
The National Treasury and Economic Planning

The Standard Chart of Accounts Manual

May 2025

Owner	The National Treasury and Economic Planning
Implementers	All public sector entities
Compliance Monitoring	Accountant General Department, National Treasury

Document Control

Version	Amendments	Date of Implementation
Version 1	N/A	1 st July, 2025

Signed off by:	Signature
Principal Secretary/National Treasury	
Director General Accounting Services & Quality Assurance/Accountant General	

Foreword

We are pleased to announce the official launch of the revised Government Standard Chart of Accounts (SCOA), a critical step towards enhancing public sector financial management, budgeting, and reporting. The adoption of a standardized chart of accounts will improve transparency, accountability, and consistency of financial data across all government (national and county) departments, agencies, and entities.

The SCOA is designed to streamline financial reporting and budgeting by ensuring uniform classification of revenues, expenditures, assets, and liabilities in line with International Public Sector Accounting Standards (IPSAS) accrual and, where applicable, Government Finance Statistics (GFS) Manual 2014. This initiative will enable better decision-making, facilitate comparison across sectors, and support compliance with international best practices in public financial management.

As part of the ongoing transition to accrual accounting, the Government of Kenya, through the National Treasury and Economic Planning, has reviewed and revised the SCOA following extensive consultations with stakeholders. The old SCOA has been in use for the last 10 years since its implementation in 2012. Stakeholder consultations indicated the need to revise it to make it more versatile, robust, and responsive to emerging trends such as program-based budgeting and accrual accounting.

This SCOA has been aligned with the Government Finance Statistics Manual 2014 and has also provided for a more elaborate governance structure for managing changes in the SCOA, eliminating duplicated codes, and enhancing the program-based budgeting process. The SCOA will also further harmonize reporting for entities within the same category across the public sector for accounting and budgeting purposes. This document is a manual that elaborates on the various segments of the SCOA. It is issued under Section 2 of the Public Finance Management Act, 2012, and detailed in Regulations 9 (4) and 99 (1) of the Public Finance Management Regulations, 2015.

It shall be used in conjunction with accounting manuals and circulars issued from time to time in respect of new developments and changes in financial policies and procedures. The SCOA manual shall apply to all general government entities, including national government entities and county government entities. Semi-autonomous entities such as parastatals must progressively transition towards the adoption of this SCOA.

It is expected that the SCOA manual will enhance effectiveness in budgeting and accountability of resources, as well as improve budget analysis and monitoring on various socio-economic dimensions.

The National Treasury and Economic Planning shall continue to build the capacities of the various public entities to implement the SCOA consistently across the public sector. An electronic version of the SCOA manual shall be available on the National Treasury and Economic Planning website.

Dr Chris Kiptoo, CBS
**Principal Secretary,
National Treasury**

Table of Contents

Foreword.....	2
Abbreviations	6
1. Introduction	8
1.1. Background and Legal Basis of the Standard Chart of Accounts	8
1.2. The need for SCOA	8
1.3. Objectives and Overview	8
1.4. The structure of the SCOA Manual	11
2. The new SCOA structure	12
2.1. The new SCOA segments	12
2.2. Contrasting the old and the new SCOA	14
3. Vote segment	16
3.1. The structure of Vote Segment	14
3.2. High-level Vote segment codes	15
3.2.1. National Treasury and CFS Codes, Central Government entities and Independent commissions	17
3.2.2. County Government Codes.....	16
3.3. How the Vote Segment Works	23
3.4. Examples.....	24
4. Administrative segment	25
4.1. The structure of Administrative Segment	21
4.2. How the Administrative Segment Works	21
4.3. Examples.....	25
5. Sources of Fund Segment	27
5.1. The structure of the Sources of Fund segment.....	26
5.2. High-level Source of Funds codes	28
5.3. How the Sources of Funds Segment Works.....	28
5.4. Examples.....	32
6. Class segment	33
6.1. The structure of Class Segment	29
6.2. How the class segment works.....	33
6.3. Examples.....	34
6.4. Distinguishing between recurrent and development expenditure	34
7. Programme segment	38
7.1. The structure of Programme Segment	34
7.2. Distinguishing between Programmes and Projects	39
7.3. How the Programme Segment Works.....	39
7.4. COFOG Functional Classification.....	41
7.5. Mapping of Sub-COFOG Functional Classification	42
7.6. Examples.....	44

8. Project segment	45
8.1. The structure of Project Segment.....	41
8.2. High-level project segment codes	42
8.3. How the project segment works.....	49
8.4. Examples.....	49
9. Geographic location segment	50
9.1. The structure of Geographic Location Segment	46
9.2. How the Geographic Location Segment Works.....	47
9.3. Examples.....	51
10. Economic segment.....	52
10.1. The structure of Economic segment.....	53
10.2. High-level Economic segment codes	51
10.2.1. Revenue and Expenses	51
10.2.2. Financial and Non-financial Assets and Financial Liabilities.....	52
10.2.3. Assets and Liabilities	57
10.3. How the Economic Segment Works	54
10.4. Similarities, differences, and purpose of the different frameworks	55
10.5. Distinguishing between AIA and Sale of property and Other Property Income	60
10.5.1. Sale of Assets.....	60
10.5.2. Other Property Income	61
10.6. Guidance	63
10.6.1. Category 1: Revenues.....	63
10.6.2. Category 2: Current Expenditure	85
10.6.3. Category 3: Investment in Non-Financial Assets	105
10.6.4. Category 4: Investment in Financial Assets.....	111
10.6.5. Category 5: Transactions in Financial Liabilities	119
10.6.6. Category 6: Assets – Bank, Cash and Receivables.....	122
10.6.7. Category 7: Liabilities	146
10.6.8. Category 9: Accumulated Reserves.....	151
10.7. Examples.....	153
11. Extended reporting	154
11.1. The structure of the Extended Reporting Segment	109
11.2. How the Extended Reporting Segment Works	109
11.3. Illustration	156
11.3.1. Budgeting	156
11.3.2. Expenditure.....	157
11.4. Examples.....	157
12. The new SCOA Governance and Maintenance Framework.....	141
12.1. The SCOA Technical Committee	159
12.1.1. Composition.....	159

12.1.2. Functions of SCOA Committee	159
12.1.3. Meetings	160
12.2. Maintaining and Updating the new SCOA	161
12.2.1. Responsibilities for maintaining and updating SCOA	161
12.2.2. Procedure.....	162
12.2.3. Process flows	164
12.2.4. Templates	166
13. Appendices	Error! Bookmark not defined.
The new SCOA Code	124

Abbreviations

Abbreviation	In full
ADP	Annual Development Plan
AIA	Appropriation in Aid
CBK	Central Bank of Kenya
CEA	County Exchequer Account
CF	Consolidated Fund
CFS	Consolidated Fund Services
CFSP	County Fiscal and Strategy Paper
CG	County Government
CGE	County Government Entity
CIDP	County Integrated Development Plan
COB	Controller of Budget
COFOG	Classification of Outlays by Functions of Government
COG	Council of Governors
CRF	County Revenue Fund
CT	County Treasury
eCitizen	eCitizen Platform (Government Services Portal)
e-procurement	Electronic Procurement System
e-ProMIS	Electronic Project Management Information System
ERP	Enterprise Resource Planning
FY	Financial Year
GFS	Government Finance Statistics
GFSM	Government Finance Statistics Manual
GHRIS	Government Human Resource Information System
GOVERNMENT	Government of Kenya
IBEC	Intergovernmental Budget and Economic Council
IFMIS	Integrated Financial Management and Information System
IMF	International Monetary Fund
IPPD	Integrated Payroll and Personnel Database
IPSAS	International Public Sector Accounting Standards
IRA	Intergovernmental Relations Act
I-tax	Integrated Tax Management System
JITC	Joint Intergovernmental Technical Committee
KPI	Key Performance Indicator
LAIFOMS	Local Authority Integrated Financial Operations Management System
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments, and Agencies
MED	Monitoring and Evaluation Department
Meridian	Debt Recording and Management System (DRMS)
MTEF	Medium-Term Expenditure Framework
MTP	Medium Term Plan

Abbreviation	In full
NEA	National Exchequer Account
NGE	National Government Entity
NIMES	National Integrated Monitoring and Evaluation System
NT	National Treasury
OAG	Office of the Auditor General
PBB	Program Based Budgeting
PFM	Public Finance Management
PFMA	Public Finance Management Act, 2012
PFMR	Public Finance Management Reforms
PMS	Performance Management System
PSASB	Public Sector Accounting Standards Board
PwC	PricewaterhouseCoopers
SAI	Supreme Audit Institution
SCOA	Standard Chart of Accounts
SOEs	State-Owned Enterprises
T24	Temenos T24 (Banking System)
ToR	Terms of Reference
UNICEF	United Nations International Children's Emergency Fund
XBRL	eXtensible Business Reporting Language

1. Introduction to the Standard Chart of Accounts

The Standard Chart of Accounts is designed to streamline financial reporting and budgeting by ensuring uniform classification of revenues, expenditures, assets, and liabilities in line with International Public Sector Accounting Standards (IPSAS) accrual and where applicable Government Financial Statistics (GFS) Manual 2014. This initiative will enable better decision-making, facilitate comparison across sectors, and support compliance with international best practices in public financial management.

Section 2 of the PFM Act 2012 defines a chart of accounts as a structured list of accounts used to classify and record budget revenue and expenditure transactions and government assets and liabilities on a standard budget classification system.

Further, Section 12 (1) (e) of the PFM Act, 2012 requires the National Treasury to design and prescribe an efficient financial management system for the national and county governments to ensure transparent financial management and standard financial reporting as contemplated by Article 226 of the Constitution. The section further requires that the National Treasury shall prescribe regulations that ensure that operations of a system under this paragraph respect and promote the distinctiveness of the national and county levels of government. As of now, the prescribed system is IFMIS.

Regulation 9 (4) of the PFM (National Government) Regulations, 2015, requires the National Treasury to publish financial manuals that shall contain relevant procedures for budget preparation, budget execution, keeping of books of accounts, formats of financial statements, and government standard chart of accounts. Further Regulation 41 (1) of the PFM (National Government) Regulations, 2015, requires the national government budget estimates and each county government budget estimates to **be prepared, accounted for, and reported** per the government of Kenya budget classification and chart of accounts.

Regulation 99 (1) of the PFM (National Government) Regulations, 2015, states that the classification of financial transactions in a national government entity's account shall be based on the SCOA approved by the National Treasury. Regulation 99 (1) of the PFM (County Government) Regulations, 2015, has a similar requirement for county government entities.

This legal background thus requires the National Treasury, to prescribe the SCOA that will be used by Ministries Departments and Agencies, State Corporations and Funds, and County government entities in preparation of budget estimates and reporting of financial transactions.

1.1. The need for SCOA

Many countries have transitioned or are in the process of transitioning to an accrual basis of accounting to prepare their general-purpose financial statements. This has primarily been driven by recognition of the limitations of cash-based accounting, particularly in terms of the completeness of information.

Accrual accounting provides a comprehensive view of financial position, performance, and cash flows by recognizing revenues and expenses when they are earned or incurred. The use of accrual information has long been recognized as a basis for fiscal and economic analysis in established frameworks (System of National Accounts, Government Finance Statistics) for finance and economic statistics.

Accrual accounting can only succeed if Kenya modernizes its information system, IFMIS. IFMIS must become the 'single source of truth' for government data for whichever reporting framework. That means all other systems – GHRIS, **IPPD**, I-tax, T24, e-procurement, eCitizen, Pensions, and Meridian will have to be integrated with IFMIS.

The role of IFMIS is to provide the essential and informational foundation for Public Finance Management and so its functionality has to be comprehensive. This includes flexible modular architecture and technologies, rapid adaptability to new conditions, and efficiency and effectiveness.

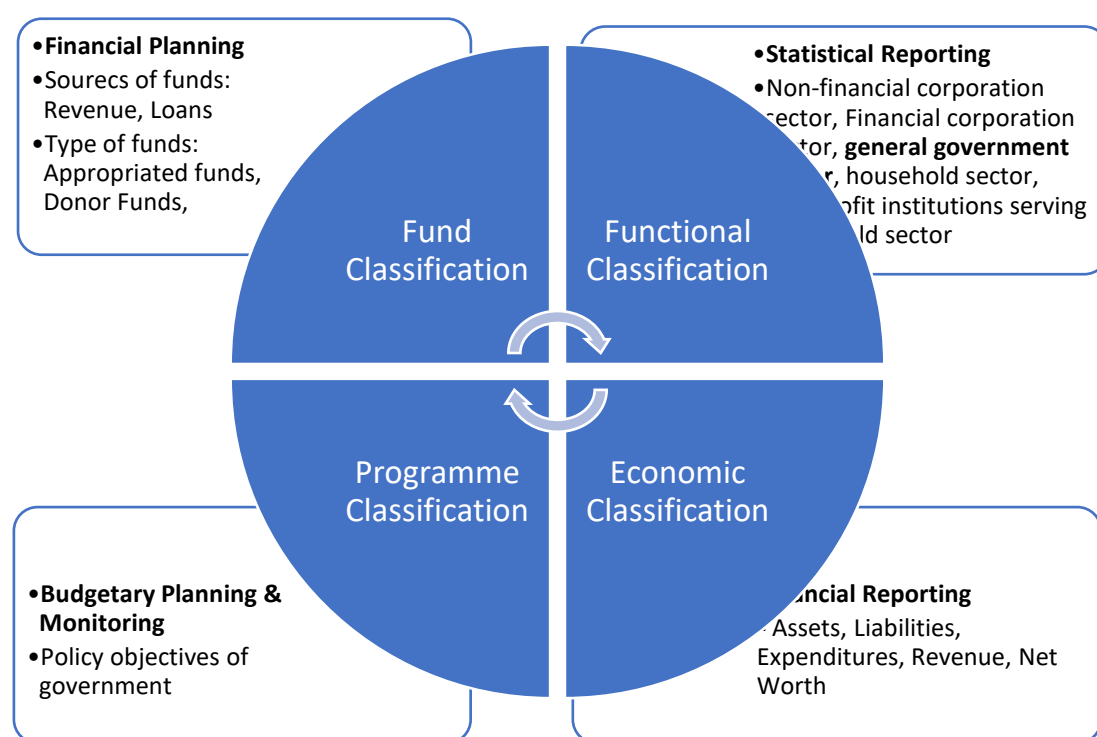
An important aspect of the transition to accrual accounting is capturing accrual base information in the general ledger and using a unified chart of accounts (hereinafter called the Standard Chart of Accounts or SCOA) to enable consolidation of data from multiple sources and reporting under multiple frameworks. Key data sources include the general ledger of the government of Kenya held in IFMIS and other data sources external to IFMIS: debt information, contingent liabilities of State-Owned Enterprises, asset management systems, and financial reports from entities not in IFMIS (security related).

The budget of Kenya will continue to be on a cash basis. This means that IFMIS will have two ledgers: the primary one on an accrual basis and the secondary one on a cash basis. IFMIS will also be set up to ensure financial consolidation is possible, climate tagging/mapping is possible, and the necessary analytical tools to inform fiscal and economic analysis are enabled.

The SCOA is an organized and coded listing of all the individual accounts that are used to record transactions and make up the ledger system of National and County government entities. SCOA is embedded in the adopted ERP in our case IFMIS.

SCOA will thus **facilitate the full range of government reporting requirements**, as illustrated in the figure 1 below:

Figure 1: Government Reporting Requirement



Segments of the Standard Chart of Accounts and how they support government reporting needs

Note: The general government sector consists of all government units in National and County governments including social security funds and non-market parastatals.

The revised SCOA enables data to be classified as follows:

- **Functional classification:** This is used for reporting on socioeconomic objectives that the government intends to achieve through its expenditures. These reports can be used for analytical, statistical, comparative and

decision-making/policy formulation and monitoring purposes. For example, reports on expenditures incurred on health, education, social protection, and the environment can provide useful information on the priorities and effectiveness of government policies on these socioeconomic objectives.

- **Programme classification:** A programme is a set of activities that meet the specific policy objectives of the government (for example, basic education or universal health care). In contrast to functional classification, a classification by programme considers the government's policy objectives and how these policies will be implemented. Programmes may be subdivided into homogenous categories called activities (for example vaccination activity within the universal health care programme), which may encompass a series of related initiatives and projects. Classifying expenditures by programme can serve two purposes: (1) identifying and clarifying the goals and objectives of government spending; and (2) monitoring operational performance through performance indicators, which may relate to inputs, outputs, or outcomes of a program. A classification by program can contribute to improved transparency and accountability and can help link inputs to objectives or outcomes.
- **Administrative or entity segment/classification:** Article 226 (1) (b) of the Constitution, together with Sections 67 and 148 of the Public Finance Management Act, 2012, states that each public entity shall have an accounting officer. The administrative classification is used for reporting on accountabilities for budget management – both expenditures and revenues – at the administrative level, including State Departments, Constitutional Offices, National Assembly, Judiciary, County Executive, County Assembly, and their entities. Therefore, you will find the Budget type and Votes segment as a preamble to the administrative segment.
- **Economic classification:** This is used for financial reporting. It provides information on types of expenditures – such as salaries, goods and services, interests, grants, subsidies, and transfers. The types of expenditures have been done based on the International Public Sector Accounting Board (IPSASB) classification except where there is alignment in terminology and classification with GFS. In such cases, GFS terminology is used.
- **Fund classification:** This is used for reporting on sources of funds, such as revenue, appropriation in aid, donor funds, loans, and grants.
- **Geographical classification:** This SCOA, reflecting that our primary users of government information are taxpayers and the political class, opted to use a geographical classification based on the Independent Electoral and Boundaries Commission rather than the State Department for Interior classification. Therefore, you will find county, constituencies, and county assembly ward classifications rather than province, Sub-County, location, and sub-location.
- **Project classification:** This is an additional classification, useful to track donor projects.

1.2. Objectives and Overview

The revised SCOA has been designed to achieve the overall objectives of providing control, accountability, budget management, financial planning and management, management information, general-purpose financial reporting (information on the performance and financial position of the concerned entity), and statistical reporting.

The following are the specific objectives of the revised SCOA:

- i. To ensure consistency between budget allocations and the general ledger account codes to support budget variance reporting and budget execution analyses;
- ii. To ensure uniformity in accounting practice throughout general government to facilitate the preparation of government-wide budget reports and financial statements;
- iii. To facilitate standardization of the process for transacting in government entities and across the two levels of Government;
- iv. To facilitate performance and/or responsibility accounting by aggregation of costs on a cost-center basis, government programs, and functions of government;
- v. To facilitate the automated production of financial and other reporting information;

- vi. To facilitate benchmarking of government's performance with similar governments as consistent with IMF's GFS/COFOG system already adopted by most governments worldwide;
- vii. To address emerging management information and statutory reporting requirements of the national government under the Constitution, the Public Financial Management and Financial Regulations;
- viii. To support the adoption of accrual basis IPSAS.
- ix. To support current and future configurations of the IFMIS system.

1.3. The structure of the SCOA Manual

The SCOA Manual is provided together with the revised SCOA codes workbook (appended), which details the segments and sub-segments. It is meant to be a detailed guide and reference material to be used by all users of the revised SCOA in their day-to-day operations. The content of this document, as well as the new SCOA codes worksheet, is available on the National Treasury website – <https://www.treasury.go.ke> (see Accountant General's desk)– as a portal that will henceforth be used in managing and maintaining the SCOA for the government of Kenya.

This SCOA Manual is organized into sections as shown in the Table of Contents above.

For an illustration of how the new SCOA will be used, we have provided a case of a typical transaction to be processed by an SCOA user. We track this through the sections describing the new SCOA segments in this Manual. Below is a description of the transaction:

Box 1: Sample transaction

Purchase of a motor vehicle for Project XYZ, which commenced in FY2024/2025, covering the whole country

The motor vehicle is for use in transporting personnel of the Ministry of Agriculture and Livestock Development – State Department for Agriculture, from Nairobi to the 47 county governments.

