awarded a scholarship to study a Master's degree in Business Administration in the same university, where she graduated in 1983.
4. The Committee also noted that she is a registered member of the Institute of Certified public Accountants of Kenya (ICPAK).
5. With regard to work experience, the nominee has worked in the following institutions in the following capacities:
 - i. 1983 to 1984, BAT Kenya- **Accountant Assistant,**
 - ii. 1984 to 1985, Deloitte Haskins and Sells Management Consultancy- **Financial Consultant,**
 - iii. 1985 to 1998, Unga limited- **Manager, Property Division,**
 - iv. 1998 to 2005, Metro Cash and Carry Ltd-**Finance Director,**
 - v. 2005 to 2009, Kenya Post Office Savings Bank -**Director, Finance and Administration,** and
 - vi. 2009 to Date, Constituency Development Fund Board- **Chief Executive Officer**

MIN.NO.122/2011: Key issues of Clarification

6. Members were concerned about the capacity of the nominee to assert herself and as to whether she would be capable of restructuring the office so as to effectively serve in a devolved structure.

Response:

The nominee responded that beneath the smile she is confident and will always act at the right time. The nominee reiterated that, in course of her work as CEO of CDF board, she has been able to freeze some accounts on grounds of lack of transparency. On the structure of the Controller of Budget Office at the Counties, the nominee emphasized that her first priority will be to create structures particularly as this will capacity for collection of timely data. Further installation of proper systems that support devolution will be her other priority. Indeed, she affirmed that her experience in managing CDF will useful in undertaking the new job if appointed. She concluded by acknowledging that thta it will be pragmatic to centralise the systems in the interim period until proper structures at the lower levels are put in place.

7. Clarifications were sought on the following issues:

- i. The high frequency in change of jobs.
- ii. Challenges facing Post Bank.
- iii. Concerns on CDF funds especially with regard to lack of flow of information on the importance and the role being played by the fund.
- iv. The areas that require improvement with regard to CDF especially within the devolution arrangement.
- v. Whether the nominee has participated in social responsibility activities;
- vi. Given that this a fundamental office with vast powers, how does the nominee envisage the safety of the resources, especially with her experience in managing CDF funds, What lessons can she draw from the CDF management.
- vii. The motivation of applying for the position.
- viii. The difference between the Controller of Budget, Director of Budget in the Treasury, and the Accountant General.
- ix. Whether the provisions of the CDF Act are adequate to enhance service delivery and whether the nominee had initiated any amendments.
- x. Challenges of the current job and the main achievements of the same.

Response:

The nominee informed the meeting that given that she has worked for 28 years, she believes having worked for only six (6) organizations is reasonable enough. On the challenges facing Post Bank, she pointed out that one of the key impediments is the fact that the Act only allows post bank to undertake savings and not to lend. She emphasized that if the Act was amended to allow for lending then the entity would be profitable.

On the CDF projects and lack of awareness on the success of the programme, she said that CDF board has adequate information but civil society organizations often than not choose to ignore the information in undertaking their audits. She particularly informed the meeting that the National Taxpayers' Association (NTA) does not undertake value for money audit. She further informed the Members that besides undertaking the audit for CDF, civil society organizations should also focus on other devolved funds. On challenges facing the CDF, the meeting was informed that there is lack of capacity at the lower level. For instance, the project management committees lacked the requisite capacity to undertake project prioritization and implementation.

On the expectations of the Controller of Budget Office, she explained that given the mandate of the Office by the Constitution, the holder of the Office must be a person of high integrity and the spirit and letter of the law must be followed in executing the duties.

On the relevance of her current position as Chief Executive Officer of the CDF Board to the position of Controller of Budget, she said that the experience gathered in course of her work is very important since she has been able to deal with people of diverse backgrounds. In addition, since inception, the CDF board had been able to disburse close to Kshs.70 billion. In addition, she explained that given that she has been proved to be capable of managing 2.5% of the revenues she would like to be given an opportunity to manage the entire revenue.

On the difference between the Controller of Budget, Director of Budget and the Accountant General, she said that the Controller of Budget approves the budget, the Director prepares the Budget, and the Accountant General receives requests and prepares returns.

With regard to the challenges facing CDF, Members were informed that the 3% earmarked funding for operations is not enough to hire additional staff to necessitate wider coverage in terms of auditing of the various projects. Going

forward, the key areas the Board is focusing on include, implementation of the strategic plan, strengthening linkages and communication, job evaluation, computerization and enhancing effective management of funds.

8. Members also sought clarifications on the following from the nominee:
- i. How the CEO relates with other officers,
 - ii. Some of the urgent issues (if appointed), she will address during her initial days in office,
 - iii. Modalities of ensuring fairness in executing her mandate , if appointed, and
 - iv. Her views on the future of CDF.

Response:

The nominee informed Members that she has cordial relations with her staff and indeed, she has maintained a transparent way of working. She however, affirmed that some of the staff in CDF are on casual basis and that could be the cause of low morale. She informed the meeting that action is being taken to make them permanent. The nominee responded that if appointed the first issue she will handle is to assess the staff compliment and skills and rationalization by hiring and retaining those who possess the right skills.