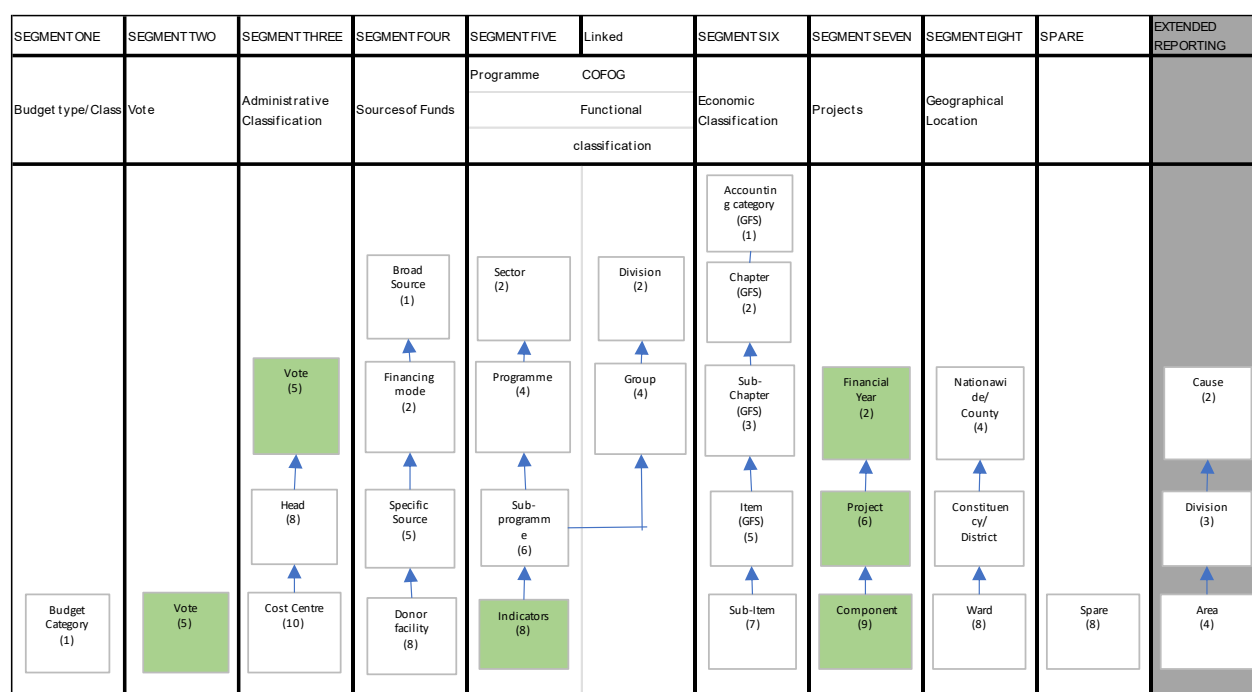
Project XYZ is counterpart-funded between the Government of Kenya and a grant from DfID, a bilateral donor. The purchase is made from the donor's contribution

The project is expected to contribute significantly to climate change adaptation, with budgets that contribute more than 25% but less than 65% to climate change adaptation

2. The revised SCOA structure

The Standard Chart of Accounts is the system by which financial transactions are recorded. In the revised SCOA, there are eight separate transactional segments, each of which provides a unique dimension of capturing data, analysis, and reporting. There is also one spare segment for future use and one analytical segment to be used for extended analytical reporting. This segment has been introduced into the Standard Chart of Accounts to facilitate flexible and highly responsive compilation of analytical data and information to meet the varied reporting needs of various government and other stakeholders. The coding structure significantly shapes the way government expenditure is classified. The mechanisms and functionality of this segment are detailed in this SCOA Manual

Figure 1: Illustration of the new SCOA coding structure



2.1. The new SCOA segments

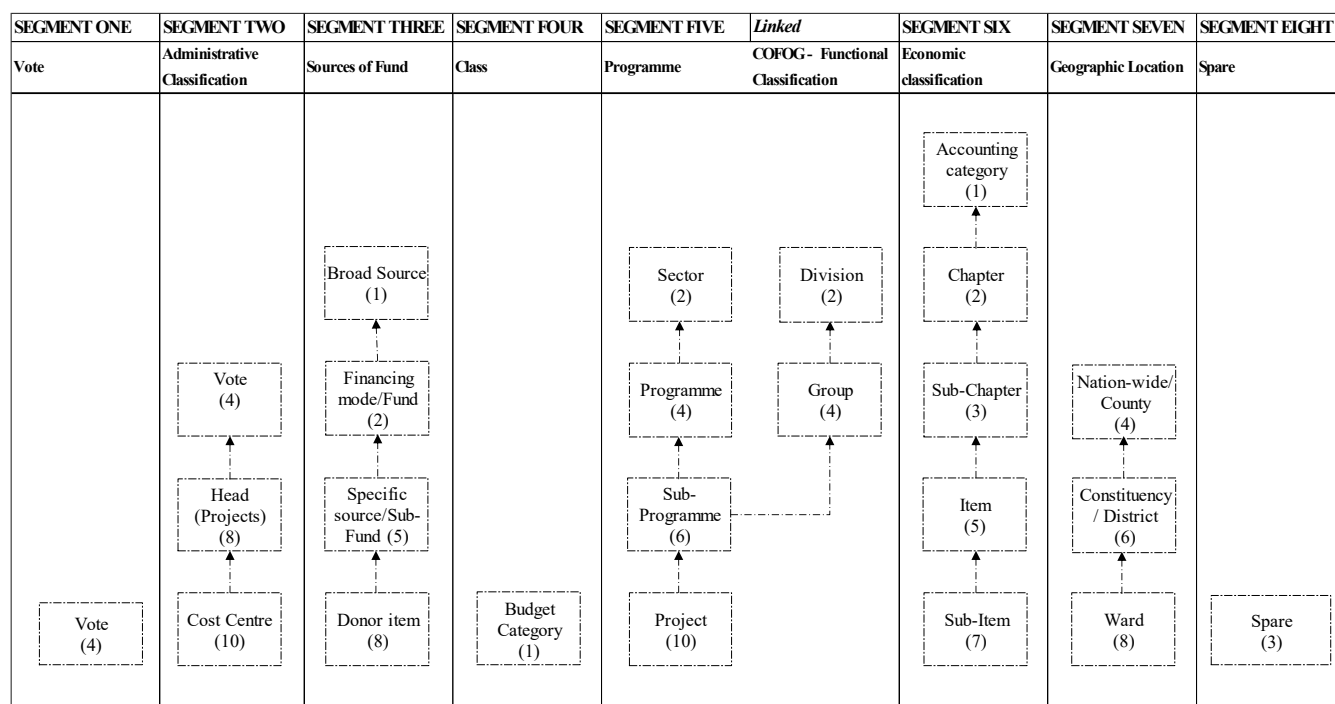
The following is the structure of the government Standard Chart of Accounts (SCOA). The proposed structure takes into account the problem statement in terms of reference to the SCOA Revision project; provisions in the Constitution of Kenya 2010; Public Financial Management Act, 2012; Public Financial Management Regulations, 2015 (both National and County Government Regulations); County Governments Act No.17 of 2012; Auditor-General's Reports for several years; GFSM 2014; PBB Manual; Formats of entity and consolidated financial statements at National and County Governments; User manuals for IFMIS, e-ProMIS, and GHRIS; Standard Chart of Accounts Manual - December 2012; County Finance Acts, 2024; Geo Codes per IEBC final report; Programme Based Budget for the fiscal year 2024/2025; Executive Order No.2 of 2023; IMF technical notes; discussions with the Technical Working Committee on SCOA and feedback from the key stakeholders in SCOA user departments.

The proposed structure has a total of nine segments and 64 digits as follows:

S/n.	Segments	Definition & Content	No. of levels	No. of digits
1	Budget Types/Class	Distinguishes the type of budget against which a transaction is performed – revenue budget, recurrent budget, and development budget. It also enables the identification of transactions that do not affect the budget	1	1
2	Vote	<ul style="list-style-type: none"> Represents the administrative responsibilities within MDAs & Counties, i.e. to which administrative unit and cost/revenue centre is the transaction allocated. 	1	5
3	Administrative Classification	The administrative classification is an extension of the Vote segment. It identifies the administrative units within a particular Vote responsible for public expenditure and day-to-day administration of the budget.	3	10
4	Source of Funds	<ul style="list-style-type: none"> Identifies the Sources of Funds for Government, i.e. against which source of funding is the payment allocated, and from which source is revenue received 	4	8
5	Programme	<ul style="list-style-type: none"> Provides for classification of expenditures by programmes and sub-programmes, i.e. against which GOVERNMENT Programme/ Sub-Programme is the transaction recorded 	4	8
6	Economic	<ul style="list-style-type: none"> Provides the natural accounts for the generation of statistical and financial reports, i.e. it identifies the nature of receipt and/or payment being made. The values are aligned to GFSM 2014 and IPSAS accrual basis. 	5	7
7	Project	<ul style="list-style-type: none"> Provides for classification of expenditures by projects, i.e. against which GOVERNMENT Project is the transaction recorded 	3	9
8	Geographical Location	<ul style="list-style-type: none"> The Geographical Location segment defines the location of the source of revenue and the location of the beneficiary of government expenditure 	3	8
9	Spare segment			8
	Extended Reporting	<ul style="list-style-type: none"> Identifies the analytical reporting needs in government, i.e. against which expenditure area or government priority area was revenue received or expenditure incurred, e.g. climate change, AIDS, etc. 		
	Total (excl. the Extended Reporting segment)			64

2.2. Contrasting the old and the new SCOA

Below is the structure of the old SCOA:



The following changes have been made, and for the reasons provided:

Old SCOA	Revised SCOA	Changes
Segment 1 Vote (4 digits; 1 level) XXXX	Segment 1 Vote (5 digits; 1 level) XXXXX	Elimination of duplicated codes from the segment. Duplication of codes in a segment has the following demerits: <ul style="list-style-type: none"> It makes maintenance of the chart difficult. It makes report creation prone to errors when some codes are not mapped to reports. Users of SCOA can get mixed up when they are presented with two or more codes for the same transaction. It can facilitate fraud when a dishonest user posts a transaction into a code that is not picked in the reporting framework, hence concealing inappropriate transactions.
Segment 2 Administrative (10 digits; 3 levels) XXXX.XXXX.XX	Segment 2 Administrative (10 digits; 3 levels) XXXX.XXXX.XX	Elimination of duplicated codes for the reasons mentioned above. Provision of descriptions/removal of codes where codes existed without descriptions.
Segment 3 Sources of Funds	Segment 3 Sources of Funds	Restructured to provide a mechanism for tracking Funds and Sources of Funds separately.

Old SCOA	Revised SCOA	Changes
(8 digits; 4 levels) X.X.XXX.XXX	(8 digits; 4 levels) X.X.XXX.XXX	The government and its entities operate a number of Public Funds, which receive funds from a number of sources. In order to ensure that funds are accurately and adequately tracked from the source to any unspent balances at the period end, including balances in special funds, a clear distinction between sources and funds is necessary.
Segment 4 Class/ Budget type (1 digit; 1 level) X	Segment 4 Class/ Budget type (1 digit; 1 level) X	Introduced an additional digit. Elimination of duplicated codes <ul style="list-style-type: none"> No changes made
Segment 5 Programme (10 digits; 4 levels) XX.XX.XX.XXXX	Segment 5 Programme (10 digits; 5 levels) XX.XX.XX.XX.XX	Introduce an Impact Sub-Segment, which will provide Indicators to be tracked against Programmes and facilitate monitoring and evaluation of Programmes during budget execution. PBB documents contain targets for outputs and outcomes of government programmes. The SCOA is expected to facilitate tracking of achievement of these key performance indicators through budget execution.
Segment 6 Economic (7 digits; 5 levels) X.X.X.XX.XX	Segment 6 Economic (7 digits; 5 levels) X.X.X.XX.XX	Provide codes for accrual transactions Align to GFSM 2014 The government is migrating its accounting from IPSAS cash to IPSAS accrual. The new SCOA is expected to support this initiative, as well as streamline statistical reporting per GFSM 2014
Segment 7 Geographical Location (8 digits; 3 levels) XXXX.XX.XX	Segment 7 Geographical Location (8 digits; 3 levels) XXXX.XX.XX	Remains the same as previous until Geographic alignment across spheres of government is completed.
Segment 8 Spare (3 digits; 1 level) XXX	Segment 8 Projects (9 digits; 2 level) XX.XXXX	Repurposed to host GOVERNMENT projects. Projects were coded under the Head sub-segment of the administrative segment.
Null	Spare segment 8 digits; 1 level	Spare segment for future use
Null	Spare segment 8 digits; 1 level	Spare segment for future use

3. *Vote segment*

This segment supports the accountability for public money, both revenues and expenditures. The Ministries, Departments, and Agencies (MDA) are sometimes referred to as Reporting Entities. The accountability for Ministries, Departments, and Agencies (including self-administered and accounting Projects) rests with the Accounting Officer. The Principal Secretary is the Accounting Officer for the State Department.

This segment represents the highest level of financial accountability. Each vote is entitled to a budget in the annual Appropriation Act. Within IFMIS, the Vote segment is referred to as the “balancing segment” and the trial balance is run at this level to enable the preparation of financial statements at the Vote level, which should compare to the Appropriation Act budget approved by Parliament.

3.1. *The structure of the Vote segment*

The Vote Segment has been retained as it was before, where the Votes have been assigned in ranges as follows:

Vote Range	Category of Votes
00000-09999	National Treasury – Consolidated Fund Services Votes
10000-19999	National Government Votes
20000-29999	Constitutional Commissions and Independent Offices Votes
30000-39999	County Government votes
40000-49999	County Government votes
50000-59999	County Government votes
60000-69999	County Government votes
70000-79999	County Government votes
80000-89999	Future votes
90000-99999	Future votes

3.2. High-level Vote segment codes

3.2.1. National Treasury and CFS Codes, Central Government entities, and Independent Commissions

New code	Organization	New code	Organization
00000	National Treasury - Consolidated Fund Services (CFS)	20000	Constitutional Commissions and Independent Offices
00100	Exchequer Operations	20100	The Judiciary
00200	Public Debt	20200	Ethics and Anti-Corruption Commission
00300	Pensions & Gratuities	20300	National Intelligence Service
00400	Salaries and Allowances - Constitutional Office Holders	20400	Office of the Director of Public Prosecutions
00500	Other Services	20500	Office of the Registrar of Political Parties
00600	Subscriptions to International Organizations	20600	Witness Protection Agency
01000	Receivers of Revenue – National Government	20700	Kenya National Commission on Human Rights
01100	Principal Secretary to the National Treasury	20800	National Land Commission
01200	Principal Secretary of the State Department for Land & Physical Planning	20900	Independent Electoral and Boundaries Commission
01300	Principal Secretary to the State Department for Trade	21000	Parliamentary Service Commission
01400	Principal Secretary to the State Department for Internal Security & National Admin	21100	National Assembly
01500	Principal Secretary to the State Department for Mining	21200	Parliamentary Joint Services
01600	Principal Secretary to the National Treasury – Pensions Department	21300	Senate
01700	Director General, Public Investments & Portfolio Management	21400	Judicial Service Commission
01800	Principal Secretary to the State Department for the Blue Economy & Fisheries	21500	Commission on Revenue Allocation
01900	Solicitor General to the State Law Office	21600	Public Service Commission
02000	Business Registration Services	21700	Salaries & Remuneration Commission
02100	The Secretary of Administration to the National Police Service	21800	Teachers Service Commission
02200	Principal Secretary to the State Department for Immigration & Citizen Services	21900	National Police Service Commission
02300	Chief Registrar to the Judiciary	22000	Auditor-General
02400	Principal Secretary to the Ministry of Defense	22100	Controller of Budget
02500	Principal Secretary to the State Department for ASALs	22200	Commission on Administrative Justice
05000	Receivers of Revenue – County Government	22300	National Gender & Equality Commission
10000	National Government Ministries, Departments and Agencies (MDAs)	22400	Independent Policing Oversight Authority
10100	Executive Office of the President		

New code	Organization	New code	Organization
10101	Executive Office of the President		
10102	Office of the Deputy President		
10200	Ministry of Interior and National Administration		
10201	State Department for Internal Security & National Administration		
10202	State Department for Correctional Services		
10203	State Department for Immigration & Citizen Services		
10300	Ministry of Mining, Blue Economy and Maritime Affairs		
10301	State Department for Mining		
10302	State Department for the Blue Economy & Fisheries		
10303	State Department for Shipping & Maritime Affairs		
10400	Ministry of Defense		
10500	Office of the Prime Cabinet Secretary & Ministry of Foreign & Diaspora Affairs		
10501	State Department for Foreign Affairs		
10502	State Department for Diaspora Affairs		
10503	State Department for Parliamentary Affairs		
10600	Ministry of Education		
10601	State Department for Basic Education		
10602	State Department for Technical, Vocational Education, & Training		
10603	State Department for Higher Education & Research		
10700	The National Treasury and Economic Planning		
10701	The National Treasury		
10702	State Department for Economic Planning		
10800	Ministry of Health		
10801	State Department for Medical Services		
10802	State Department for Public Health & Professional Standards		
10900	Ministry of Roads and Transport		
10901	State Department for Roads		
10902	State Department for Transport		
11000	Ministry of Environment, Climate Change & Forestry		
11001	State Department for Environment & Climate Change		

New code	Organization	New code	Organization
11002	State Department for Forestry		
11100	Ministry of Lands, Public Works, Housing and Urban Development		
11101	State Department for Lands & Physical Planning		
11102	State Department for Housing & Urban Planning		
11103	State Department for Public Works		
11200	Ministry of Information, Communications and Digital Economy		
11201	State Department for Broadcasting & Telecommunication		
11202	State Department for ICT & the Digital Economy		
11300	Ministry of Youth Affairs, Creative Economy, & Sports		
11301	State Department for Youth Affairs & Creative Economy		
11302	State Department for Sports		
11400	Ministry of Labor & Social Security		
11401	State Department for Labour & Skills Development		
11402	State Department for Social Protection & Senior Citizens Affairs		
11500	Ministry of Energy and Petroleum		
11501	State Department for Energy		
11502	State Department for Petroleum		
11600	Ministry of Agriculture & Livestock Development		
11601	State Department for Agriculture		
11602	State Department for Livestock Development		
11700	Ministry of Investments, Trade & Industry		
11701	State Department for Investments Promotion		
11702	State Department for Trade		
11703	State Department for Industry		
11800	Ministry of East African Community, the ASALs, & Regional Development		
11801	State Department for East African Community		
11802	State Department for the Asals & Regional Development		
11900	Ministry of Public Service, Performance & Delivery Management		
11901	State Department for Public Service		
11902	State Department for Performance and Delivery Management		

New code	Organization	New code	Organization
12100	State Law Office		
12200	Ministry of Co-operatives & Micro Small & Medium Enterprises		
12201	State Department for Co-operatives		
12202	State Department for Micro, Small & Medium Enterprises		
12300	Ministry of Tourism & Wildlife		
12301	State Department for Tourism		
12302	State Department for Wildlife		
12400	Ministry of Gender, Culture, the Arts & Heritage		
12401	State Department for Gender & Affirmative Action		
12402	State Department for Culture, the Arts & Heritage		
12500	Ministry of Water, Sanitation & Irrigation		
12501	State Department for Water & Sanitation		
12502	State Department for Irrigation		

3.2.2. County Government codes

New code	Organization	New code	Organization
31000	Mombasa County	54200	West Pokot - County Assembly
31100	Mombasa - County Revenue Fund	54300	West Pokot - County Executive
31200	Mombasa - County Assembly	55000	Samburu County
31300	Mombasa - The County Executive	55100	Samburu - County Revenue Fund
32000	Kwale County	55200	Samburu - County Assembly
32100	Kwale - County Revenue Fund	55300	Samburu - County Executive
32200	Kwale - County Assembly	56000	Trans Nzoia County
32300	Kwale - County Executive	56100	Trans Nzoia - County Revenue Fund
33000	Kilifi County	56200	Trans Nzoia - County Assembly
33100	Kilifi - County Revenue Fund	56300	Trans Nzoia - County Executive
33200	Kilifi - County Assembly	57000	Uasin Gishu County
33300	Kilifi - County Executive	57100	Uasin Gishu - County Revenue Fund
34000	Tana River County	57200	Uasin Gishu - County Assembly
34100	Tana River - County Revenue Fund	57300	Uasin Gishu - County Executive

New code	Organization	New code	Organization
34200	Tana River - County Assembly	58000	Elgeyo/Marakwet County
34300	Tana River - County Executive	58100	Elgeyo/Marakwet - County Revenue Fund
35000	Lamu County	58200	Elgeyo/Marakwet - County Assembly
35100	Lamu - County Revenue Fund	58300	Elgeyo/Marakwet - County Executive Administration
35200	Lamu - County Assembly	59000	Nandi County
35300	Lamu - County Executive	59100	Nandi - County Revenue Fund
36000	Taita/Taveta County	59200	Nandi - County Assembly
36100	Taita/Taveta - County Revenue Fund	59300	Nandi - County Executive
36200	Taita/Taveta - County Assembly	60000	Baringo County
36300	Taita/Taveta - County Executive	60100	Baringo - County Revenue Fund
37000	Garissa County	60200	Baringo - County Assembly
37100	Garissa - County Revenue Fund	60300	Baringo - County Executive
37200	Garissa - County Assembly	61000	Laikipia County
37300	Garissa - County Executive	61100	Laikipia - County Revenue Fund
38000	Wajir County	61200	Laikipia - County Assembly
38100	Wajir - County Revenue Fund	61300	Laikipia - County Executive
38200	Wajir - County Assembly	62000	Nakuru County
38300	Wajir - County Executive	62100	Nakuru - County Revenue Fund
39000	Mandera County	62200	Nakuru - County Assembly
39100	Mandera - County Revenue Fund	62300	Nakuru - County Executive
39200	Mandera - County Assembly	63000	Narok County
39300	Mandera - County Executive	63100	Narok - County Revenue Fund
40000	Marsabit County	63200	Narok - County Assembly
40100	Marsabit - County Revenue Fund	63300	Narok - County Executive
40200	Marsabit - County Assembly	64000	Kajiado County
40300	Marsabit - County Executive	64100	Kajiado - County Revenue Fund
41000	Isiolo County	64200	Kajiado - County Assembly
41100	Isiolo - County Revenue Fund	64300	Kajiado - County Executive Committee
41200	Isiolo - County Assembly	65000	Kericho County
41300	Isiolo - County Executive	65100	Kericho - County Revenue Fund

New code	Organization	New code	Organization
42000	Meru County	65200	Kericho - County Assembly
42100	Meru - County Revenue Fund	65300	Kericho - County Executive
42200	Meru - County Assembly	66000	Bomet County
42300	Meru - County Executive	66100	Bomet - County Revenue Fund
43000	Tharaka-Nithi County	66200	Bomet - County Assembly
43100	Tharaka-Nithi - County Revenue Fund	66300	Bomet - County Executive
43200	Tharaka-Nithi - County Assembly	67000	Kakamega County
43300	Tharaka-Nithi - County Executive	67100	Kakamega - County Revenue Fund
44000	Embu County	67200	Kakamega - County Assembly
44100	Embu - County Revenue Fund	67300	Kakamega - County Executive
44200	Embu - County Assembly	68000	Vihiga County
44300	Embu - County Executive	68100	Vihiga - County Revenue Fund
45000	Kitui County	68200	Vihiga - County Assembly
45100	Kitui - County Revenue Fund	68300	Vihiga - County Executive
45200	Kitui - County Assembly	69000	Bungoma County
45300	Kitui - County Executive	69100	Bungoma - County Revenue Fund
46000	Machakos County	69200	Bungoma - County Assembly
46100	Machakos - County Revenue Fund	69300	Bungoma - County Executive
46200	Machakos - County Assembly	70000	Busia County
46300	Machakos - County Executive	70100	Busia - County Revenue Fund
47000	Makueni County	70200	Busia - County Assembly
47100	Makueni - County Revenue Fund	70300	Busia - County Executive
47200	Makueni - County Assembly	71000	Siaya County
47300	Makueni - County Executive	71100	Siaya - County Revenue Fund
48000	Nyandarua County	71200	Siaya - County Assembly
48100	Nyandarua - County Revenue Fund	71300	Siaya - County Executive
48200	Nyandarua - County Assembly	72000	Kisumu County
48300	Nyandarua - County Executive	72100	Kisumu - County Revenue Fund
49000	Nyeri County	72200	Kisumu - County Assembly
49100	Nyeri - County Revenue Fund	72300	Kisumu - County Executive

New code	Organization	New code	Organization
49200	Nyeri - County Assembly	73000	Homa Bay County
49300	Nyeri - County Executive	73100	Homa Bay - County Revenue Fund
50000	Kirinyaga County	73200	Homa Bay - County Assembly
50100	Kirinyaga - County Revenue Fund	73300	Homa Bay - County Executive
50200	Kirinyaga - County Assembly	74000	Migori County
50300	Kirinyaga - County Executive	74100	Migori - County Revenue Fund
51000	Murang'a County	74200	Migori - County Assembly
51100	Murang'a - County Revenue Fund	74300	Migori - County Executive
51200	Murang'a - County Assembly	75000	Kisii County
51300	Murang'a - County Executive	75100	Kisii - County Revenue Fund
52000	Kiambu County	75200	Kisii - County Assembly
52100	Kiambu - County Revenue Fund	75300	Kisii - County Executive
52200	Kiambu - County Assembly	76000	Nyamira County
52300	Kiambu - County Executive	76100	Nyamira - County Revenue Fund
53000	Turkana County	76200	Nyamira - County Assembly
53100	Turkana - County Revenue Fund	76300	Nyamira - County Executive Office
53200	Turkana - County Assembly	77000	Nairobi City County
53300	Turkana - County Executive	77100	Nairobi City - County Revenue Fund
54000	West Pokot County	77200	Nairobi City - County Assembly
54100	West Pokot - County Revenue Fund	77300	Nairobi City - County Executive

3.3. How the Vote segment works

This segment is used primarily for the generation of reports. For processing transactions through the SCOA, it has been replicated into the administrative segment, in which it forms the first sub-segment. Heads/Departments and Sub-Heads / Cost Centers have been assigned to form complete administrative unit codes.

See details about the administrative segment in the next section.

3.4. Examples

From **Box 1: Sample transaction**, record the Vote implementing the transaction as follows:

11601 State Department for Agriculture

Segments	No. of digits								
Source of Funds	8	X.X.XXX.XXX							
Class	1	X.X.XXX.XXX	X						
Vote	5	X.X.XXX.XXX	X	11601					
Administrative	10				XXXXX.XXX.XX				
Programme	8					XX.XX.XX.XX			
Project	9						XX.XXXX.XXX		
Geographical Location	8							XXXX.XX.XX	
Economic	7								X.X.X.XX.
Extended Reporting	4								

4. Administrative segment

The administrative classification is an extension of the Vote segment. It identifies the administrative units within a particular Vote responsible for public expenditure and day-to-day administration of the budget. Whereas the accounting officer is responsible for overall financial accountability at the Vote level, the responsibility is ordinarily delegated to departments, project coordinators, and fund administrators as the case may be.

4.1. The structure of the administrative segment

The administrative segment has three levels and ten digits and the structure is as follows:

Segments	Sub-Segments	Definition & Content	No. of levels	No. of digits
Vote & Administrative		<ul style="list-style-type: none">Represents the administrative responsibilities within MDAs & Counties, i.e. to which administrative unit and cost/revenue centre is the transaction allocated.	3	10
	Vote	<ul style="list-style-type: none">List of NGEs and CGEs with accounting officers which get appropriations from the National Parliament or County Assemblies		5
	Head	<ul style="list-style-type: none">Represents the service delivery departments.		3
	Subhead/ Cost center	<ul style="list-style-type: none">This is the lowest level unit of spending.		2

The old administrative segment includes development projects, Funds and other units, which are self-accounting and self-reporting, and require to generate separate financial statements. This arrangement has not been retained in the new SCSA. For self-reporting Projects, a separate segment 7 has been added.

Going by the strategic direction of the government, i.e. the formation of a PIM Unit in the National Treasury and investment in project management and M&E systems, self-reporting projects must have a separate standalone project segment as per the PBB manual.

4.2. How the Administrative segment works

By selecting a code in the administrative segment during transaction processing, users assign their specific transactions to the relevant Votes, Departments, and Cost centers.

4.3. Examples

From **Box 1: Sample transaction**, record the Administrative Unit implementing the transaction as follows:

11601 State Department for Agriculture
010 Headquarters Land and Crop Development Services
01 Headquarters

Segments	No. of digits								
Source of Funds	8	X.X.XXX.XXX							
Class	1	X.X.XXX.XXX	X						
Vote	5	X.X.XXX.XXX	X	XXXXX					
Administrative	10	X.X.XXX.XXX	X	XXXXX	11601.010.01				
Programme	8					XX.XX.XX.XX			
Project	9						XX.XXXX.XXX		
Geographical Location	8							XXXX.XX.XX	
Economic	7								X.X.X.XX.
Extended Reporting	4								

5. Sources of Fund Segment

This segment delineates the sources of funding for the Government. It facilitates the tracking of revenues and expenditures categorized by source and type of funding. This is a transactional segment that pertains to other revenues (inflows) and expenditures (outflows).

5.1. Resources are broadly classified into Domestic and External categories. Domestic resources are generated locally through the Government's domestic revenue-raising mechanisms, whereas External resources consist of grants or loans provided by the Government's development partners. The structure of the Sources of Fund segment

The segment has four levels and eight digits. Its structure is as follows:

Segments	Sub-Segments	Definition & Content	No. of levels	No. of digits
Source of Funds		Identifies the Sources of Funds for Government, i.e. against which source of funding is the payment allocated, and from which source is revenue received	4	8
	Broad Source	Categorizes sources into Domestic and External		1
	Mode	Categorizes sources into National, County / Grants, and Loans		1
	Specific Source	Identifies specific sources of funds, e.g. revenue, own source revenue, loans, and grants. It identifies the specific donor.		3
	Donor Facility	Identifies the specific funding facility that a donor is using.		3

5.2. High-level Source of Funds codes

Code	Level		
	1	2	3
10000000	Domestic sources		
11000000		National Government entities	
11010000			Consolidated Fund (Exchequer)
11020000			Internally Generated Revenue (Local AIA)
12000000		County Government entities	
12010000			County Revenue Fund
12020000			Internally Generated Revenue (Local AIA)
20000000	External sources –		
21000000		Grants	
21100000		Bilateral Development Partners	
21130000			Government of Denmark (DENMARK)
21131000			Government of Norway (NORWAY)
21132000			Government of Netherlands (NETHERLANDS)
21133000			Government of Sweden (SWEDEN)
21134000			Government of Switzerland (SWITZERLAND)
21135000			Government of Finland (FINLAND)
21136000			Government of Belgium (BELGIUM)
21137000			Government of Luxembourg/Ireland
21138000			Government of Greece
21139000			Government of Italy (ITALY)
21140000			Government of Spain (SPAIN)
21141000			Government of Austria
21142000			Government of Germany (KFW-GERMANY)
21143000			Government of Germany (GIZ-GERMANY)
21144000			Government of France (AFD-FRANCE)
21145000			Government of Iran
21146000			Kuwait Fund for Arab Development (KUWAIT)
21147000			Saudi Fund for Development (SAUDI ARABIA)
21148000			Abhu Dhabi Fund
21149000			Government of Japan (JAPAN)
21150000			Government of Australia
21151000			Government of India (INDIA)
21152000			Government of South Korea (SOUTH KOREA)
21153000			Government of China (CHINA)
21154000			Government of Pakistan
21155000			Government of Thailand

Code	Level		
	1	2	3
21156000			Government of Malaysia
21157000			Government of Philippines
21158000			Government of Canada (CANADA)
21159000			Government of United States of America (USAID/USA)
21160000			US Embassy
21161000			Rockefeller Foundation (ROCKEFELLER FDN)
21162000			FORD Foundation (FORD)
21163000			Baylor College of Medicine USA (BCM (USA)
21164000			International Development Research Center (IDRC)
21165000			Clinton Foundation (CLINTON FDN)
21166000			United States Trade & Development (UST&D)
21167000			United Kingdom (DFID-UK)
21168000			OXFAM – UK
21169000			KBC-Bank Belgium
21200000			Multilateral Development Partners
21201000			International Development Association (WORLD BANK/IMF)
21202000			Global Environmental Trust Fund (GETF)
21203000			Global Fund
21204000			African Union (AU)
21205000			European Development Fund (EDF/EEC)
21206000			European Investment Bank (EIB)
21207000			Intergovernmental Authority on Development (IGAD)
21208000			Common Market for Eastern and Southern Africa (COMESA)
21209000			Economic Commission of Africa
21210000			African Development Fund (ADB/ADF)
21211000			Islamic Development Bank
21212000			Arab Bank for Economic Development in Africa (BADEA)
21213000			Organization of Petroleum Exporting Countries (OPEC)
21214000			United Arab Emirates
21215000			Catholic Relief Services (CRS)
21216000			International Labour Organization (ILO)
21217000			United Nations Development Programme (UNDP)
21218000			United Nations Fund for Population Activities (UNFPA)
21219000			United Nations Industrial Development Organization (UNIDO)
21220000			United Nations Environmental Programme (UNEP)
21221000			United Nations International Children's Education Fund (UNICEF)
21222000			World Food Programme (WFP)
21223000			Global Alliance Vaccine Initiative (GAVI)
21224000			Food and Agricultural Organization (FAO)
21225000			International Fund for Agricultural Development (IFAD)
21226000			Nordic Development Fund (NDF)
21227000			Investment Climate Facility (ICF)
21228000			Alliance For a Green Revolution in Africa (AGRA)

Code	Level		
	1	2	3
21300000		Commercial	
Code	Level		
	1	2	3
20000000	External sources –		
22000000		Loans	
22100000		Bilateral Development Partners	
22101000			Government of Denmark (DENMARK)
22102000			Government of Norway (NORWAY)
22103000			Government of Netherlands (NETHERLANDS)
22104000			Government of Sweden (SWEDEN)
22105000			Government of Switzerland (SWITZERLAND)
22106000			Government of Finland (FINLAND)
22107000			Government of Belgium (BELGIUM)
22108000			Government of Luxembourg/Ireland
22109000			Government of Greece
22110000			Government of Italy (ITALY)
22111000			Government of Spain (SPAIN)
22112000			Government of Austria
22113000			Government of Germany (KFW-GERMANY)
22114000			Government of Germany (GIZ-GERMANY)
22115000			Government of France (AFD-FRANCE)
22116000			Government of Iran
22117000			Kuwait Fund for Arab Development (KUWAIT)
22118000			Saudi Fund for Development (SAUDI ARABIA)
22119000			Abhu Dhabi Fund
22120000			Government of Japan (JAPAN)
22121000			Government of Australia
22122000			Government of India (INDIA)
22123000			Government of South Korea (SOUTH KOREA)
22124000			Government of China (CHINA)
22125000			Government of Pakistan
22126000			Government of Thailand
22127000			Government of Malaysia
22128000			Government of Philippines
22129000			Government of Canada (CANADA)
22130000			Government of United States of America (USAID/USA)
22131000			US Embassy
22132000			Rockefeller Foundation (ROCKEFELLER FDN)
22133000			FORD Foundation (FORD)
22134000			Baylor College of Medicine USA (BCM (USA)
22135000			International Development Research Center (IDRC)

Code	Level		
	1	2	3
22136000			Clinton Foundation (CLINTON FDN)
22137000			United States Trade & Development (UST&D)
22138000			United Kingdom (DFID-UK)
22139000			OXFAM – UK
22200000		Multilateral Development Partners	
22201000			International Development Association (WORLD BANK/IMF)
22202000			Global Environmental Trust Fund (GETF)
22203000			Global Fund
22204000			African Union (AU)
22205000			European Development Fund (EDF/EEC)
22206000			European Investment Bank (EIB)
22207000			Intergovernmental Authority on Development (IGAD)
22208000			Common Market for Eastern and Southern Africa (COMESA)
22209000			Economic Commission of Africa
22210000			African Development Fund (ADB/ADF)
22211000			Islamic Development Bank
22212000			Arab Bank for Economic Development in Africa (BADEA)
22213000			Organization of Petroleum Exporting Countries (OPEC)
22214000			United Arab Emirates
22215000			Catholic Relief Services (CRS)
22216000			International Labour Organization (ILO)
22217000			United Nations Development Programme (UNDP)
22218000			United Nations Educational, Scientific and Cultural Organization (UNESCO)
22219000			United Nations Fund for Population Activities (UNFPA)
22220000			United Nations Industrial Development Organization (UNIDO)
22221000			United Nations Environmental Programme (UNEP)
22222000			United Nations International Children's Education Fund (UNICEF)
22223000			World Food Programme (WFP)
22224000			Global Alliance Vaccine Initiative (GAVI)
22225000			Food and Agricultural Organization (FAO)
22226000			International Fund for Agricultural Development (IFAD)
22227000			Nordic Development Fund (NDF)
22300000		Commercial	

5.3. *How the Sources of Funds segment works*

By selecting a code in this segment, users identify the Source from where funds are received, or from where funds to support a particular expense for other recurrent and development are obtained.

5.4. *Examples*

From **Box 1: Sample transaction**, record the source of funds for the transaction as follows:

2	External sources
1	Grants
1	Bilateral Development Partners
67	United Kingdom (DFID-UK)
017	Tackling Chronic Poverty

6. Class segment

Also known as the Budget Type segment, the Class segment is transactional. It is used to identify the various categories of budget. Budgets broadly fall under the following categories:

Revenue Budget – identifies budgeted receipts anticipated to be collected through other Exchequer and Appropriation–in-Aid (AIA), which represents domestic and external revenues collected directly by Agencies.

Expenditure Budget – these codes identify **recurrent and development budgets** as required by the PFM Act. The Government's National and Counties Budgets have always been categorized into Recurrent or Development. This feature has been retained in the new SCOA.

County Government allocations: These codes are used to denote funds transferred to County Governments from the National Treasury

Funds and Deposits (Below the line (BTL) items) – This denotes transactions held for specific purposes not derived from the Estimates of Expenditure/ Appropriation Act i.e. the Budget. Identification of such transactions is important for accounting purposes and includes trust funds, third-party deposits, imprests, etc. Cash transfers, which do not affect appropriated items are also classified as BTL items. This feature exists in the current chart of accounts and has also been retained in the new SCOA.

6.1. The structure of the Class segment

This segment has the following structure:

Segments	Sub-Segments	Definition & Content	No. of levels	No. of digits
Class	0	- Distinguishes the type of budget against which a transaction is performed – revenue budget, recurrent budget, and development budget. It also enables the identification of transactions that do not affect the budget	1	1

6.2. How the class segment works

Users identify the budget being affected by the transaction they are posting by making a selection in this segment.

	A	B	C	D
	Old code	New code	Description	Guidance
1				
2	0	0	Recurrent Expenditure	Use this code while processing transactions on the recurrent budget. [Refer: SCOA Manual: recurrent and development]
3	1	1	Development Expenditure	Use this code while processing transactions on the development budget. [Refer: SCOA Manual: recurrent and development]
4	2	2	Revenue	Use this code while processing transactions on the revenue budget. [Refer: SCOA Manual: class segment]
5	3	3	County Allocation	Use this code while transferring funds to the county governments. [Refer: SCOA Manual: class segment]
6	4	4	Funds & Deposits (BTL)	Use this code while processing unappropriated authorised transactions. [Refer: SCOA Manual: class segment]
7				

6.3. Examples

From **Box 1: Sample transaction**, record the budget class for the transaction as follows:

1 Development Expenditure

Segments	No. of digits								
Source of Funds	8	X.X.XXX.XXX							
Class	1	X.X.XXX.XXX	1						
Vote	5			XXXXX					
Administrative	10				XXXXX.XXX.XX				
Programme	8					XX.XX.XX.XX			
Project	9						XX.XXXX.XXX		
Geographical Location	8							XXXX.XX.XX	
Economic	7								X.X.X.XX.
Extended Reporting	4								

6.4. Distinguishing between recurrent and development expenditure

a) Introduction and laws governing the classification of development and recurrent expenditure

The Constitution of Kenya 2010 introduces the terms development and recurrent expenses in Kenya's PFM systems. Article 220 of the Constitution requires that budgets of the national and county governments shall contain estimates of revenue and expenditure, differentiating between recurrent and development expenditure.

Section 2 of the PFM Act, 2012, defines what is recurrent and development expenditure as follows:

Recurrent expenditure - refers to expenditure that is incurred in operating the services provided by the governments at national and county level.

Development expenditure - refers to expenditure for the creation or renewal of assets.

Further, Section 15 (2) requires that the National Treasury enforce fiscal discipline. The elements of fiscal discipline include amongst other requirements:

- i. Over the medium term a minimum of thirty percent of the national and county government's budget shall be allocated to the development expenditure;
- ii. over the medium term, the National Government's borrowings shall be used only for financing development expenditure and not for recurrent expenditure;

-
- iii. the requirement that grants be used only to finance programmes within the integrated development plan in other words only for development purposes.

The Act further requires that all budget estimates must present their planned expenditure by vote and by Programme, clearly identifying other recurrent and development expenditures.

Regulation 41 of the PFM (National Government) Regulations, 2015, further clarifies that budget estimates must be prepared, accounted for, and reported per the government of Kenya budget classification and chart of accounts issued by the National Treasury. As regards budgetary reallocations, it is a requirement that we cannot reallocate funds between recurrent and development e.g. from development to recurrent expenditure, or even within recurrent expenditure items e.g. from wage to non-wage expenditure.

Further, the regulations require that where the Constitution or an Act of Parliament provides for some specific categories of expenditure to be a direct charge on the Consolidated Fund, such expenditures shall be included in the recurrent budget estimates of the National Government as part of the Consolidated Fund Services.

b) What is Recurrent Expenditure?

The National Treasury defines recurrent expenditures as cash outflows incurred in the operation of services provided by the government. The government operates at two levels: national and county. Recurrent expenditures do not lead to the acquisition of long-term assets; rather, they are essential for ongoing operations and maintenance. These expenditures encompass personal emoluments, fuel, insurance, rent, subsistence allowances, and similar costs.

Theoretically, these expenditures do not directly contribute to the economic development of the country. As previously mentioned, consolidated fund services, as defined by the Constitution and the Public Finance Management (PFM) Act, are classified as non-developmental or recurrent expenditures. This category includes pensions for retirees, debt repayments, and salaries for constitutional officeholders.

c) What is Development Expenditure?

Development expenditure is characterized as capital expenditure, encompassing costs associated with the acquisition of assets that provide services over the medium to long term, specifically beyond one year. Historically, development expenditure has encompassed both capital and recurrent expenditures; however, it is essential that development expenditure is fundamentally capital in nature. The Public Finance Management (PFM) Act of 2012 explicitly defines development expenditure as 'capital' expenditure, indicating that the two terms should be interpreted as synonymous within Kenyan budgetary documentation. Furthermore, developmental expenditure pertains to government spending that facilitates economic development by enhancing production and increasing the real income of the nation. .

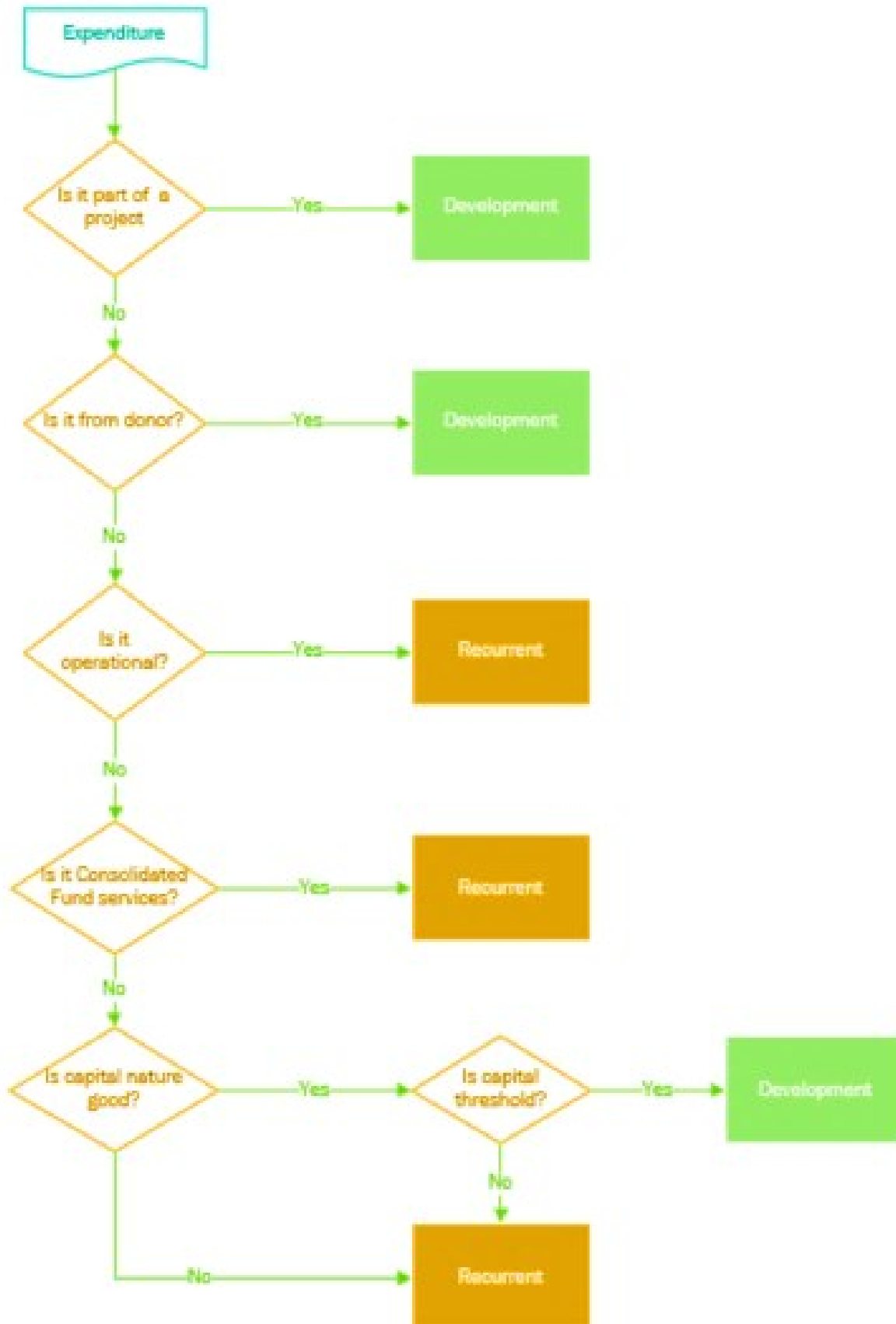
d) Decision table about what is recurrent and what is development

- The decision on whether to classify an item as development or expenditure is based on the characteristics of the expenditure and is guided by law or policy.
- The table below summarizes decision points derived from the characteristics of recurrent and development expenditure as explained above and from our engagement of various stakeholders involved in the PFM cycle.