On the issue of lack of capacity at the lower levels of CDF project implementation, the meeting was informed that there is an on-going programme to train new committee members as well as enhancing the use of the manual for project management committees.

On the issue of tribal or party affiliations, she reiterated that just like the way she has managed the CDF kitty, if appointed, she will diligently discharge the responsibilities of Controller of Budget without fear or favour. The guiding principle will be the constitution and the relevant laws.

On the future of CDF, she explained that given the key role it has played in development. She felt that it should remain, however, the form and mode of operation of the Fund is likely to change owing to the constitutional requirements.

MIN.NO. 122/2011: Committee's Observations

9. After lengthy discussions and deliberations the committee observed as follows:
- i. The nominee possesses excellent academic credentials,

MINUTES OF THE 88th SITTING OF THE BUDGET COMMITTEE HELD ON WEDNESDAY 24th AUGUST, 2011 IN THE COMMITTEE ROOM, CONTINENTAL HOUSE 5TH FLOOR, PARLIAMENT BUILDINGS STARTING 5.30 PM

PRESENT

Hon. Elias Mbau, M.P. - Chair person
Hon. Alfred Sambu, M.P - Vice Chairperson.
Hon. Moses Lessonet, M.P.
Hon. John Mbadi, M.P.
Hon. Martin Ogindo, M.P.
Hon. John Mututho, M.P.
Hon. Jackson K Kiptanui
Hon. David Koech M.P.– Chairman, Education, Research & Technology
Hon. James Rege M.P - Chairman, Energy, Communication & Information Hon.
Thomas Mwadeghu M.P – Chairman, Local Authorities and Funds Accounts
Hon. Dr. Julius Kones M.P – Ag. Chairperson, Public Accounts Committee

APOLOGIES:

Hon. Abdul Bahari, M.P.
Hon. Sheikh Dor Yakub, M.P.
Hon. Nemesyus Warugongo, M.P.
Hon. Omari Zonga, M.P.
Hon. Danson Mungatana, M.P.
Hon. Nelson Gaichuhie, M.P.
Hon. Emilio Kathuri, M.P.

IN ATTENDANCE:

KENYA NATIONAL ASSEMBLY

Mrs. Phyllis Makau	-	Director, Budget Office
Mr. Fredrick Muthengi	-	Budget Officer
Mr. Martin Masinde	-	Budget Officer
Ms. Rosemary Irungu	-	Junior Fellow, PBO
Ms. Millicent Ojiambo	-	Junior Fellow, PBO

AGENDA

1. Preliminaries/ Confirmation of Agenda
2. Confirmation of Previous Meeting's Minutes
3. Matters Arising

4. **Adoption of the Committee Report on the Approval of Nominee to post of the Controller of Budget**
5. Any Other Business

MIN. NO. 125/2011: Preliminaries/ Confirmation of Agenda

The meeting was called to order at 5.25pm after which a member of the Budget Committee Secretariat led with a word of prayer. The Chairman thanked the Committee Members for their continued commitment and support indicated by their turn out in all activities of the Committee. The main agenda was to discuss and Adopt the Committee Report on the **Approval of Nominee to post of the Controller of Budget**

Min No. 126/2011: Confirmation of Minutes of the 87th Meeting held on 24th August 2011.

The Members were taken through the Minutes of the 87th meeting held on 24th August by the secretariat and with a few amendments the minutes were confirmed as a true record of the proceedings of that day and Hon. John Mbadi M.P. proposed and Hon Jackson Kiptanui M.P. seconded.

MIN. NO. 127/2011: Adoption of the Committee Report on the Approval of Nominee to post of the Controller of Budget

The Committee read the final Draft report a second time clause by clause and adopted the report in totality.

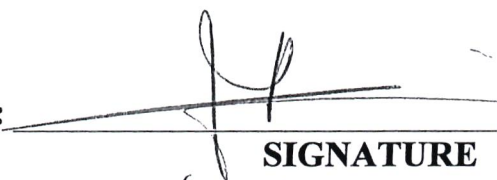
MIN. NO. 128 /2011: Any Other Business,

- a) The committee was informed that due to unavoidable circumstances the scheduled post budget workshop which was planned for 18- 20 August 2011 and later deferred to 25-27 August had also been postponed on request of the leading committee that of Finance, planning and trade Committee. Members will be informed of future dates and venue once confirmed. However, members requested that they could be briefed on matters of Finance Bill 2011 before the workshop.
- b) The World Bank breakfast briefing on the tenets of the Public Financial Management law that had been rescheduled earlier and postponed till further noticed has now been confirmed for Thursday 1st September 2011 at the Intercontinental Hotel from 7.30am to 9.30am. A copy of the draft PFM Bill

that was submitted to CIC will be circulated to members for their perusal to familiarise themselves with its contents before the breakfast meeting.

MIN.NO. 128/2011: Adjournment

The Committee adopted the Report with amendments and The Meeting was adjourned at 7.30pm

CHAIRMAN:  _____
SIGNATURE

DATE: 24/08/2011