Decision point	Yes	Conclusion
1. Is the expenditure for consolidated fund services? I.e. pension, loan repayment etc.	√	Recurrent
2. Is the expenditure or operational activity for the general provision of government services?	√	Recurrent
3. Is the expenditure of a capital nature? i.e. does the expenditure result in the development of medium to long-term assets?	√	Development
4. If the expenditure is for a capital asset, does the amount meet the capitalization policy?	√	Development
5. Is the expenditure funded by a development partner? Grant or loan?	√	Development
6. Does the expense help directly in the economic development of the country? i.e. a project with activities, targets, set objectives, and outcomes?	√	Development
7. Does the expenditure provide social and community services, economic services, and developmental assistance to lower-level governments?	√	Development
8. Does the expenditure have definite objectives including a target to achieve during the financial year?	√	Development

e) Decision tree about what is recurrent and what is development

The purpose of the decision tree below is to provide a user-friendly practical guide to practitioners in deciding whether to classify an item as development or recurrent.



7. Programme segment

7.1. Budgeting and Budget Process:

Government budgeting encompasses the strategic allocation and utilization of resources, alongside the critical decisions regarding the acquisition of these resources. This process is integral to the public sector, which is predominantly financed through mandatory contributions, such as taxes. In essence, government budgeting—commonly referred to as 'budgeting'—involves the systematic distribution of resources aimed at delivering services and transfers on a non-market basis. The term 'non-market' signifies that these services are provided either at no cost or at a substantially reduced price.

The government budget functions as a comprehensive financial plan that encompasses public sector agencies, including Ministries, Departments and Agencies (MDAs), which predominantly depend on tax revenue. Generally, it excludes public corporations, as they tend to manage their finances with greater autonomy.

The preparation and enactment of the budget constitute a critical phase in the budgetary process, during which the government allocates financial resources to various Ministries, Departments, and Agencies (MDAs) as well as designated purposes. This allocation is formally articulated through the Public Finance Management Act of 2012 and its accompanying regulations, which are established by the Parliament.

7.2. Programme-Based Budgeting (PBB)

In compliance with Section 38 (v) of the Public Finance Management Act, 2012, all anticipated expenditures to be allocated by the National Assembly must be presented by vote and by program, ensuring a clear differentiation between recurrent and development expenditures. This framework emphasizes the importance of linking funding to results through the utilization of performance indicators, evaluations, and cost analysis. Within the context of Programme-Based Budgeting, the allocation of resources is intricately aligned with results, thereby underscoring the significance of outputs and outcomes to ensure both efficiency and effectiveness.

Outcomes pertain to the long-term effects on individuals, society, or the environment that arise from public programs, whereas outputs signify the tangible goods or services provided by these initiatives. Efficiency is characterized as the capacity to attain desired outcomes at the minimal feasible cost while upholding quality standards. Performance Indicators are quantitative metrics employed to monitor progress, which can be classified into input, output, efficiency, quality, and outcome indicators.

Programme-Based Budgeting differs from traditional line-item budgeting in several key ways:

- 1. Emphasis on Outcomes** – Traditional budgeting generally allocates resources based on historical expenditures and inputs, including salaries, equipment, and operational costs. In contrast, Performance-Based Budgeting (PBB) establishes a direct correlation between funding and measurable outcomes, such as program effectiveness and operational efficiency.
- 2. Expenditure Prioritization** – Traditional line-item budgeting frequently focuses on incremental adjustments based on prior years, resulting in inflexible allocations. In contrast, PBB rigorously assesses priorities, ensuring that resources are directed towards the most effective and impactful programs.
- 3. Flexibility in Resource Management** – PBB empowers managers with increased flexibility in resource allocation, prioritizing the attainment of strategic objectives over adherence to rigid expenditure classifications.
- 4. Use of Performance Indicators** – In contrast to conventional budgeting, which primarily focuses on financial compliance, PBB integrates various indicators—such as outputs, outcomes, and efficiency measures—to evaluate effectiveness and inform funding decisions.

5. Accountability and Transparency – By emphasizing measurable outcomes, performance budgeting strengthens accountability by necessitating that agencies substantiate their expenditures in relation to their impact.

7.3. The structure of the Programme segment

The program segment consists of five levels and ten digits, structured as follows:

Segments	Sub-Segments	Definition & Content	No. of levels	No. of digits
Programme		- Provides for classification of expenditures by programmes and sub-programmes, i.e. against which GOVERNMENT Programme/ Sub-Programme is the transaction recorded	5	10
	Sector	- MTEF sectors as derived from COFOG		2
	Programme	- Facilitates Programme Based Budgeting, execution, and reporting of programmes and sub-programmes.		2
	Sub-Programme			2
	Input			2
	Indicators			2

7.4. Distinguishing between Programmes and Projects

Understanding the distinction between programs and projects is essential for comprehending Programme-Based Budgeting (PBB), which can be delineated as follows:

1. **Definition & Scope:**
 - A *programme* is a coordinated set of related projects designed to achieve broader strategic objectives. It provides an overarching structure and direction.
 - A *project* is a temporary initiative with a defined start and end, focused on delivering specific outputs within a programme.
2. **Purpose & Objectives:**
 - Programmes align multiple projects to achieve overarching goals, ensuring synergy and efficient resource use.
 - Projects aim to deliver defined outputs or results within a constrained timeline and budget.
3. **Duration & Flexibility:**
 - Programmes are typically long-term and evolve over time based on strategic shifts.
 - Projects have fixed deadlines and are executed according to predefined plans.
4. **Management & Governance:**
 - Programmes require strategic oversight, ensuring projects contribute to broader objectives.
 - Projects are managed on an operational level, focusing on execution, milestones, and deliverables.
5. **Impact & Outcomes:**
 - A programme aims for holistic impact—policy implementation, structural improvement, or sectoral growth.
 - A project delivers tangible outputs—construction of infrastructure, development of a new system, or execution of a policy initiative.

7.5. How the Programme segment works

The structure of the programme and its sub-programmes is hierarchical in nature. Key performance indicators are utilized to monitor contributions to the overall outputs and outcomes of both the programme and its sub-programmes. Typically, each programme consists of multiple sub-programmes; however, it is essential for every programme to include at least one sub-programme. The guidelines for the formulation of Programmes and Sub-Programmes will be incorporated into the Annual MTEF Treasury Circulars. When a new Programme is proposed, it is essential to include

at least one corresponding Sub-Programme. Requests for the establishment of a new Programme or Sub-Programme should be directed to the Budget Department and must include the following pertinent information:

- Title of the New Program and Detailed Narrative Description
- The Program's policy objective and measurable Outputs and outcomes that can be effectively evaluated
- Title of New Sub-Programme and Detailed Narrative Description
- COFOG Classification
- Outputs, Performance Indicators, and Medium-Term Targets
- Activity Name, Description, and Details of Contributing Outputs

The following outlines the structured numbering for the segment, accompanied by illustrative coding derived from the Agriculture, Rural, and Urban Development sector.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	
	Old Code	Sector	Programme	SubProgram	Indicators	New Code									Guidance
1	0100000	1	0	0	0	0	0	0	0	10000000	Agriculture, Rural & Urban Development				
2	0106000/ 0107000/ 0117000	1	0	0	1	0	0	0	0	10010000	General Administration Planning and Support Services				
3	0106010/ 0117010/ 0120010	1	0	0	1	0	1	0	0	10010100	General Administration Planning & Support Services				
4	Null	1	0	0	1	0	1	0	1	10010101	Agricultural Research policies developed				
5	Null	1	0	0	1	0	1	0	2	10010102	research programs supported				
6	Null	1	0	0	1	0	1	0	3	10010103	compliance of expenditure within set budgetary ceiling				
7	Null	1	0	0	1	0	1	0	4	10010104	quarterly reports				
8	Null	1	0	0	1	0	1	0	5	10010105	policy and strategy implementation.				
9	Null	1	0	0	1	0	1	0	6	10010106	financial and non financial reports				
10	Null	1	0	0	1	0	1	0	7	10010107	Financial Services				
11	Null	1	0	0	1	0	1	0	8	10010108	Employee and customer satisfaction				
12	Null	1	0	0	1	0	1	0	9	10010109	Monitoring and evaluation				
13	Null	1	0	0	1	0	1	1	0	10010110	Term supply contracts procured				
14	Null	1	0	0	1	0	1	1	1	10010111	Monitoring and evaluation				
15	Null	1	0	0	1	0	1	1	2	10010112	Policies formulated				
16	Null	1	0	0	1	0	1	1	3	10010113	Survey on Mapping of local innovative building materials in Kenya				
17	Null	1	0	0	1	0	1	1	4	10010114	Buildings Safety Testing and Quality Assurance				
18	Null	1	0	0	1	0	1	1	5	10010115	works designs completed				
19	Null	1	0	0	1	0	1	1	6	10010116	Percentage score in employee satisfaction survey				
20	Null	1	0	0	1	0	1	1	7	10010117	monitoring and evaluation reports				
21	Null	1	0	0	1	0	1	1	8	10010118	staff sensitized on HIV and AIDS				
22	Null	1	0	0	1	0	1	1	9	10010119	Quarterly Financial Reports prepared				
23	Null	1	0	0	1	0	1	2	0	10010120	Final Accounts and quarterly financial statements prepared				
24	0106020	1	0	0	1	0	2	0	0	10010200	Procurement, Warehousing and Supply				
25	Null	1	0	0	1	0	2	0	1	10010201	Rehabilitation of Supplies branch				
26	Null	1	0	0	1	0	2	0	2	10010202	County Government Headquarters completed				
27	0107010	1	0	0	1	0	3	0	0	10010300	Agricultural Policy, Legal and Regulatory Frameworks				
28	Null	1	0	0	1	0	3	0	1	10010301	Staff skills and competences improved				

The first two digits is the sector: Agriculture, Rural and Urban Development, the **second two digits:** Programme: General Administration, Planning and Support Services, **third two digits:** Sub-programme, General Administration, Planning and Support Services and Procurement, Warehousing and Supply, the **fourth two digits:** Key Performance Indicators for e.g.: Buildings, Safety testing and Quality Assurance and Rehabilitation of Supplies Branch.

By selecting a code in this segment, each transaction is assigned the programme, sub-programme, and key performance indicators that relate to it. This achieves the benefit of linking the government's actual expenditure to its KPIs and strategic objectives.

7.6. COFOG Functional Classification

The Classification of the Functions of Government (COFOG) is a standardized system developed by the United Nations Statistical Division to categorize government activities based on their purpose. It is widely used for analyzing public expenditure and policy-making. COFOG has three levels of detail:

- Divisions: Broad objectives of government, such as health, education, or defense.
- Groups: Subcategories within divisions, detailing specific areas of focus.
- Classes: Further breakdown of groups into detailed activities.

The 10 functional classifications divisions are listed below: Further detailed guidance is provided in the GFS Manual 2014.

General public services

Refer to the administration, operation, or support of executive and legislative organs, financial and fiscal affairs, and external affairs. It also includes foreign economic aid to developing countries and economic aid routed through international organizations. This category further provides for general services such as personnel services, overall planning and statistical services, and basic research and research and development (R&D) in the general public service.

Defense

This includes administration, operation, and support of military and civil defense, and the operation of military aid missions accredited to foreign governments or attached to international military organizations. Applied R&D related to defense is also included.

Public order and safety

This covers police services, fire protection services, justice, and law courts, prisons, and related R&D.

Economic Affairs

Covers government spending associated with the regulation and more efficient operation of the business sector. This category incorporates general economic affairs, commercial and labor affairs, agriculture, forestry, fishing and hunting, fuel and energy, mining manufacturing and construction, transport, communication, and related R&D.

Environmental affairs

This relates to the protection of biodiversity and landscape – the protection of habitats including the management of natural parks and reserves, waste management, wastewater management, pollution abatement, and related R&D.

Housing and community amenities

This includes the administration of housing and community development affairs and services, water supply, street lighting, and related R&D.

Health

This includes spending on services provided to individual persons and services provided on a collective basis. This specific function diverges from GFSM2001, as agreed between the Government and the World Bank. The functional groups used are Primary; Secondary; and Tertiary Health care.

Recreation and Culture

This is provided to the community through recreational and sporting services, cultural services, broadcasting and publishing services, and other community services. The function also covers related R&D.

Education

This includes spending on services provided to individual pupils and students and services provided on a collective basis. It includes pre-primary, primary, secondary, and tertiary education, as well as subsidiary services to education and related R&D.

Social protection

This covers services supplied directly to communities, households or individuals, and includes transfers for sickness and disability, old age, survivors, family and children, unemployment, support to households to meet the cost of housing, and related R&D.

As an extension of the purpose of spending prescribed through the Government programmes and sub-programmes, the COFOG (**Classification of Outlays by Functions of Government**) classification provides an international standard of functional classification. The COFOG classification is mapped in the system and is therefore applied automatically when entering the sub-programme; so, it is not necessary to enter this classification against the respective transaction. The COFOG mapping will be made when creating a new sub-programme and will be made at the COFOG Group (level 2) classification.

This is an extension of programme segment 5 – each sub-programme is mapped to a specific COFOG to aid reporting under GFSM 2014. It identifies the purpose of spending e.g. Health, Education, Development of Economy, etc., and supports policy analysis and alignment of implementation with policy. Reporting under COFOG supports international comparisons of spending between Governments. It ignores Organizational administrative boundaries and changes in ministry structures.

The functional classification is complementary to the Economic Classification. It serves to distinguish transactions by policy purpose or type of outlay. This is also referred to as expense by output. Its main purpose is to facilitate understanding of how funds available to the government have been spent. COFOG permits trends in government outlays on particular functions or purposes to be examined over time.

COFOG is detailed in three levels: Division, Group, and Class. The Government has opted to classify its expenditure into the first two levels of functions i.e. Division and Group. The sub-programmes are mapped to the COFOG Group (level 2). This provides analysis by COFOG Group without users needing to enter this information against transactions.

7.7. Mapping of Sub-COFOG Functional Classification

Policies are formulated largely on economic sectoral and functional lines. Programmes are generally quite large and will comprise multiple functional (COFOG Group - Classification of Outlays by Function of Government) classifications. Within the system, Sub-Programmes will be mapped to the COFOG-Group. When establishing a new Sub-Programme, it will be necessary to categorize the Sub-Programme according to its COFOG Group classification.

When setting up a new Sub-Programme, the Programme manager will liaise with the Budget Department to agree on the appropriate COFOG Division and Group; this will be based on the functional nature of the Sub-Programme. It is mandatory to provide the appropriate COFOG Group when setting up a new Sub-Programme.

There may be occasions where a Sub-Programme cuts across more than one COFOG Group. In these instances, following GFSM 2014, the Sub-Programme can be mapped (i) either to the largest COFOG Group or (ii) Apportioned on a percentage basis between the COFOG Groups.

Summarized overleaf is a mapping of i) COFOG to MTEF and ii) MTP to MTEF.

CLASSIFICATION OF FUNCTIONS OF THE GOVERNMENT(COFOG)	MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF SECTORS)	MEDIUM TERM PLAN (MTP SECTORS)
1. Economic Affairs	a. Agriculture, Rural and Urban Development	1) Agriculture, Livestock & Fisheries 2) Population, Urbanization and Housing
	b. Energy, Infrastructure, and ICT	3) Business Process Outsourcing & ITES 4) Oil and Other Mineral Resources (<i>Added during MTPII</i>)
	c. General Economic and Commercial Affairs	5) Manufacturing 6) Tourism 7) Trade 8) Financial Services
2. Health	d. Health	9) Health
3. Education	e. Education	10) Education and Training
4. Public Sector & Safety	f. Governance, Justice, Law and Order	11) Governance and the Rule of Law
5. General Public Service	g. Public Administration and International Relations	12) Devolution
6. Defense	h. National Security	<i>-Considered as an enabler and not a sector under MTP</i>
7. Recreation, Culture, and Social Protection	i. Social Protection, Water and Natural Resources	13) Gender, Youth and Vulnerable Groups 14) Sports, Culture, and Arts
8. Community Amenities	j. Environment Protection, Water and Natural Resources	15) Environment, Water and Sanitation

7.8. Examples

From **Box 1: Sample transaction**, specify the Sector, Programme, Sub-Programme, and Indicators served by the transaction as follows:

10 Agriculture, Rural & Urban Development
 07 Crop Development and Management
 01 Land and Crops Development
 20 yields of products in supported value chains

Segments	No. of digits								
Source of Funds	8	X.X.XXX.XXX							
Class	1	X.X.XXX.XXX	X						
Vote	5	X.X.XXX.XXX	X	XXXXX					
Administrative	10	X.X.XXX.XXX	X	XXXXXX	XXXXXX.XXX.XX				
Programme	8	X.X.XXX.XXX	X	XXXXXX	XXXXXX.XXX.XX	10.07.01.20			
Project	9						XX.XXXX.XXX		
Geographical Location	8							XXXX.XX.XX	
Economic	7								X.X.X.XX.
Extended Reporting	4								

8. *Project segment*

A separate segment for Projects has been created. Projects will be linked to implementing Ministries through the Vote and Admin segments, but they will not be hard coded per ministry as is the current setup.

This segment should be used to capture all projects, namely Government of Kenya-funded projects and Donor-funded projects.

8.1. *The structure of the Project segment*

The project segment has three levels and nine digits. The 9-digit project code includes 2 digits representing the year of project agreement, 4 digits for specific project code, and the last 3 digits representing a Project's components.

The structure of the segment is as follows:

Segments	Sub-Segments	Definition & Content	No. of levels	No. of digits
Project		- Provides for classification of expenditures by projects, i.e. against which GOVERNMENT Project is the transaction recorded	3	9
	Year of inception	-		2
	Project	-		4
	Component	-		3

8.2. High-level project segment codes

New code	1	2
100000000	FY	2009/2010
100001000		Kenya Agricultural Productivity & Sustainable Land Management Project
100002000		Kenya's Adaptation to Climate Change in Arid and Semi-Arid
100003000		SHDP Small-Scale Horticulture Development Project
100004000		Eastern African Agriculture Productivity Project (EAAPP)
100005000		Mainstreaming Sustainable Land Management (SLM) in Agro Pastoral Production
100006000		Health Sector Support Project (Component 1)
100007000		
100008000		Regional Pastoral Livelihood Resilience Project
100009000		Smallholders Dairy Commercialization Programme
100010000		Standards and Market Access Programme (SMAP)
100011000		
100012000		Trade Mark East Africa Programme
100013000		Extractive Industries for Sustainable Development in Kenya
100014000		NOFBI and e-Government Expansion Project
100015000		Deepening Foundation for Peace Building and Community Security
100016000		Standards and Labelling Programme
100017000		Ministry of Health Reproductive and Maternal Services
100018000		Training of Health Personnel
100019000		Rehabilitation of Ahero, Tharaka and Nyambeni Hospitals
100020000		Rehabilitation of Ngong Sub-County Hospital
100021000		Rehabilitation of Muhoroni Sub-County Hospital
100022000		Rehabilitation of Likoni Sub-County Hospital
100023000		Communication for Development
100024000		Nutrition
100025000		Environmental Health Services
100026000		Food and Nutrition Support to Vulnerable Populations Affected by HIV
100027000		Procurement of Equipment for NYS
100028000		Small Holder Horticulture Empowerment Project
100029000		Integrated Protective Services
100030000		Family-Based Care for Vulnerable Children
100031000		Judiciary Transformation Support Project
100032000		Social Policy and Research
100033000		Economic Empowerment Programme
100034000		Judicial Performance Improvement Project (JPIP)
100035000		Capacity Development for the Supreme Court of Kenya
100036000		National Biodiversity Strategy and Action Plan (NBSAP) Project
100037000		Support to the enhancement of Quality and Relevance in Higher Education Science and Technology (HEST) Project
100038000		Support To Technical and Vocational Education and Training for Relevant Skills Development Project
100039000		The Netherlands Technical, Industrial, Vocational and Entrepreneurship Training (TIVET) Project
100040000		Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme – Grant
100041000		Regional Pastoral Livelihood Resilience Project
100042000		Smallholders Dairy Commercialization Programme
100043000		Standards and Market Access Programme (SMAP)
150000000	2015	
150001000		Project XYZ
160000000	2016	
160001000		Project XYZ
170000000	2017	

New code	1	2
170001000		Kenya Off-Grid Solar Access Project for Underserved Counties
170002000		National Agriculture and Rural Inclusive Growth Project (NARIGP)
170003000		Instrument for Devolution Advice and Support (IDEAS)
170004000		Kenya Development Response to Displacement Impacts Project (KDRDIP)
170005000		Agricultural Sector Development Support (ASDSP) II
170006000		Kenya Urban Support Programme
170007000		GLOBAL FUND HIV AIDS NEW FUNDING MODEL (NFM)
170008000		Infrastructure Finance and Public Private Partnerships (IFPPP) Project- IDA CREDIT NO 61210
170009000		Global Fund - To accelerate the reduction of TB, Leprosy, and lung disease burden in Kenya
170010000		To contribute to Achieving Vision 2030 Through Universal access to Comprehensive HIV Prevention, Treatment, and Care
170011000		To reduce morbidity and mortality caused by malaria in the various epidemiological zones by two-thirds of the 2015 level by 2020
170012000		Kenya Youth Employment and Opportunities Project
170013000		Secondary Education Quality Improvement Project (SEQUIP)
170014000		Coastal Region Water Security and Climate Resilience Project
170015000		Kenya Climate Smart Agricultural Project (KCSAP)
170016000		Support To the National Land Commission in The Delivery of Its Land Reform Mandate
180000000	2018	
180001000		Kenya Petroleum Technical Assistance Project (KEPTAP)
180002000		Kenya Electricity Expansion Project Credit No. 4743 KE
180003000		Kenya Electricity Modernization Project
180004000		Kenya Off-Grid Solar Access Project for Underserved Counties
180005000		National Agriculture and Rural Inclusive Growth Project (NARIGP)
180006000		Instrument for Devolution Advice and Support (IDEAS)
180007000		Kenya Development Response to Displacement Impacts Project (KDRDIP)
180008000		Thwake Multipurpose Water Development Program
180009000		Kenya Water Security & Climate Resilience Project
180010000		Kenya Italy Debt for Development
180011000		Upper Tana Natural Resources Management Project
180012000		Institutional Strengthening of Ozone Depleting Substances Project
180013000		501066 Lake Victoria Environment Management Project (LVEMP Phase 11)
180014000		System for Land-Based Emissions Estimation in Kenya
180015000		Sound Chemicals Management Mainstreaming & UOPs Reduction in Kenya
180016000		Kenya Transport Sector Support Project
180017000		National Urban Transport Improvement Project
180018000		Northern Corridor Transport Improvement Project
180019000		East Africa Trade and Transport Facilitation Project - KRC Component
180020000		East Africa Trade and Transport Facilitation Project - MOT Component
180021000		Kenya Transport Sector Support Project
180022000		National Urban Transport Improvement Project
180023000		East Africa Regional Transport Trade & Development Facilitation Program
180024000		Kenya Cereal Enhancement Programme (KCEP)
180025000		Drought Resilience and Sustainable Livelihood Programme
180026000		Rice-Based Market-Oriented Agriculture Promotion Project
180027000		Agricultural Sector Development Support (ASDSP) I
180028000		Agricultural Sector Development Support (ASDSP) II
180029000		Strengthening Fertilizer Quality and Regulatory Standards in Kenya
180030000		Small Scale Irrigation and Value Addition Project (SIVAP)
180031000		GOVERNMENT/UNICEF Education and Young People Programme
180032000		Food Assistance to Primary and Pre-Primary Schools in Semi-Arid Areas and Disadvantaged Urban Children Project

New code	1	2
180033000		Kenya Primary Education Development Project
180034000		Kenya Italy for Development Program
180035000		Kenya National Safety Net
180036000		Nairobi Metropolitan Services Improvement Project
180037000		Korogocho Slum Upgrading Program
180038000		Kenya Municipal Program
180039000		Kenya Informal Settlement Improvement Project
180040000		Kenya Urban Support Programme
180041000		East Africa Public Health Laboratories Networking Project
180042000		Global Fund HIV AIDS Single Stream Funding
180043000		GLOBAL FUND HIV AIDS NEW FUNDING MODEL (NFM)
180044000		GLOBAL FUND TUBERCULOSIS
180045000		Global Fund Malaria Round 10
180046000		Kenya Health Support Project (EMMS/KEMSA Component)
180047000		Global Fund Single Stream Funding Tuberculosis Round 5
180048000		Kenya Health Sector Support Project – SWAP Secretariat
180049000		Kenya Health Sector Programme Support III
180050000		Output Based Approach
180051000		Reproductive Health for Entire Country Project
180052000		East Africa's Centre of Excellence
180053000		Kenya Italy for Debt
180054000		Transforming Health Projects for Universal Care projects
180055000		Technical Support Programme
180056000		Micro Finance Sector Support Credit Project
180057000		Public Finance Management Reform (PFMR)
180058000		Infrastructure Finance and Public Private Partnerships (IFPPP) Project- IDA CREDIT NO 51570
180059000		Infrastructure Finance and Public Private Partnerships (IFPPP) Project- IDA CREDIT NO 61210
180060000		Global fund malaria round 10- Scaling up Malaria control interventions from impact.
180061000		Global Fund - Expanding HIV Prevention, Care and Treatment Services to reach universal access
180062000		Global Fund - To accelerate the reduction of TB, Leprosy, and lung disease burden in Kenya
180063000		Global Fund - TB MDG - To steer the country towards achievement of TB MDG in line with the Global Stop TB strategy
180064000		To contribute to Achieving Vision 2030 Through Universal access to Comprehensive HIV Prevention, Treatment, and Care
180065000		To reduce morbidity and mortality caused by malaria in the various epidemiological zones by two-thirds of the 2015 level by 2020
180066000		Kenya Petroleum Technical Assistance (KEPTAP) Project
180067000		Study and Capacity Building Fund
180068000		Programme For Rural Outreach of Financial Innovations and Technologies
180069000		Financial Sector Support project
180070000		Kenya Petroleum Technical Assistance Project (KEPTAP)
180071000		Kenya Youth Employment and Opportunities Project
180072000		Kenya Youth Employment and Opportunities Project
180073000		Eastern and Southern Africa Higher Education Centers of Excellence (ACEII) Project
180074000		Secondary Education Quality Improvement Project (SEQUIP)
180075000		Coastal Region Water Security and Climate Resilience Project
180076000		Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme Grant
180077000		Kenya Climate Smart Agricultural Project (KCSAP)
180078000		Support to the National Land Commission in the Delivery of its Land Reform Mandate

8.3. How the project segment works

By selecting a code in this segment, users identify the Project for which funds are received, or for which a particular expense is incurred.

Below is the numbering outline for the segment with illustrative coding:

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	
1	Old Code	Financial Yr.	Project				Component				New code	1	2	3	(project components to be added for every project)
2	Null	1	0	0	0	0	0	0	0	0	100000000	FY2009/2010			
3	Null	1	0	0	0	0	1	0	0	0	100001000	Kenya Agricultural Productivity & Sustainable Land Management Project			
4	Null	1	0	0	0	0	2	0	0	0	100002000	Kenya Adaptation To Climate Change In Arid And Semi-Arid			
5	Null	1	0	0	0	0	3	0	0	0	100003000	SHDP Small-Scale Horticulture Development Project			
6	Null	1	0	0	0	0	4	0	0	0	100004000	Eastern African Agriculture productivity Project (EAAPP)			
7	Null	1	0	0	0	0	5	0	0	0	100005000	Mainstreaming Sustainable Land Management (SLM) In Agro Pastoral Production			
8	Null	1	0	0	0	0	6	0	0	0	100006000	Health Sector Support Project (Component 1)			
9	Null	1	0	0	0	0	8	0	0	0	100008000	Regional Pastoral Livelihood Resilience Project			
10	Null	1	0	0	0	0	9	0	0	0	100009000	Smallholders Dairy Commercialisation Programme			
11	Null	1	0	0	0	1	0	0	0	0	100010000	Standards and Market Access Programme (SMAP)			
12	Null	1	0	0	0	1	2	0	0	0	100012000	Trade Mark East Africa Programme			
13	Null	1	0	0	0	1	3	0	0	0	100013000	Extractive Industries for Sustainable Development in Kenya			
14	Null	1	0	0	0	1	4	0	0	0	100014000	NOFBI and e-Government Expansion Project			
15	Null	1	0	0	0	1	5	0	0	0	100015000	Deepening Foundation For Peace Building And Community Security			
16	Null	1	0	0	0	1	6	0	0	0	100016000	Standards and Labelling Programme			
17	Null	1	0	0	0	1	7	0	0	0	100017000	Ministry Of Health Reproductive and Maternal Services			
18	Null	1	0	0	0	1	8	0	0	0	100018000	Training of Health Personnel			
19	Null	1	0	0	0	1	9	0	0	0	100019000	Rehabilitation of Ahero, Tharaka and Nyambeni Hospitals			
20	Null	1	0	0	0	2	0	0	0	0	100020000	Rehabilitation of Ngong Sub-District Hospital			
21	Null	1	0	0	0	2	1	0	0	0	100021000	Rehabilitation of Muhoroni Sub-District Hospital			
22	Null	1	0	0	0	2	2	0	0	0	100022000	Rehabilitation of Likoni Sub-District Hospital			

8.4. Examples

From **Box 1: Sample transaction**, specify the Project served by the transaction as follows:

16 2016

0001 Project XYZ

000 Component ABC

Segments	No. of digits	
Source of Funds	8	X.X.XXX.XXX
Class	1	X.X.XXX.XXX X
Vote	5	X.X.XXX.XXX X XXXXX
Administrative	10	X.X.XXX.XXX X XXXXX XXXXX.XXX.XX
Programme	8	X.X.XXX.XXX X XXXXX XXXXX.XXX.XX XX.XX.XX.XX
Project	9	X.X.XXX.XXX X XXXXX XXXXX.XXX.XX XX.XX.XX.XX 16.0001.000
Geographical Location	8	
Economic	7	
Extended Reporting	4	

9. Geographic location segment

The geographical categorization within the Government of Kenya has historically been inconsistent and non-standardized. Presently, there exist at least three distinct geographical classifications that function as service delivery units. A significant number of these identified areas, despite sharing the same designation, do not correspond to the same geographical zone. This inconsistency in categorization presents challenges for stakeholders aiming to monitor total expenditures for specific areas. Additionally, the aggregation of financial information for the county, given the diverse spending categorizations across various government spheres, remains ambiguous.

There is an ongoing exercise to harmonize the geographic categorization in the country, across spheres of government. Until this exercise is complete, the former Geographic segment will apply.

This segment will be updated once the harmonization exercise is complete.

Box 2: Structure of the Geographical Categorization of the Spheres of Government

1. **Sub-county National:** As gazetted in the Kenya Gazette Vol. CXIX—No. 80 **No. 5853**, the National Government has established administrative unit levels as follows:
 - a. County
 - b. Sub-County
 - c. Divisions
 - d. Locations
 - e. Sub-locations
2. **Sub- County:** These are established through the County Government Act and are as defined in the legal framework of the Counties. The administrative unit levels are as follows:
 - a. County
 - b. Sub-County
 - c. Ward
 - d. Village
3. **Constituency:** These are as defined by the Independent Electoral and Boundaries Commission (IEBC)
 - a. Constituency
 - b. Ward

9.1. The structure of Geographic Location segment

The geographic location segment has three levels and eight digits and the structure is as follows:

Segments	Sub-Segments	Definition & Content	No. of levels	No. of digits
Geographical Location		- The Geographical Location segment defines the location of the source of revenue and the location of the beneficiary of government expenditure	3	8
	Nationwide/County	- Categorizes Geographical locations into Nationwide and County specific		4
	Constituency/Sub-County	- To be realigned to the Subcounty according to the harmonized constitutional and legal alignment		2
	Ward	- Lowest geographical location identifiable on SCOA		2

9.2. How the Geographic Location Segment Works

Each transaction will be aligned to a National Code (all transactions here are coded National – transactions abroad are located under the Vote segment). Thereafter, a constituency/Sub-County and ward are selected to indicate where the financial transaction is being implemented.

By selecting a code in this segment, each transaction is categorized hierarchically, through assignment to the National or County, Constituency/Sub-County, and finally a Ward.

9.3. Examples

From **Box 1: Sample transaction**, specify the Geographical Location served by the transaction as follows:

0000 Nation-Wide
01 National Government
08 Nairobi Area

Segments	No. of digits								
Source of Funds	8	X.X.XXX.XXX							
Class	1	X.X.XXX.XXX							
Vote	5	X.X.XXX.XXX	XXXXX						
Administrative	10	X.X.XXX.XXX	XXXXX	XXXXX.XXX.XX					
Programme	8	X.X.XXX.XXX	XXXXX	XXXXX.XXX.XX	XX.XX.XX.XX				
Project	9	X.X.XXX.XXX	XXXXX	XXXXX.XXX.XX	XX.XX.XX.XX	XX.XXXX.XXX			
Geographical Location	8	X.X.XXX.XXX	XXXXX	XXXXX.XXX.XX	XX.XX.XX.XX	XX.XXXX.XXX	0000.01.08		
Economic	7								X.X.X.XX
Extended Reporting	4								

10. *Economic segment*

GFSM 2014 Compliance

The Economic Classification of government transactions serves to provide policymakers with information about sources of revenues and their uses. Broadly, the main purpose of government operations is to use public resources to:

- Regulate relevant aspects of society and the economy;
- Provide services to the community in areas where there is market failure;
- Build, improve and maintain infrastructure;
- Redistribute wealth according to nationally determined criteria.

To fulfill these functions effectively, the government must raise revenue and spend. The economic classification is an analytical presentation of government receipts and payments. On the receipt side, the economic classification shows whether receipts emanate from taxes or other sources like sales of goods and services, dividends, or interest. On the payment side, it shows how the receipts have been used according to the type of object or input, for example, compensation of employees, interest payment, goods and services, and so on.

The budget balance, which is the most important analytical item in government finance statistics, is derived from the economic classification. If a deficit is shown, the budget balance provides information about the scale of financial resources required to finance the government's operations. When in surplus, it shows the financial resources the government makes available to other sectors, for example by reducing its debt.

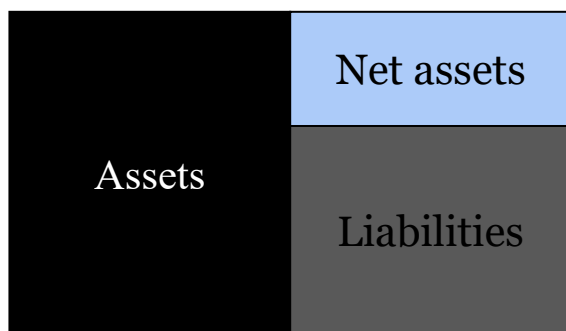
The economic classification is a statistical representation of government transactions. The economic classification should not be confused with the functional classification of government spending. Whereas the economic classification focuses on the inputs, the functional classification serves to distinguish expenditure by policy purpose or type of outlay; this is also referred to as expenditure by output. The main objective of the functional classification is to facilitate an understanding of the purpose for which funds have been spent, such as health, education, administration, judicial services, and so on.

IPSAS Compliance

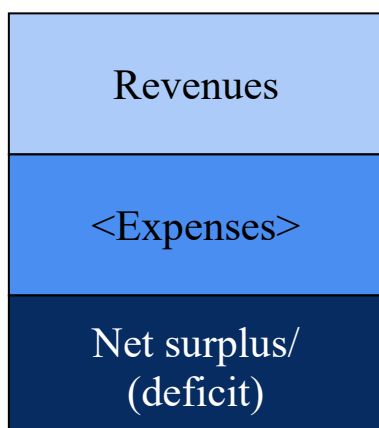
The objective of general-purpose financial statements is to provide information about the **financial position**, **financial performance**, and **cash flow** of an entity that is useful to a wide range of users in making decisions about the allocation of resources and to demonstrate the accountability of the entity for the resources entrusted to it. The objectives according to IPSAS 1 – Presentation of Financial Statements:

- Provide information about the sources, allocation, and uses of financial resources;
- Provide information about how the entity financed its activities and met its cash requirements;
- Provide information that is useful in evaluating the entity's ability to finance its activities and to meet its liabilities and commitments;
- Provide information about the financial conditions of the entity and changes in its financial conditions; and
- Provide aggregate information useful in evaluating the entity's performance in terms of service costs, efficiency, and accomplishments.

Below is an illustration of financial position and performance:



- Complete information on the utilization of resources (assets).
- Complete information on total borrowing and indebtedness.



- Information about the total true cost of policies and activities.
- Comparison of revenue from «contributors» and the cost of policies and activities.

10.1. The structure of the Economic segment

The new economic segment is designed in accordance with the following key concepts:

1. Statement of Financial Position: mapping to GFS 2014 stock accounts (GFS table 4.4)
2. Statement of Financial Performance: mapping to Statement of operations (GFS table 4.1)
3. Adapted to specific IPSAS requirements (structure & completeness)
4. Inspiration from international best practice
5. Retain where possible the old SCOA codes
6. Four types of accounts:
 - Cash only
 - Statistical only
 - Common - Modified cash, accrual, statistical
 - Accrual only

The main objective of the work performed on the SCOA economic segment is to have sufficient accounts to populate the Statement of Financial Position, Statement of Financial Performance, and the notes with a specific focus on:

- using and maintaining as much as possible the existing SCOA structure,
- retaining as much as possible the existing audit trail in the accounting system,
- efficient reporting procedures (as automated as possible),
- minimize the efficiency of processes and procedures as much as possible.

Accrual accounting will inevitably impact the existing SCOA, which was developed in 2012.

The economic segment has five levels and seven digits, and the structure is as follows:

Segments	Sub-Segments	Definition & Content	No. of levels	No. of digits
Economic		- Provides the natural accounts for generating statistical and financial reports, i.e. it identifies the nature of receipt and/or payment being made. The values are aligned to GFSM 2014 and IPSAS accrual basis.	5	7
	Parent	- Categorizes transactions into revenue, expenditures, assets, liabilities, funding flows, and equity.		1
	Chapter	- Further breakdown		1
	Sub-Chapter	- Further breakdown		1
	Item	- Further breakdown		2
	Sub-Item/ Account	- Provides specific line items/ accounts for posting transactions		2

10.2. High-level Economic segment codes

10.2.1. Revenues and Expenditure

Code	Description	Code	Description
1000000	REVENUES	2000000	EXPENDITURE
1100000	TAX REVENUES	2100000	COMPENSATION OF EMPLOYEES
1110000	Taxes on Income, Profits and Capital Gains	2110000	Salary and Wages
1120000	Taxes on Payroll and Workforce	2120000	Social Security contributions
1130000	Taxes on Property		
1140000	Taxes on Goods and Services	2130000	Pension- Defined contribution plans
1150000	Taxes on International Trade and Transactions	2140000	Other personnel entitlement
1160000	Other Taxes (not elsewhere classified)	2200000	USE OF GOODS AND SERVICES
1200000	SOCIAL SECURITY CONTRIBUTIONS	2210000	General goods & services
1210000	Social Security Contributions	2220000	Routine Maintenance
1300000	GRANTS	2230000	Amortization and net impairment of non-financial assets
1310000	Grants from Foreign governments	2240000	Impairment of financial assets
1320000	Grants from International Organizations	2250000	Cost of concessionary lending
1330000	Grants from other levels of governments	2260000	Audit fees
1400000	EXCHEQUER TRANSFERS	2300000	DEPRECIATION
1410000	Recurrent grants	2310000	Depreciation expenses
1420000	Deemed Income – Development Grant	2320000	Eliminated on revaluation
1430000	Conditional Additional Allocation	2330000	Eliminated on disposal
1500000	NON-TAX REVENUE	2340000	Net Impairment losses
1510000	Property Income	2400000	FINANCE COSTS
1520000	Sale of goods and services	2410000	Interest on Foreign Borrowing
1530000	Fines, Penalties and Forfeitures	2420000	Interest on Domestic Borrowing
1540000	Gain on sale of non-financial assets	2430000	Interest on Borrowing from Other Government Units
1550000	Voluntary Transfers other than grants	2500000	SUBSIDIES
1560000	Other receipts not classified elsewhere	2510000	Subsidies to Government Institutions
1570000	Interest revenue (Net)	2520000	Subsidies to Private Enterprises
1580000	County Government Own Source Revenue	2600000	TRANSFER EXPENSES
1600000	OTHER REVENUE	2610000	Exchequer transfers
1610000	Dividends	2620000	Social support transfers (Inua Jamii)
1620000	Donations	2630000	Grants and Other Transfers to International Organizations
1630000	Net gains/(losses) on financial assets	2640000	Other Transfers and Contingencies Relief
1640000	Sale of Royalties	2700000	SOCIAL BENEFITS
1650000	Concession in Leases	2710000	Inua Jamii Senior Citizens' Scheme
1660000	Extraordinary items	2720000	Pension- Defined benefits plans
1700000	OTHER COMPREHENSIVE INCOMES	2800000	OTHER OPERATING EXPENSES
1710000	Revaluation of Pension Plans	2810000	Budgetary contingency reserve
1720000	Revaluation of Physical Assets	2820000	Other expenses
1730000	Gain on Foreign Currency translation	2900000	MINORITY INTEREST
1740000	Other movements	2910000	Minority Interest share of net surplus/deficit

10.2.2. Transactions in Financial and Non-financial Assets and Financial Liabilities

Code	Description	Code	Description
3000000	INVESTMENT IN NON-FINANCIAL ASSETS	4000000	TRANSACTIONS IN FINANCIAL ASSETS
3100000	ACQUISITION OF NON-FINANCIAL ASSETS	4100000	ACQUISITION OF FINANCIAL ASSETS
3110000	Acquisition of Fixed Assets	4110000	Domestic Lending and On-lending
		4120000	Domestic Equity Participation
3120000	Acquisition of Stores, Stock, and Commodities		Other Domestic Accounts Receivable
3500000	SALE OF NON-FINANCIAL ASSETS	4140000	Receivable
3510000	Receipts from the Sale of Fixed Assets	4150000	Foreign Lending and On- Lending
3520000	Receipts from the Sale of Inventories	4160000	Foreign Equity Participation
		4170000	Other Foreign Accounts Receivable
3530000	Disposal and Sale of Non-Produced Assets	4500000	DISPOSAL OF FINANCIAL ASSETS
5000000	TRANSACTIONS IN FINANCIAL LIABILITIES		Repayment from Domestic Lending and On-Lending
5100000	INCURRENCE OF FINANCIAL LIABILITIES	4510000	Repayment of Principal from
		4520000	Foreign Lending & On-Lending
5110000	Domestic Borrowing		Sales and Disposals of Equity Holdings
	Currency and Deposits, Accounts Payable,	4530000	
5120000	Clearing Transfers and Other Liabilities	4540000	Reimbursements and Refunds
5500000	SETTLEMENT OF FINANCIAL LIABILITIES	4550000	Returns of Equity Holdings
5510000	Repayments on Borrowings from Domestic		
5520000	Principal Repayments on Guaranteed Debt		
5610000	Repayments on Borrowings from Other Domestic Creditors		

10.2.3. Assets and Liabilities

Code	Description	Code	Description
6000000	ASSETS	7000000	LIABILITIES
6100000	N - PRODUCED FIXED ASSETS	7100000	LONG TERM LIABILITIES
6110000	Land	7110000	Public Debt
6120000	Tangible natural resources	7120000	Retirement plan liabilities (Pensions)
6130000	Other naturally occurring assets	7130000	Leases
6140000	Intangible assets	7140000	Service Concession agreements
6200000	PRODUCED FIXED ASSETS	7150000	Provisions
6210000	Property, Plant & Equipment	7200000	CURRENCY
6220000	Roads Infrastructure	7210000	Issued notes
6230000	Railway Infrastructure	7220000	Promissory notes
6240000	Electricity Generation & Other Infrastructure	7300000	CURRENT LIABILITIES
6250000	Leased Assets (under finance lease/right of use)	7310000	Payables
6260000	Heritage and Cultural Assets	7320000	Accruals
6270000	Biological Assets	7330000	Deferred income
6280000	Public Private Partnership Assets	7340000	Third-Party Deposits
6300000	BUILDINGS & BUILDING IMPROVEME	7350000	Leases
6310000	Permanent	7360000	Service Concession agreements
6320000	Semi- Permanent	7370000	Social Benefits
6330000	Temporary	7380000	Provisions
6400000	Work In Progress	7390000	Public Debt
6410000	Property, plant & equipment	9000000	NET WORTH
6420000	Road's infrastructure	9110000	Tax Payers Funds
6430000	Electricity generation & other infrastructure	9120000	Accumulated surpluses/deficit
6440000	Permanent - buildings	9130000	Revaluation Reserve - PPE
6500000	INVESTMENTS	9140000	Revaluation Reserve - Defined benefit plan
6510000	Securities other than shares	9150000	Other reserves
6520000	Lending and On-lending	9160000	Net worth attributable to minority interests
6530000	Equity accounted investments		
6540000	Investment in controlled enterprises		
6550000	Foreign equity participation		
6560000	Investment Properties		
6570000	Social and Student Loan Schemes		
6600000	INVENTORIES		
6610000	Stores		
6620000	Stock		
6630000	Commodities		
6700000	RECEIVABLE		
6710000	Trade and other receivables		
6720000	Tax receivables		
6730000	Reinsurance receivables		
6740000	Social benefit receivables		
6750000	Levies, fines & penalties receivables		
6760000	Foreign debtors & advances		
6770000	Other debtors & Pre-payments		
6780000	Accrued income and deferred charges		
6790000	Imprests		

6800000	BANK ACCOUNTS BALANCES
6810000	SPA and Special Funds Holding Accounts
6820000	TSA, Exchequer,
6830000	Recurrent Bank accounts
6840000	Development Bank accounts
6850000	Third-party deposit bank account
6860000	Sub-County - bank accounts
6870000	Project-specific bank accounts (Operational)
6880000	Mobile Money and Cash in Hand
	Receivers of Revenue ECitizen Bank accounts
6890000	& AIA bank accounts

10.3. How the Economic segment works

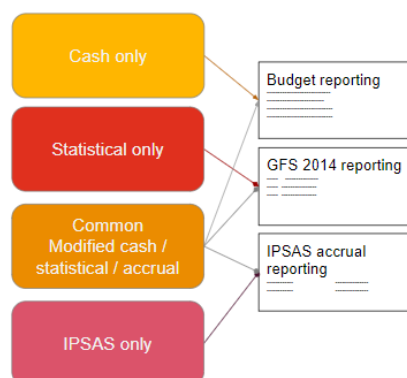
The economic segment defines the accounting nature of the transactions i.e. revenue, expense, investment and financing fund flows, asset, liability, and reserves. The classification in this revised economic SCOA segment is in accordance with GFSM 2014 and will also enable reporting under International Public Sector Accounting Standards (IPSAS). This classification supports the current budgeting (in Cash Basis of Accounting) as well as financial reporting (in Accrual Based Accounting).

Budget - Cash basis	Reporting - Accrual basis
<p>Budgets and cash accounting-based financial statements lay out a <i>public entity's spending</i> and <i>cash receipts</i>.</p> <p>Measures financial results for a period as the difference between cash received and cash paid.</p>	<p>Accrual accounting measures a <i>public entity's financial performance</i> and presents its <i>financial position</i>.</p> <p>Distinguish expenditure that provides economic benefits or service potential in the short term (i.e. for current consumption) from that which will benefit the entity well into the future (i.e. capital expenditure). Reflects an entity's obligations (including long-term obligations such as pension and financial liabilities) in the financial statements.</p>

The classification and the sub-segments of the economic segment were initially inspired by IPSAS and the Government Finance Statistics Manual 2001 (GFSM 2001). The sub-segments relate in a parent-child hierarchical manner. Depending on the level, the account is used to record accounting transactions or to aggregate totals and subtotals.

The set-up of the revenues and expenses is done as per nature (rather than functional). Other segments can be combined with the economic segment in order to produce functional revenue and expense reports.

To support different reporting needs, accounts in the economic segment have been divided into different groups, as follows:



GOVERNMENT ledgers are the basis of dedicated reporting. The ledgers applicable to GOVERNMENT are **accrual-based ledgers (for reporting)** and **cash-based ledgers** (for budget accounting). Each ledger is populated using transactions on ledger-dedicated accounts, which are:

- Accrual-only accounts => accrual-based ledger
- Cash-only accounts => cash-based ledger
- Common accounts => accrual-based ledger and cash-based ledger
- Reporting accounts => those are technical accounts that have been set up purely for cash reporting purposes and don't contain any transactions

The interpretation of "Cash-only" refers to accounts only used for cash-based accounting/reporting. These accounts are disregarded for GFS reporting and are also not relevant for IPSAS

accounting/reporting.

To the extent possible, all accounts have been mapped to the fixed GFS structure. However, the GFS structure cannot be fully populated based on the SCOA (e.g. the other economic flows).

10.4. Similarities, differences, and purpose of the different frameworks

The table below illustrates IPSAS and GFS guidelines:

	GFS	IPSAS
Objectives	Evaluate economic impact	Evaluate financial performance and position
Reporting Entity	Institutional units and sectors. Consolidation based on sectors.	Economic entity and consolidation based on control.
Recognition criteria	Economic events recognized	Past events with probable outflows recognized (past economic event, amount can be reliably estimated, and future outflows are probable)
Valuation (Measurement)	Current market prices	Current operational value, historic cost, and cost to fulfilment
Revaluation	Record all revaluations and changes in volume in the Statement of Other Economic flows	Realized and unrealized gains and losses
Presentation	GFS sets out a minimum level of detail for a comprehensive list of standard line items that all entities must report in their GFS statements,	IPSASs establish a minimum set of standard line items while providing principles and guidance on further line items that a reporting entity may need to report

10.5. Distinguishing between AIA and Sale of property and Other Property Income

In simple terms, AIA is revenues held by the revenue-generating entity to defray its budget-associated expenditures. AIA is mostly provided for in the Appropriation Act and includes Sale of Goods and Services. For example, a hospital that raises funds through user fees may be permitted, through the legal framework, to use those funds to finance its costs. The PFM Act, however, requires that these funds first be channeled through the County Revenue Fund (CRF) before being sent back to the entity – for example the hospital in the example above.

Appropriations in Aid – or AIA – was established in the Constitution in Article 206:

- 206.** (1) There is established the Consolidated Fund into which shall be paid all money raised or received by or on behalf of the national government, except money that—
- (a) is reasonably excluded from the Fund by an Act of Parliament and payable into another public fund established for a specific purpose; or
 - (b) may, under an Act of Parliament, be retained by the State organ that received it for the purpose of defraying the expenses of the State organ.

AIA is further defined in Section 2 of the Public Finance Management Act, 2012, and Regulation 60 of the Public

Section 2: “any revenue, which a [national or county] government entity receives and is approved by Parliament for application by that entity to finance its activities”

Regulation 60 “The following shall be the basic principles in deciding whether sums shall be applied as Appropriation-in-Aid—

- (a) receipts arising directly out of expenditure on a service, the primary purpose of which is not collection of revenue (including user charges, user fees, and sale of stores) and may be Appropriated in Aid of the vote from which expenditure on the service is met;*
 - (b) Appropriations in Aid shall be applied against a vote;*
 - (c) where miscellaneous receipts are individually and collectively small, and circumstances of receipt unimportant in themselves, such receipts may be credited to Appropriations in Aid; and*
 - (d) sums due as Appropriations in Aid in the previous year shall be credited to the Appropriations in Aid head of the year in which they are actually received.*
- (2) Despite the provision under paragraph (1), the Cabinet Secretary/ County Executive Committee Member may designate any type of Appropriations in Aid as revenue in furtherance of certain [county] government policies.”*

Finance Management (National Government) Regulations, 2015.

10.5.1. Sale of Assets

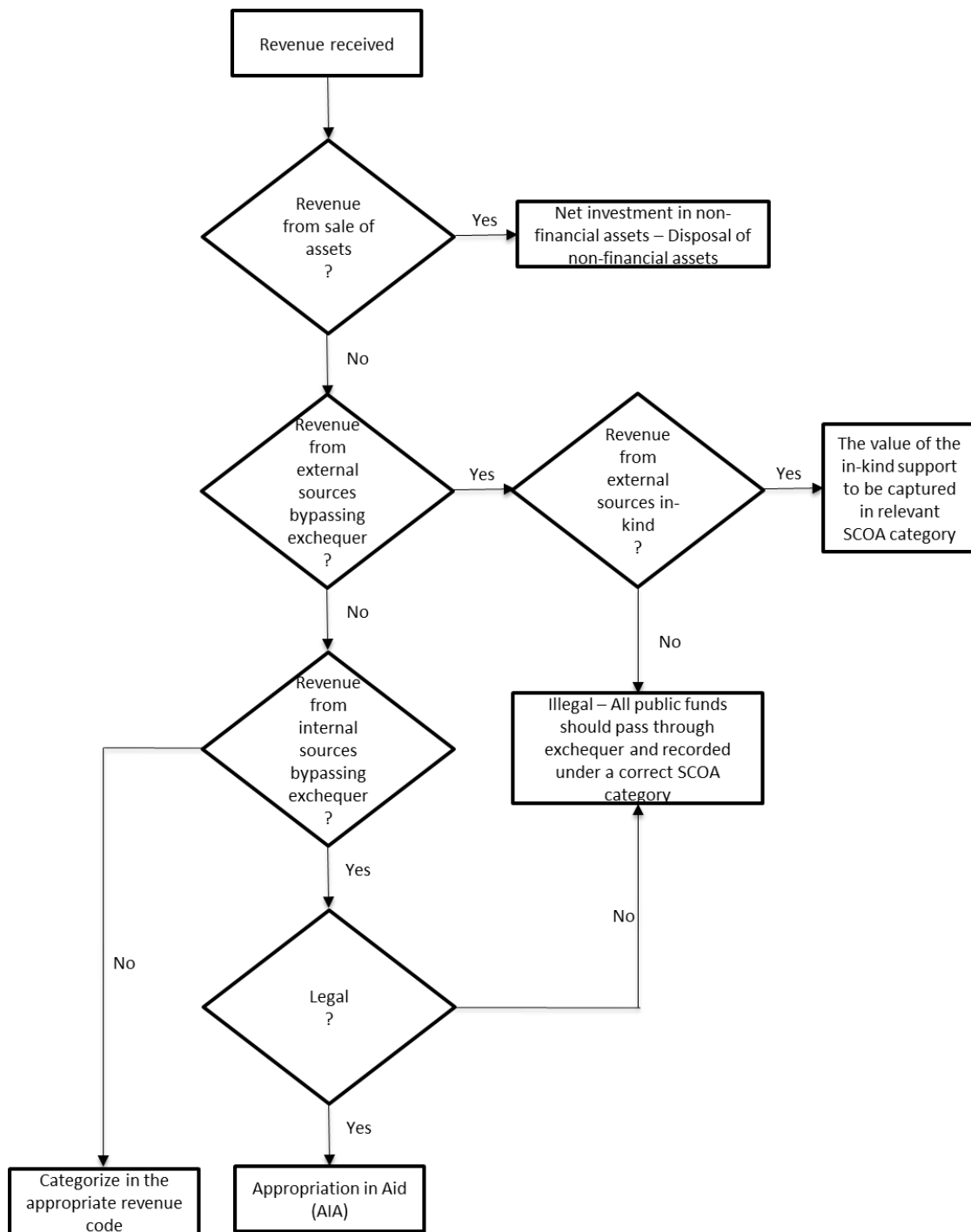
GFS introduced a new classification dedicated to net investment in nonfinancial assets resulting from transactions because they are not classified as revenue or expense in the GFS 2014 framework. This classification includes consumption of fixed capital because it represents a decline in the value of fixed assets (See Figure 1). All sales of assets should therefore be classified here.

IPSAS considers a surplus or loss from the sale of an asset as being the difference between the sale price and the book value. When there are profits as a result of the sale of an asset, these profits can be categorized as revenue and if there is a loss, it can be categorized as an expense.

The challenge currently faced is that when some government agencies sell assets, they categorize those funds as AIA and use them to defray their costs (See Box 2 above). Funds from the Sale of Assets are not AIA and should not be treated as such.

10.5.2. Other Property Income

Like the Sale of Assets, Other Property Income is often used as AIA (See Box 2 above). This is highly irregular and should be discontinued.



10.6. Guidance

10.6.1. Category 1: Revenues

Revenue is:

Increase the entity's net financial position, other than increases arising from ownership contributions (IPSAS Conceptual Framework para 5.29).

Government revenue is received from Receivers of Revenue and deposited in the National Exchequer Account from the following holding accounts:

- The Deposit Accounts at the Central Bank of Kenya through which domestic loan proceeds from Treasury Bonds, Treasury Bills, and commercial financing are held before deposit to the National Exchequer Account,
- The Overdraft account at the Central Bank of Kenya
- The Receivers of Revenue collection accounts at the Central Bank of Kenya,
- Special Project Accounts (externally funded) at the Central Bank of Kenya,
- ECitizen revenue Accounts

For example: the Receivers of Revenue appointed by the Cabinet Secretary, National Treasury, and Economic Planning to receive national government revenue pursuant to Section 75 (1) of the Public Finance Management Act, 2012 for the FY 2023/2024 were as follows:

No	Code	Receiver of Revenue
1	01101	Principal Secretary to the National Treasury – Taxes
2	01102	Principal Secretary to the National Treasury – Public Debt
3	01103	Principal Secretary to the National Treasury – Pensions
4	01104	Director General - Public Investment and Portfolio Management- Dividends, Interest
5	01200	Principal Secretary/State Department for Lands and Physical Planning- Stamp duty, rent, conveyance, valuation, registration
6	02300	Chief Registrar/The Judiciary- Interest, fines, penalties, forfeiture, etc
7	01400	Principal Secretary/State Department for Internal Security and National Administration
8	01900	Solicitor General, State Law Office- marriages, societies, public trustee,
9	02400	Principal Secretary/Ministry of Defense – Reimbursements
10	01800	Principal Secretary/ Blue Economy and Fisheries – Fishing rights
11	01500	Principal Secretary/ State Department for Mining
12	02500	Principal Secretary/ State Department for ASALs – agriculture produce
13	02200	Principal Secretary to the State Department for Immigration and Citizen Services – Births, IDs, Visas, passports, work permits, EAC Tourist Visa
14	02000	Business Registration Services-official receiver, company registration, business name searches

The Special Project bank accounts are accounts into which development partners deposit funds before disbursing to the exchequer account for onward transfer to implementing agencies or directly to projects.

In compliance with Article 206 (1) (a) of the Constitution of Kenya, revenues excluded from the Consolidated Fund were deposited to the following public funds:

- The Petroleum Development Levy Fund (PDLF)

- The Railway Development Levy Fund (RDLF),
- The Road Maintenance Levy Fund (RMLF),
- The African Union and Other International Organization Subscriptions Fund; and
- Sports, Arts, and Social Development Fund.
- All public funds created under Section 24 (4) of the Public Finance Management Act, 2012.

IPSAS 47, Revenue is a single source of revenue accounting guidance in the public sector. IPSAS 47, Revenue first requires a public entity to determine whether its revenue arises from a transaction with a binding arrangement, to determine the appropriate accounting model. The principles within the models enable an entity to reflect on the substance of its revenue transaction.

A binding arrangement is an arrangement that confers rights and obligations, enforceable through legal or equivalent means, on the parties to the arrangement. A significant volume of revenue transactions in the public sector are expected to be without binding arrangements, such as taxes. In a transaction without binding arrangements, the entity does not have both an enforceable right and an enforceable obligation but may have a mixture of the two.

Recognition

A public entity shall recognize revenue from a transaction without a binding arrangement:

- When (or as) the entity satisfies any enforceable obligations associated with the inflow of resources; or
- Immediately if the entity does not have an enforceable obligation associated with the inflow.

Measurement

Revenue is measured as the amount of the increase in the entity's net assets.

Classification

The classification of Revenues follows closely on the requirements of IPSAS 1, *Presentation of Financial Statements*. The classification of Revenues is as follows:

Chapter	Economic Classification of Revenues
1100000	Tax revenues
1200000	Social Security Contributions
1300000	Grants
1400000	Exchequer Transfers
1500000	Non-tax Revenue
1600000	Other Revenue
1700000	Other Comprehensive Incomes

10.6.1.1. Tax Revenue

The approach adopted in the GFS system is to sub-classify taxes mainly by the base on which the tax is levied. Taxes are grouped into six major categories: (i) taxes on income, profits, and capital gains; (ii) taxes on payroll and workforce; (iii) taxes on property; (iv) taxes on goods and services; (v) taxes on international trade and transactions; and (vi) other taxes. There is no public sector-specific reason for IPSAS to depart from this sub-classification.

Following this principle, the classification of tax revenue is as follows:

Sub-Chapter	Economic Classification of Tax Revenue
1110000	Taxes on Income, Profits and Capital Gains
1120000	Taxes on Payroll and Workforce
1130000	Tax on Property Income

1140000	Taxes on goods and services
1150000	Taxes on international trade and transactions
1160000	Other Taxes (not elsewhere classified)

10.6.1.1.1. Taxes on Income, Profits and Capital Gains

Taxes on income, profits, and capital gains generally are levied on (i) interest, dividends, rent, and royalty incomes; (ii) capital gains and losses, including capital gain distributions of investment funds; (iii) profits of corporations, partnerships, sole proprietorships, estates, and trusts; (iv) taxable portions of social security, pension, annuity, life insurance, and other retirement account distributions; and (v) miscellaneous other income items.

These taxes are further subdivided into individual and corporation taxes.

Following this principle, the classification of Taxes on Income, Profits, and Capital Gains is as follows:

Item	Economic Classification of Taxes on Income, Profits, and Capital Gains
1110100	Receipt of Income Tax from individuals
1110200	Income Tax from Corporations and Other Enterprises
1110300	Receipts from Withholding Tax
1110400	Exemptions on Income Tax
1110500	Income Tax Share of LATF

10.6.1.1.2. Taxes on Payroll and Workforce

This category consists of taxes that are collected from employees or the self-employed either as a proportion of payroll size or as a fixed amount per person and that are not earmarked for social security schemes.

Item	Economic Classification of Taxes on Payroll and Workforce
1120100	Payable by Individuals- PAYE

10.6.1.1.3. Tax on Property Income

This item includes taxes on the use, ownership, or transfer of wealth.

However, taxes on immovable property that are levied based on a presumed net income are recorded as taxes on income, profits, and capital gains. Also, Taxes on capital gains resulting from the sale of property are included in taxes on income, profits, and capital gains.

Following this principle, the classification of Tax on Property Income is as follows:

Item	Economic Classification of Taxes on Property Income
1130100	Recurrent Taxes on Immovable Property
1130200	Receipts from Taxes on Financial and Capital Transactions
1130300	Receipts from Other Taxes on Property
1130400	Taxes on financial and capital transactions

Recurrent taxes on immovable property

This item covers taxes levied regularly on the use or ownership of immovable property, which includes land, buildings, and other structures. The taxes can be levied on proprietors, tenants, or both. The amount of the taxes is usually a percentage of an assessed property value that is based on a notional rental income, sales price, capitalized yield, or other characteristics such as size or location.

Receipts from taxes on financial and capital transactions

This item covers taxes on transfers of property at death and on gifts. Taxes on the transfer of property at death include estate taxes, which are usually based on the size of the total estate, and inheritance taxes, which may be determined by the amount received by beneficiaries and/or their relationship to the deceased.

Receipt from other taxes on property

This item covers taxes levied regularly on net wealth, which is usually defined as the value of a wide range of movable and immovable property less liabilities incurred on that property. It includes taxes on net wealth levied to meet emergency expenditures or to affect the redistribution of wealth; taxes on property, such as betterment levies, that take account of increases in land values due to government permission to develop the land or the provision by government of additional local facilities; taxes on the revaluation of capital; and any other exceptional taxes on particular items of property. Also includes any recurrent taxes on property such as recurrent gross taxes on personal property, jewelry, cattle, other livestock, other particular items of property, and external signs of wealth.

Taxes on financial and capital transactions

This item includes taxes on change of ownership of property, except those classified as gifts, inheritance, or estate transactions. Included are taxes on the issue, purchase, and sale of securities, taxes on checks and other forms of payment, and taxes levied on specific legal transactions, such as the validation of contracts and the sale of immovable property.

10.6.1.1.4. Taxes on goods and services

Included in this item are all taxes levied on the production, extraction, sale, transfer, leasing, or delivery of goods and rendering of services. Also included are taxes on the use of goods and on permission to use goods or perform activities. Taxes on goods and services include:

- Value-added taxes
- General sales taxes, whether levied at manufacturer/production, wholesale, or retail level;
- Single-stage taxes and cumulative multistage taxes, where “stage” refers to the stage of production or distribution;
- Excises;
- Taxes levied on the use of motor vehicles or other goods;
- Taxes levied on permission to use goods or perform certain activities;
- Taxes on the extraction, processing, or production of minerals and other products.

Following this principle, the classification of Taxes on goods and services is as follows:

Item	Economic Classification of Taxes on goods and services
1140100	VAT on Domestic Goods and Services
1140200	VAT on Imported Goods and Services
1140300	Excise Taxes
1140400	Taxes on Specific Services

1140500	Receipts from Permission to Use the Goods or to Perform Services and Activities
1140600	Royalties
1140700	Taxes on Goods and Services Collected as AIA
1140800	Other Taxes on Goods and Services

VAT on domestic goods and services

This item includes value-added tax levied on domestically produced goods and services and is in addition to any other tax such as customs and other import duties or taxes on exports. It is levied on the production, leasing, delivery, sale, purchase, or other change of ownership of a wide range of goods and the rendering of a wide range of services.

VAT on imported goods and services

This item includes value-added tax levied on imported goods and services, in addition to any other tax, such as customs and other import duties. It is levied on the delivery, sale, purchase, or other change of ownership of a wide range of goods and the rendering of a wide range of services.

Excises Taxes on wealth

Excises are taxes levied on particular products or a limited range of products that are not classifiable elsewhere under Sub-Chapter 114. Included are special taxes on individual products such as sugar, beetroot, matches, and chocolates; taxes levied at varying rates on a certain range of goods; and taxes imposed on tobacco goods, alcoholic drinks, motor fuels, and hydrocarbon oils. If a tax collected principally on imported goods also applies or would apply, under the same law to comparable domestically produced goods, then the revenue therefrom is classified as arising from excises rather than from import duties. This principle applies even if there is no comparable domestic production or no possibility of such production. Taxes on electricity, gas, and energy are regarded as taxes on goods and are included under excises.

Taxes on specific services

One of the regulatory functions of government is to forbid the ownership or use of certain goods or the pursuit of certain activities unless specific permission is granted by issuing a license or other certificate for which a fee is demanded. If the issue of such licenses involves little or no work on the part of the government, the licenses being granted automatically on payment of the amounts due, it is likely that they are simply a device to raise taxes, even though the government may provide some kind of certificate, or authorization, in return.

Receipts from Permission to Use the Goods or to Perform Services and Activities

The category includes taxes on the use of motor vehicles or permission to use motor vehicles. It does not include taxes on motor vehicles as property or net wealth or tolls for the use of roads, bridges, and tunnels. Business and professional licenses are included in this category. Such licenses can take the form of taxes on permission to carry on a business in general or a particular business or profession. General business taxes or licenses levied in a fixed amount, on a schedule according to the kind of business, or based on various indicators such as floor space, installed horsepower, capital, or shipping tonnage would be included. It would not cover business taxes levied on gross sales, which would be classified under general taxes on goods and services

Taxes on Goods and Services Collected as AIA

These are taxes on goods and services collected by entities directly without passing through the exchequer and used by such entities to support their activities and which are permitted for use as Appropriation in Aid.

Other taxes on goods and services

This item includes taxes on the extraction of minerals, fossil fuels, and other exhaustible resources from deposits owned privately or by another government and any other taxes on goods or services not included in the categories above. Taxes on the extraction of exhaustible resources usually are a fixed amount per unit of quantity or weight but can be a percentage of value. The taxes are recorded when the resources are extracted.

10.6.1.1.5. Taxes on International trade and transactions

This category consists of taxes levied under the customs tariff book such as import duties levied on imported goods, and surcharges. This category also includes withholding taxes levied on services rendered by “non-resident”¹ individuals or business enterprises, reverse charge VAT on those services, and demurrage charges on imported goods collected by KRA on behalf of the government. Export taxes and price adjustment taxes also fall under this category. Rebates on exported goods are treated as “negative tax” and are debited to the relevant ledger account. Airport taxes and air space navigation charges are also included in this category.

Following this principle, the classification of Taxes on International trade and transactions is as follows:

Item	Economic Classification of Taxes on International Trade and Transactions
1150100	Customs and Other Import Duties
1150200	Exports Levies
1150300	Exemptions on Customs and Other Import duties
1150400	Other Taxes on International Trade and Transactions (IDF Fee)

Receipts from customs and other import duties

This item covers revenue from all levies collected on goods entering the country or services delivered by non-residents to residents. The levies may be imposed for revenue or protection purposes and may be determined on a specific or ad valorem basis. Still, they must be restricted by law to imported products. Included are duties levied under the customs tariff schedule and its annexes, including surtaxes based on the tariff schedule, consular fees, tonnage charges, statistical taxes, fiscal duties, and surtaxes not based on the customs tariff schedule.

Export Levies

This category includes all levies based on whether goods are being transported out of the country or services are being delivered to non-residents by residents. Rebates on exported goods that are repayments of previously paid general consumption taxes, excises, or import duties are deducted from the gross amounts receivable from the respective taxes, not from amounts receivable in this category.

Exemptions on Customs and Other Import duties

This category covers exemptions granted from levies on customs and other import duties covered under code 1150100.

Other Taxes on International Trade and Transactions (IDF Fee)

This category covers taxes that are not specifically covered under codes 1150100 and 1150200. Included in this category is the tax charged on import declaration.

10.6.1.2. Receipt on Social Security Contributions

Social contributions are actual or imputed receipts either from employers on behalf of their employees or from employees, self-employed, or non-employed persons on behalf of their employees that secure entitlement to social

¹ Non-resident = in terms of taxation laws, this technically means a person who is not ordinarily resident in the country and therefore not a locally established taxpayer.

benefits for the contributors, their dependents, or their survivors. The contributions may be compulsory or voluntary. Social contributions are classified as social security contributions or other social contributions depending on the type of scheme receiving them.

Following this principle, the classification of Receipt on Social Security Contributions is as follows:

Sub- Chapter	Economic Classification of Receipt on Social Security Contributions
1210000	Receipts from Employee Social Contributions

10.6.1.2.1. Social Security Contribution

Following this principle, the classification of Employee Social Contributions is as follows:

Item	Economic Classification of Receipts from Employee Social Contribution
1210100	Affordable Housing Levy Contributions
1210200	Social Health Insurance Fund Contributions
1210300	Contributions to Social & Welfare Schemes

Affordable Housing Levy Contribution

Included in this category are the compulsory and voluntary employee contributions to affordable housing levy currently pegged at 1.5% of the employee's monthly gross salary. The employer adds another 1.5%. The amount is a tax-allowable expense.

Social Health Insurance Fund Contributions

Included in this category are the compulsory and voluntary employee contributions to the social health insurance fund. Employees currently contribute 2.75% of the gross salary. The amount is tax allowable expense.

Contributions from Govt. Employees for Social & Welfare Schemes

Included in this category are the voluntary employee contributions for social welfare schemes organized at the entity or government-wide level.

10.6.1.3. Grants

This item consists of all voluntary receipts from third parties. Thus, an entry should be made under this item when the government does not provide anything of similar value directly in return for the transfer from the other party and the transfer is voluntary.

Grants are noncompulsory recurrent or development transfers received by a government unit from either another government unit or an international organization.

Grants are classified first by the type of unit paying the grant and then by whether the grant is a direct or sector budget support and whether it is an institutional grant mainly supporting the development projects. Other recurrent and development grants and transfers are included in this item.

Grants are recorded when all requirements and conditions for receiving them are satisfied and the receiving unit has an unconditional claim.

Grants in kind should be valued at current operating value (COV). If COV prices are not available then the value should be the explicit costs of replacement to be incurred.

Following this principle, the classification of revenue from grants and transfers is as follows:

Sub-Chapter	Economic Classification of revenue from grants
1310000	Grants received from a foreign government
1320000	Grants received from international institutions
1330000	Grants received from other levels of government

10.6.1.3.1. Grants received from foreign government

This represents grants received from foreign governments either to support a national budget or sector budgets directly or in kind.

Following this principle, the classification of grants from foreign governments is as follows:

Item	Economic Classification of grants from a foreign government
1310100	Grants from Foreign Govts. - Cash through Exchequer
1310200	Grants from Foreign Govts. - Direct Payments

Grants from foreign government – cash through the exchequer

These are cash grants received from foreign governments through the Exchequer for onward exchequer transfers by the National Treasury.

Grants from foreign government – direct payments

These are grants received directly by an entity from foreign governments in the form of direct payments. These are treated as Appropriations in Aid (AIA).

10.6.1.3.2. Grants received from international organizations

This represents grants received from international institutions either to support national budget or sector budgets directly or in kind.

Following this principle, the classification of grants from international institutions is as follows:

Item	Economic Classification of grants from international institutions
1320100	Grants from International Organizations - Cash through the Exchequer
1320200	Grants from International Organizations - Direct Payments

Grants from foreign government – cash through the exchequer

These are cash grants received from foreign governments through the Exchequer for onward transfers by the National Treasury.

Grants from foreign government – direct payments

These are external grants received from international organizations as direct payments made by the international organization on the National Treasury's or institutions' behalf. These are treated as Appropriations in Aid (AIA).

10.6.1.3.3. Grants from other levels of government

This represents grants received by entities from other levels of government in the form of other cash and direct payments and are further classified as follows:

Item	Economic Classification of grants from other levels of government
1330100	Grants received by the National Government from other National Government entities
1330200	Grants received by the County government from other County government entities
1330300	Grants received by the County government from a National Government entity (Conditional)
1330400	Grants received by Fund Accounts from the National Government
1330500	Grants to other National Government entities from Fund Accounts
1330600	Grants from one public entity to another public entity.

Grants received by the National Government from other National Government entities

These are grants received by central government ministries and agencies from other levels of government.

Grants received by the County government from the National government entity (conditional)

These are grants received by the County government from National government entities as per the County Government Additional Allocation Act.

Grants received by Fund Accounts from the National Government

These are grants received by Fund accounts from the National government to finance the activities of the Fund.

Grants to and from one public entity to another public entity.

These are grants issued/ received from one public entity to another public entity with the transfer of budget to undertake certain public activities.

10.6.1.4 Exchequer Transfers

Sub-Chapter	Economic Classification Exchequer Transfers
1410000	Recurrent Grants
1420000	Deemed Income – Development Grants
1430000	Conditional Additional Allocation

Government revenue is received through designated Receivers of National Government Revenue as appointed by the Cabinet Secretary to the National Treasury according to Article 209 of the Constitution. The Receivers of Revenue are responsible for receiving, accounting, and remitting the revenues to the Consolidated Fund. Section 50 (6) of the PFM Act, 2012 also requires the National Treasury to remit the proceeds of any loan raised under the provisions of the PFM Act, 2012 into the Consolidated Fund. The Receivers of Revenue may appoint Collectors of Revenue (Kenya Revenue Authority, eCitizen) to help in revenue collection and administration.

Recurrent grants

Article 221 of the Constitution requires that at least two months before the end of a financial year, the Cabinet Secretary responsible for the National Treasury shall submit to the National Assembly estimates of the revenue and expenditure for the national government. When the estimates of national government expenditure, the equitable share for county

governments, and estimates for the Judiciary and Parliament have been approved by the National Assembly, an Appropriation Act, Division of Revenue Act, and County Allocation of Revenue Act are enacted. This enables the National Treasury and the Controller of the Budget to transfer funds as Recurrent grants or Development grants to National and County government public entities. The public entities receipt the same as revenue.

Deemed Income – Development Grants

The only development revenue that is recognized as revenue is that part that has been consumed.

Conditional Additional Allocation

These are additional allocations done by the national government to the county government to support crucial services.

10.6.1.5. Non-Tax Revenue

The classification of other revenues is as follows:

Sub - Chapter	Economic Classification of Other Revenues
1510000	Property Income
1520000	Sale of goods and services
1530000	Fines penalties and forfeits
1540000	Gain on sale of non-financial assets
1550000	Voluntary Transfers other than Grants
1560000	Other Receipts Not Elsewhere Classified
1570000	Interest revenue (Net)

10.6.1.5.1. Property Income

Property income includes a variety of forms of revenue earned by a general government unit when it places financial and/or non-produced assets that it owns at the disposal of other units. Revenue in this category may take the form of interest, dividends, or rent.

Following this principle, the classification of property income is as follows:

Item	Economic Classification of property income
1510100	Interest received
1510200	Profits and dividends
1510300	Withdrawals from Income of Quasi-corporations
1510400	Rental income on land, houses, and buildings
1510500	Other Property Income collected as AIA

Interest received

This item consists of the receipts associated with ownership of interest-bearing financial instruments, such as bank deposits, loans extended to others, and bills and bonds issued by others. A financial instrument is a legal right or obligation with a monetary value, or a record of a monetary transaction.

Profits and dividends

This item consists of the receipts associated with ownership of a productive unit, typically a state-owned enterprise. Dividends come in the form of receipts from shares and distribution of profits to the owner. Gains/losses associated with valuation changes should not be included in the amount reported here. This is relevant for other realized and unrealized gains and losses. For entities using the modified cash basis accounting, realized valuation changes should be included in the value of the asset sold and unrealized changes should not be recorded in the government account. However, the realized valuation change should be recorded separately under the relevant heading for entities using accrual accounting, such as trading entities.

Withdrawals from Income of Quasi-corporations

This item consists of transfers from quasi-corporations relating to unconditional withdrawals by the government other than borrowings.

Rent on land, houses, and buildings

This item consists of the receipts due to ownership of land. If it is not possible to distinguish receipts due to ownership of land from receipts due to ownership of fixed structures on that land (for example a building), the whole amount should be recorded under sales of goods and services produced by the government (excluding capital assets). This item also includes all receipts due to ownership of sub-soil assets and other commercially exploitable naturally occurring assets such as virgin forests, game, and fisheries.

Other Property Income collected as AIA

This relates to income from property that is received directly by an entity and used in support of that entity's activities as Appropriation in Aid.

10.6.1.5.2. Sale of goods and services

This category consists of sales by government units provided that the government has produced the good or service. It is important to note that sales of capital assets are never included under this category, but under *sales of capital assets*, even if they have been produced by a government unit. *Sales of capital assets* are excluded from this category. (Capital assets are goods that are expected to be used during more than one reporting period and from which future economic benefits or service potential are expected to flow, but excluding assets below the capitalization threshold as provided for under the Government financial procedures manual. Expenditure above this limit should be included as capital assets. Examples of capital assets are buildings, vehicles, used machinery, and so on.)

Rental received from the ownership of buildings and fixed structures is classified as *sales of goods and services produced by the government (excluding capital assets)*, even though a sale of a building or fixed structure is recorded under *sales of capital assets*. This is because receipts from ownership of buildings imply the provision of a service in the form of the use of a building.

Following this principle, the classification of revenue from sale of goods and services is as follows:

Item	Economic Classification of revenue from the Sale of goods and services
1520100	Sales by market establishments
1520200	Administrative fees
1520300	Administrative charges collected as AIA
1520400	Incidental Sales by Non-Market Establishments
1520500	Incidental Sales by Non-Market Establishments Collected as AIA
1520600	Receipts from Sale of Incidental Goods

Sales by market establishments

A market establishment implies a Budget Agency that sells its goods or services at economically significant prices. The fee charged must be in line with prices in the private market. An example of a sale of a market establishment is if a government unit provides rental services by making a building or a house available to another party. Rental of floor space for vending machines and sales of farm products of farms acquired for land distribution are other examples of sales receipts belonging to this category. The provision of hospital services should also be recorded here, as well as the sale of any other goods or services at market prices. Sales of items purchased from another economic unit and then resold should also be included under this item.

Administrative fees

This item consists of receipts collected for sales of regulatory or administrative services and is sometimes referred to as license fees. In this category, the government must exercise some sort of regulatory or administrative function. For example, it may verify the competence of the license holder or the safe functioning of the equipment used. It is important to note that if the amount collected is not in proportion to the cost of producing the service, the item should not be recorded here but under tax receipts. (Taxes are defined above.)

Administrative fees collected are considered sales by the government. Examples are trading, game, fishing, and driver's licenses as well as court fees, passport fees, identity document fees, and examination fees.

Administrative Charges collected as AIA

This category relates to administrative fees received within the definition of Item 14202 above but which are received by the entity directly without passing through the exchequer and are authorized to be utilized to fund the activities of the entity.

Incidental Sales by Non-Market Establishments

This category relates to sales of goods and services by an entity that is sold at a non-market price. Generally, entities within the general government that are engaged with the provision of chargeable goods or services offer them at prices that are below the market price as their general aim is not to make a profit. Such sales are recorded under this category.

Incidental Sales by Non-Market Establishments Collected as AIA

This category relates to sales by non-market establishment collected within the definition of Item 14204 above but which are received by the entity directly without passing through the exchequer and are authorized to be utilized to fund the activities of the entity.

Receipts from Sale of Incidental Goods

10.6.1.5.3. Fines Penalties and Forfeitures

This item consists of all compulsory receipts imposed by a court or quasi-judicial body. Out-of-court settlements are also included in this category. As with taxes, this item consists of compulsory transactions where the recipient government unit does not provide anything in return for these receipts.

Following this principle, the classification of revenue from fines, penalties, and forfeitures is as follows:

Item	Economic Classification of revenue from fines, penalties, and forfeitures
1530100	Fines
1530200	Penalties
1530300	Forfeitures

10.6.1.5.4. Voluntary transfers other than grants

This category includes gifts and voluntary donations from individuals, private nonprofit institutions, nongovernmental foundations, corporations, and any other source other than governments and international organizations.

Following this principle, the classification of voluntary transfers other than grants is as follows:

Item	Economic Classification of Voluntary Transfers Other Than Grants
1540100	Current Grants from International NGOs paid through the Exchequer
1540200	Capital Grants from International NGOs paid through the Exchequer
1540300	Current Grants from International NGOs collected as AIA
1540400	Capital Grants from International NGOs collected as AIA
1540500	Other Voluntary Transfers for Current purposes
1540600	Other Voluntary Transfers for Capital purposes

Current Grants from International NGOs paid through the Exchequer

This relates to contributions received from international organizations in support of government recurrent expenditure such as contributions received by the government relating to food, blankets, and medical supplies for relief purposes received through the exchequer.

Capital Grants from International NGOs paid through the Exchequer

This relates to contributions received from international organizations in support of government capital expenditure and received through the exchequer such as contributions received by the government for the construction or purchase of hospitals, schools, museums, theaters, and cultural centers and gifts of land, buildings, or intangible assets such as patents and copyrights.

If it is not clear whether the transfer is current or capital, it is classified as current.

Current Grants from International NGOs collected as AIA

This relates to contributions received from international organizations in support of government recurrent expenditure such as contributions received by the government relating to food, blankets, and medical supplies for relief purposes received directly by a general government entity.

Capital Grants from International NGOs collected as AIA

This relates to contributions received from international organizations in support of government capital expenditure and received directly by a general government entity such as contributions received for the construction or purchase of hospitals, schools, museums, theaters, and cultural centers and gifts of land, buildings, or intangible assets such as patents and copyrights.

If it is not clear whether the transfer is current or capital, it is classified as current.

Other Voluntary Transfers for Current purposes

This category relates to transfers received by the government to support its recurrent budget from other sources voluntarily other than those mentioned under Items 14401 to 14404.

Other Voluntary Transfers for Capital purposes

This category relates to transfers received by the government to support its capital expenditure budget from other sources voluntarily other than those mentioned under Items 14401 to 14404.

10.6.1.5.5. Other receipts not elsewhere classified

The classification of other receipts not elsewhere classified is as follows:

Item	Economic Classification of other receipts not elsewhere classified
1550100	Paid to Exchequer
1550200	Receipts Not Classified Elsewhere

Paid to Exchequer

Included in this category are revenues received directly to the agency bank accounts and to which the source hence revenue type could not be established. These items may be reclassified to an appropriate category once adequate details necessary to reclassify the revenues are available within the financial year.

Receipts Not Classified Elsewhere

This Chapter includes revenues that do not fit into any other category. Items that might appear here are insurance payments received for damage to government property other than payments from a judicial process, and any revenues for which adequate information is not available to permit their classification elsewhere. Receipts under this category usually relate to extraordinary receipts of a once-off nature. Sales of used military equipment should be recorded under this Miscellaneous Item as these are not capital in nature. Note that purchases of military equipment are recorded under goods and services and not under acquisition of fixed assets. On the contrary, the purchase of police equipment should be recorded under the acquisition of fixed assets.

10.6.1.6. Other revenue

The classification of other revenue is as follows:

Sub-Chapter	Economic Classification of Other Revenue
1610000	Dividends
1620000	Donations
1630000	Net gains/(losses) on financial instruments
1640000	Sale of Royalties
1650000	Concession in Leases
1660000	Extraordinary items

Dividends

Dividend revenue from investments is recognized when the government's rights as a shareholder to receive payment have been established.

10.6.1.7. Other Comprehensive Incomes

The classification of other revenue is as follows:

Sub-Chapter	Economic Classification of Other Comprehensive Incomes
1710000	Revaluation of Pension Plans
1720000	Revaluation of Physical Assets

1730000	Gains on foreign currency translations
1740000	Other movements

COUNTY OWN SOURCE REVENUE

County-own source revenues have been classified as per the powers and functions of County Governments contained in the fourth schedule of the Kenya Constitutions.

Sub-Chapter: County Own Source Revenue

Item	Economic Classification of County Own Source Revenue
1581000	County Taxes (Revenue) and Agricultural services -Cess
1582000	County Health Services
1583000	Outdoor Advertising, Trade development & regulation
1584000	Public entertainment & Public Amenities
1585000	Other County Own Source Revenue

Sub- Item	Economic Classification of County Taxes (Revenue) and Agricultural Services-Cess
1581001	Taxes on Immovable Property
1581002	Stand premia on Town plots
1581003	Plot rates – Local Authority taxes
1581004	Tax on property transfer and sales
1581005	Taxes on specific county-related services
1581006	Betting tax
1581007	Casino tax
1581008	Entertainment Tax
1581009	Penalty and interest on county taxes
1581010	License Fees
1581011	Surcharge Fees
1581012	Agency fees
1581013	Lottery permit fee
1581014	Other Administrative Fees – Revenue
1581015	Other Administrative Charges – AIA
1581016	Game Park fees
1581017	Single Business Licenses
1581018	Parking fee
1581019	Market fee
1581020	Fines, penalties, forfeitures, and other charges
1581021	Land rates

1581022	Land rates penalties
1581023	Land rates interest
1581024	Land valuation fees
1581025	Land registration fees
1581026	Land search fees
1581027	Land boundary dispute fees
1581028	Land adjudication and case fees
1581029	Plot application fee
1581030	Plot transfer fee
1581031	Plot subdivision fee
1581032	Document search fee
1581033	Consent to charge fee/Property certification fee (Use as Collateral)
1581034	Technical services fees/ Physical planning & development
1581035	Beacon search pointing fees
1581036	Survey fee
1581037	Sale of county planning documents
1581038	Occupational permits/Certificate fee
1581039	Enforcement/Demolition charges
1581040	Architectural designs by county officers
1581041	Hoarding fees
1581042	Land amalgamation fee
1581043	Other property charges
1581044	Construction site board fee
1581045	Building plan preparation fee
1581046	Building plan approval fee
1581047	Building inspection fee
1581048	Renovation permit fee
1581049	Poll rates
1581050	Poll rates penalties
1581051	Poll rates interest
1581052	Other local levies
1581053	Hotel Levy
1581054	Miscellaneous fees & charges
1581055	Administrative services fees
1581056	Refuse collection fee
1581057	Dumpsite fees/Tipping charges

1581058	Garbage collection fees
1581059	Public cemetery fees
1581060	Disposal of carcasses fee
1581061	Noise control fee
1581062	Annual waste collection permit
1581063	Recycling/Incinerator permit
1581064	Waste policy management fines
1581065	Solid Waste management fee
1581066	Dog licenses
1581067	Slaughtering fee
1581068	Hides & Skins administration fee
1581069	Manure sale fee
1581070	Agricultural Cess
1581071	Tea Cess
1581072	Coffee Cess
1581073	Rice Cess
1581074	Wheat & Maize Cess
1581075	Sugarcane Cess
1581076	Potatoes Cess
1581077	Milk Cess
1581078	Fish Cess
1581079	Sand Cess
1581080	Miraa/Muguka Cess
1581081	Fruits & Vegetables/Produce Cess
1581082	Pyrethrum Cess
1581083	Wattle Bark Cess
1581084	Log Cess
1581085	Charcoal Cess
1581086	Water Cess
1581087	Livestock Cess
1581088	Pozzolana Cess
1581089	Manure Cess
1581090	Poultry Cess
1581091	Ballast Cess
1581092	Other Cess
1581093	Forest receipts

1581094	Receipts from the sale of agricultural goods
1581095	Weighbridge charges
1581096	Produce inspection fees

Sub- Item	Economic Classification of County Health Services
1582001	Public health & sanitation services fees
1582002	Malaria prevention services fees
1582003	Inoculation fee
1582004	Rodent/Pest control/Fumigation fees
1582005	Mortuary fees
1582006	Research and attachment fees
1582007	Meat inspection fees
1582008	Food quality inspection
1582009	Food preparation premises hygenization services fees
1582010	Health clearance fees
1582011	Sanitary inspection fees
1582012	Medical certificate fees
1582013	General hospital fees
1582014	Public health facilities operations fees
1582015	Health center service fees
1582016	Maternity services fees
1582017	Laboratory service fees
1582018	Public health license
1582019	Slaughterhouse inspection
1582020	Ambulance services
1582021	Public cemetery
1582022	Public toilets
1582023	Burial fees
1582024	Hearse services fee
1582025	Other health & sanitation charges

Sub- Item	Economic Classification of County Outdoor Advertisement, Trade & Development
1583001	Receipt from permission to use goods or perform a service
1583002	Liquor license
1583003	Licenses under Stage Plays and Cinema Act
1583004	Receipts from use of goods & services

1583005	Timber royalties
1583006	Royalties on fuel wood
1583007	Royalty on carbon dioxide gas
1583008	Royalties on mineral extraction
1583009	Royalty on oil exploration
1583010	Royalties on oil exploration training fees
1583011	Royalties on Geothermal Development
1583012	Receipts from royalties – other
1583013	Mining royalties
1583014	Magadi soda royalty
1583015	Base Titanium royalty
1583016	Sales of goods and services
1583017	Sales of market establishment
1583018	Administrative fees
1583019	Slaughterhouse, Stage fees
1583020	Business permits
1583021	Business permits late payment penalties
1583022	Business permit application fees
1583023	Local levies
1583024	Hotel levies
1583025	Engineering works levy
1583026	Business subletting/transfer fees
1583027	Isolation fees (Surcharge on business permit)
1583028	Agency fees
1583029	Weights & measures fees
1583030	Advertising fees
1583031	Various fees
1583032	Ambulant hawkers' licenses
1583033	Court fines
1583034	Impounding charges
1583035	Sales of county laws
1583036	Tender documents sale
1583037	Natural resources exploitation fees
1583038	Sand fee
1583039	Quarry extraction fees
1583040	Clinker extraction fees

1583041	Garbage dumping fees
1583042	Game and Nature Park fees
1583043	Sale of County assets
1583044	Sale of old vehicles
1583045	Sale of plant & machinery
1583046	Sale of buildings
1583047	Sale of incidental assets
1583048	Sale of biological assets
1583049	Market/Trade Centre & vehicle parking fees
1583050	Market entrance/ gate fees
1583051	Market plot rent
1583052	Market shops rent
1583053	Market kiosks rent
1583054	Market stalls rent
1583055	Market shelter rent
1583056	Incidental sales from non-market establishments - Revenue
1583057	Incidental sales from non-market establishments – AIA
1583058	Sales from incidental goods
1583059	Vehicle parking fees
1583060	Bus Park fee
1583061	Seasonal parking fees
1583062	Other vehicles' parking fees
1583063	Street parking fees
1583064	Clamping fees
1583065	Towing fees
1583066	Storage fees
1583067	Transit toll charges
1583068	Right of Way/Way-leave fee
1583069	Removal and Storage Charges
1583070	Street light pole advertisement fee
1583071	Road cuttings & reinstatements
1583072	Street pavement encroachment fine
1583073	Sign boards & Advertisement fee
1583074	Clamp tampering fee
1583075	Motor cycle sticker
1583076	Loading zone fees

1583077	Parking bay hire
1583078	School fees
1583079	Nursery school fees
1583080	Training & Learning Center fees
1583081	Vocational/Training School fees
1583082	Other education-related fees
1583083	Library services fee
1583084	Education sponsorship fee
1583085	Children's alimention fee (porridge fee)
1583086	Registration fees – learning institution
1583087	Other education revenues
1583088	Examination & Tuition fees
1583089	Educational visits fees
1583090	Course fees and hostel charges

Sub- Item	Economic Classification of Public Entertainment & Public Amenities
1584001	Rents on land
1584002	Rent on County office & commercial buildings
1584003	Rent on County Houses
1584004	Ground/Plot Rent
1584005	Booths/Stand Rent
1584006	Temporary occupational license
1584007	Other property income (Revenue)
1584008	Other property income (AIA)
1584009	Other land revenue
1584010	Lease/Rental of County infrastructure assets
1584011	Lease of water distribution network
1584012	Lease of Sewerage collection/treatment facility
1584013	Chamber hire
1584014	County premises occasionally hire
1584015	County vehicle hires
1584016	Social premises use hire
1584017	Social hall Hire
1584018	Stadium Hire
1584019	Stadium entrance fee

1584020	County property damages/eviction fee
1584021	Water connection fee
1584022	Industrial water connection charge
1584023	Metered water charge/rates
1584024	Meter rent
1584025	Meter sales
1584026	Meter cleaning services
1584027	Reconnection fees
1584028	Connection separation charges
1584029	Penalties for illegal connection
1584030	Water Kiosk sales
1584031	Sewerage connection fee
1584032	Sewerage connection charge
1584033	Exhauster Services charge
1584034	Receipts from solid waste management
1584035	Firefighting services
1584036	Fire special services
1584037	Boating fees/Lease
1584038	Storage charges

Sub- Item	Economic Classification of Other County Own Source Revenue
1585001	Receipts from Health Insurance
1585002	Funds received from national government Fund's
1585003	Property Income
1585004	Dividends and Profit's – Public Financial Enterprises
1585005	Dividends and Profit's – Public Non- Financial Enterprises
1585006	Dividends and Profit's – Other
1585007	Sales of Tender Documents
1585008	Refund from Insurance Providers
1585009	Other local levies
1585010	Insurance claims recovery
1585011	Donations
1585012	Fund raising events
1585013	Other miscellaneous revenue

10.6.2. Parent 2: Expenditure

Expense is:

Decrease in the net financial position of the entity, other than decreases arising from ownership contributions (IPSAS Conceptual Framework para 5.30).

Governments are under growing pressure to manage their funds effectively and show that their management has been effective. Article 201 of the Kenya Constitution 2010 states that the following principles shall guide all aspects of public finance in the Republic –

- a) there shall be openness and accountability, including public participation in financial matters;
- b) the public finance system shall promote an equitable society, and in particular-
 - i. the burden of taxation shall be shared fairly;
 - ii. revenue raised nationally shall be shared equitably among national and county governments; and
 - iii. **expenditure** shall promote the equitable development of the country, including by making provision for marginalized groups and areas;
- c) the burden and benefits of the use of resources and public borrowing shall be shared equitably between present and future generations;
- d) public money shall be used in a prudent and responsible way; and
- e) financial management shall be responsible, and fiscal reporting shall be clear.

To achieve this, the government needs complete information about its expenses/expenditures to assess its revenue requirements, the sustainability of its programs, and flexibility.

The term expenditure is differentiated from the term disbursements/transfer payments. Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners. A public entity will incur disbursements, expenditures, and expenses. The accrual basis of accounting will influence the definitions adopted and determine the recognition criteria for a transaction or an event included in a public entity's financial statements.

Materiality and Aggregation

The analysis of expenses in the statement of financial performance may be given by nature or function. Public entities in Kenya will present their financial statements by nature. Materiality and aggregation/ disaggregation will be determined by the National Treasury from time to time. Items that are material by virtue of their size but which have the same nature may be aggregated. Immaterial amounts should be aggregated with amounts of a similar nature of function and need not be presented separately.

Economic Classification of Expenditures

The classification of Expenditures follows closely on the requirements of IPSAS 1, *Presentation of Financial Statements*. The Economic Classification of Expenditure is as follows:

Chapter	Economic Classification of Expenditure
2100000	Compensation of employees
2200000	Use of goods and services
2300000	Depreciation
2400000	Finance costs
2500000	Subsidies
2600000	Transfer expenses
2700000	Social benefits
2800000	Other operating expenses

10.6.2.1. Compensation of employees

Government units need to distinguish between two components of gross remuneration: salaries and social contributions.

Salaries are paid out to employees in the current accounting period, but the social contribution is paid into a pension fund on the employees' behalf. Thus, salaries affect the disposable income immediately available to households, whereas the social contribution is not available until a later period. Thus, the economic effects of the two transactions are different.

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave, and other similar benefits are recognized as expenditures when they accrue to employees. Employee entitlements to be settled within 12 months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported as the present value of the estimated future cash outflows.

Termination expenses are recognized only when there is a demonstrable commitment to either terminate employment before the normal retirement date or as the expense arises as a result of an offer to encourage voluntary redundancy. Termination expenses settled within 12 months are reported at the amount expected to be paid, otherwise, they are reported as the present value of the expected future cash outflows.

Sub-Chapter	Economic Classification for Compensation of Employees
2110000	Salaries and Wages -
2120000	Social Contributions
2130000	Pensions- Defined benefits plans
2140000	Pensions- Defined contributions plans
2150000	Other employee entitlements

10.6.2.1.1. Salary and Wages

This item includes all payments of salaries to all government-salaried employees except social contributions. The item, salaries include:

- Salaries payable at regular weekly, monthly, or other intervals. This includes: payments by results and piecework payments; enhanced payments or special allowances for working overtime, at nights, at weekends, or other unusual hours; allowances for working away from home or in disagreeable or hazardous circumstances; and expatriation allowances for working abroad. Remuneration to staff members employed on a contractual basis and who are not on the government payroll is included under **Item Code 2110200**.
- Supplementary allowances payable regularly, such as housing allowances or allowances to cover the costs of travel to and from work.
- Salaries payable to employees who are away from work for short periods, for example, holiday leave
- Ad hoc bonuses or other exceptional payments made, for example, under incentive schemes
- Salaries payable to government employees engaged in a current or capital project, for example building a new road.

The item, salaries do not include:

- Reimbursements of payments incurred by employees on tools, equipment, uniforms, and other items that are needed to enable them to carry out their work. For example, uniforms provided to police officers do not fall under *compensation of employees*, but *goods and services*. Equally, allowances to employees to purchase an item such as a uniform that will mainly be used at work are classified as *goods and services*.
- Payments for travel and subsistence while on government duty away from the duty station. These are classified under goods and services depending on how the travel and substance were utilized.

- Purchases of services provided by people who are not government employees, for example, consultants, architects, and occasional workers. These are classified under goods and services.
- Social benefits to former employees. Retirement and medical payments to former employees and their families do not constitute compensation for work but are unrequited transactions.

It is important to emphasize that it is only the remuneration of employees that should be included under the item, *compensation of employees*. In practice, this normally means payments from the payroll systems of government. Payments to people who are not employees constitute purchases of services and are recorded under *goods and services*. Examples of such people are consultants, architects, engineers, and occasional workers, not on the government's payroll.

Following is the classification of salaries and wages:

Item	Economic Classification of Salaries and Wages
2110100	Basic Salaries - Permanent Employees
2110200	Basic Wages - Temporary Employees
2110300	Personal Allowances paid as part of salary
2110400	Personal Allowances paid as reimbursements
2110500	Personal Allowances provided in kind

10.6.2.1.2. Social contributions

This item is the second component of the broad payment category *compensation of employees*. The item includes the government's contribution (but not the employees' contribution) to social insurance schemes paid on behalf of current employees. These social insurance schemes include social security funds, unemployment insurance funds, pension and provident funds, as well as medical aid schemes. *Social contributions* are normally made on behalf of employees currently employed but can also be paid on behalf of formerly employed people.

Following is the classification of social contributions is as follows:

Item	Economic Classification of Social Contributions
2120100	Employer Contributions to Compulsory National Social Security Schemes
2130200	Employer Contributions to Compulsory Health Insurance Schemes
2130300	Employer Contributions to Social Benefit Schemes Outside Government

- **Compulsory National Social Security Schemes:** This category consists of contributions payable to social security schemes as part of government contribution to the employee's compulsory contribution to the government-approved social security funds such as the National Social Security Fund, and Local Government Security Fund. The National Social Security Fund Act provides that the pension contribution for each employee is at the rate of twelve percent (12%) of the employee's salary, made up of two equal portions of six percent (6%) from the employee and six percent (6%) from the employer subject to an upper limit of Kshs 2160.
- **Compulsory Health Insurance Schemes:** This category consists of contributions (if any) payable to health insurance schemes as part of government contribution to the employee's compulsory contribution to the government-approved health insurance schemes such as the National Hospital Insurance Fund.
- **Employer Contributions to Social Benefit Schemes outside Government:** This category consists of contributions payable to social benefit schemes as part of government contribution to the employee's contribution to private social security funds.

10.6.2.2. Use of Goods and Services

This item includes expenditures for all goods and services to be used by a government unit, excluding purchases of capital assets². Purchases of capital assets fall under Category 3 Investment in assets.

All goods to be used by a government unit other than capital assets are included under this category.

The items, *goods, and services* include the following:

Goods to be included in *goods and services* are for example petrol, coal, small tools and equipment, stationery, foodstuff, and electricity. In addition, goods purchased for resale fall under this category, such as postcards to be resold by government-owned museums. Examples of services to be included are hostels, canteens, transport, communication, banking, business services, consultants' fees, market research, and staff training, as well as rental of buildings, other fixed structures, equipment, and vehicles.

Consultants' fees comprise the payments to experts engaged for a specific period to complete a given set of tasks. This includes payments for example to individuals contracted to write a policy document, and so on.

The items, *goods, and services*, also include:

- Reimbursements of payments incurred by employees on tools, equipment, uniforms, and other items that are needed to enable them to carry out their work. Uniform allowances are also included here if the employee is required to use it to purchase a uniform that will be used at work.
- Reimbursement of payments incurred by employees when they take up new jobs or are required by their employers to move their homes, for example, payments for travel and moving.
- Payments for travel and subsistence while on government duty away from the duty station. Daily subsistence and out-of-town allowances fall under this category.
- Bursaries and other direct support paid to employees to study at universities or other tertiary institutions. For a payment to be classified as a bursary, it has to comply with all conditions and objectives of the department's policy on bursaries. In addition, all conditions in terms of the contract with the bursary holder must have been met. Direct support includes fees, textbooks, and accommodation at the university residence. An employee bursary is classified as *goods and services* because the budget agency will eventually benefit from the increased knowledge gained by the employee.
- Subscription fees to international organizations if the payment is in proportion to the benefit and the purpose is to obtain something in return. If the payer gets something in return for the payment, for example, gains access to a network or gets information in return for subscribing to the international organization, the transaction should be classified as *goods and services*, provided that the cost is in proportion to the benefit. If the purpose is to support the organization or the cost of subscribing far exceeds the benefit, the transaction should be classified as a *transfer to foreign governments and international organizations*.

The classification of the use of goods and services is as follows:

Sub-Chapter	Economic Classification of Use of goods and services
2210000	General goods & services
2220000	Routine Maintenance
2230000	Amortization and net impairment of non-financial assets
2240000	Impairment of financial assets
2250000	Cost of concessionary lending
2260000	Audit fees

² (Capital assets are goods that are expected to be used during more than one reporting period and from which future economic benefits or service potential are expected to flow, but excluding assets below the capitalization threshold. The capitalization threshold as provided for under the Government financial procedures manual is Kshs 100,000. Expenditure above this limit should be included as capital assets. Examples of capital assets are buildings, vehicles, used machinery, and so on.).

10.6.2.2.1. General goods and services

Includes the following:

Item	Economic Classification of general goods and services
2210100	Utilities, Supplies and Services
2210200	Communication
2210300	Domestic Travel Subsistence, and Other Transportation Costs
2210400	Foreign Travel Subsistence, and other transportation costs
2210500	Printing, Advertising, and Information Supplies and Services
2210600	Rentals/Leasing of Produced Assets
2210700	Training Costs
2210800	Hospitality supplies and services
2210900	Insurance costs
2211000	Specialized materials and supplies
2211100	Office and general supplies and services
2211200	Fuel oil and lubricants
2211300	Bank charges
2211400	Professional services and consultancies

Utilities, supplies, and services

This account will include the cost of metered Water utilized other than bottled drinking water (which will be treated like a beverage) and the cost of energy services will include electricity, firewood, charcoal, fuels, gas, etc.

Communication

This account shall be charged with the cost of telephones whether fixed or Mobile lines, telegraphs, or Faxes. Included here too, shall be the cost of equipment if in the form of cables. Large switchboards shall not be included here. These shall be included under the acquisition of assets: 2314 ICT (Equipment, Software, and Other ICT Assets).

This account shall also be charged with the cost of postage, stamped envelopes, postal registry, and money order fees, postage meter impression, and parcels delivered by post or courier as well as the recurrent costs of information and communications technology, Internet, E-mail, LAN maintenance, under the ICT program.

Domestic Travel Subsistence and other transportation costs

This account shall be charged with expenses in connection with In-country official travel: per diem, transport (bus and taxi fares or fuel), accommodation, etc., and with expenses in connection with overseas travel: per diem, air tickets, local transport, accommodation, meals, warm clothing, etc.

This account will also be charged with the costs of freight, haulage & clearing of goods and supplies procured by government units to their place of work. Included hereto will be the cost of vehicle hire for persons and/or goods.

This account shall also be charged with the cost of gasoline or petrol, diesel, grease, Oil, etc. if these costs are incurred in a travel status.

Foreign Travel Subsistence and other transportation costs

This account shall be charged with expenses in connection with out-of-country official travel: per diem, transport (bus and taxi fares or fuel), accommodation, etc., and with expenses in connection with overseas travel: per diem, air tickets, local transport, accommodation, meals, warm clothing, etc.

Printing, Advertising, and Information Supplies and Services

Radio/TV/Newspaper/Newsletters/ etc. advertisements designed to promote a unit or a particular program being undertaken by the unit (for sensitization purposes) provided such program does not have its budget. Advertisement expenses relating to recruitment shall be charged to this account.

Rental/Leasing of produces assets

This account is to be used to record Rent for produced assets received from Government units: buildings (incl. Barracks, dormitories), Plant, Equipment, Machinery, etc. Charged here too, real estate taxes paid on leased premises as part of the lease agreement, and commissions paid to real estate agents for negotiating leases and sub-letting rented property.

Training costs

This account shall be used whenever a distinct course is identified or routine meetings and the costs included shall be those in respect of specialized training programs, whether on a group or individual basis, including the cost of materials and related scholastic materials, travel expenses, etc.

This account shall also be charged with costs incurred at Workshops and/or Seminars. The costs included will be those incurred as a direct result of such workshops/Seminars hire of venue, hire of projectors/LSDs, transport for participants banquets, meals, etc. The Workshops/Seminars can be anything from Sensitization to instructional meetings, internal to external.

Hospitality supplies and services

This account shall be charged with the cost of consumable medical services and goods associated with health and hygiene such as medication, laundry costs e.tc

This account shall also be charged with expenses in connection with the provision of official entertainment, whether inland or abroad. Official entertainment can be anything from a simple provision of soft drinks to large international banquets provided that they are given in their own right, i.e. not under an item with its budget line.

Expenses relating to the purchase of clothing and uniforms that are needed to enable employees to carry out their work should be charged to this account. This should also include uniform allowances or reimbursement paid to employees if the employee is required to use it to purchase a uniform that will be used at work.

Insurance Cost

This account shall be debited with Insurance premium payments for Property, Vehicles, Equipment, Plant, aircraft, boats, etc. Included here too, will be premiums paid in respect of insurance for fidelity, burglary, cash shortages, etc.

Specialized materials and supplies

Charged to this account include costs directly associated with provision of security by the state security organs. This shall include procurement of weapons: e.g. bullets, rockets, missiles, and associated warheads, etc. It shall not be charged with the salaries, uniforms, and other recurrent items paid in respect of servicemen. Also excluded from here are weapons or armored vehicles acquired by police and internal security organizations, which are treated as acquisitions of fixed assets.

Charged to this account also includes payments in respect of security and guarding of government units' properties (empty or occupied), installations, and equipment.

This account is also to be charged with the cost of consumable veterinary drugs and agricultural supplies (Including laboratory supplies) given out to the final user by departments charged with buying stocking selling or distributing. Note that costs incurred to acquire these drugs and agricultural supplies in bulk for future use are not debited to this account but rather debited to inventories. It is when these drugs and supplies are issued to the final users that this account will be debited and inventories credited.

This account is also to be charged with a general supply of goods and services including sanitary, foodstuffs, etc. This account should be debited when goods are acquired for immediate use by the final user but if they are acquired in bulk

for future use, then they should initially be debited to the inventory account and when issued from the stock to the final user, inventory account will be credited and this account debited.

Office and general supplies and services

Expenses charged under this account shall be supplies used as record books, binders, forms, printing and printing supplies, letterheads, envelopes, paper (writing, photocopying, duplicating, etc.), business cards, inks, pens, pencils, typewriters and adding machine ribbons, rubber stamps, staples, office pins, markers, etc. Also included here will be the cost of document production and binding into hard copies. Charged under this account, shall also be subscriptions or payments for Periodicals, newspapers, and books supplied on a periodical and regular basis.

Fuel Oil and Lubricants

Included in this category is the cost of refined fuel and lubricants for transportation and production and other fuels such as wood, charcoal, and cooking gas.

10.6.2.2.2. Routine Maintenance

This includes the following:

Item	Economic Classification of Routine Maintenance
2220100	Routine Maintenance -Property, plant & equipment
2220200	Routine Maintenance -Roads Infrastructure
2220300	Routine Maintenance -Electricity Infrastructure
2220400	Routine Maintenance – Heritage assets
2220500	Routine Maintenance - Buildings
2220600	Routine Maintenance – Leased Assets
2220700	Routine Maintenance – Public-Private Partnership
2220800	Routine Maintenance and repairs - Other Assets

Routine Maintenance – Property, plant and equipment

This account should also be charged for maintenance of vehicles, ICT equipment, furniture (Including cycles), repairs (e.g., Garage services), etc.

Maintenance and repairs

This account is to include the cost of materials, supplies, and parts used in the repair and minor rehabilitation or restoration of infrastructure in respect of buildings, Grounds, Roads, Bridges, etc. as well as expenses on repairs and maintenance of equipment and machinery, furniture and fixtures, etc.

The cost associated with the purchase of spare parts for vehicles, machinery, and equipment should be charged here. Such costs include vehicle tires, brake parts, electric coils, etc.

Under this account shall be included small equipment, which though not consumables cannot qualify to be classified as fixed assets. Examples include things like small calculators, stapling machines, pen-holders, punches, paper trays, pin and staple holders, etc.

Under this account shall be included small tools and equipment used in production, which cannot qualify to be classified as fixed assets. Examples include things like spanners, pliers, test tubes, etc.

10.6.2.2.3. Amortization and net impairment of non-financial assets

This includes the following:

Item	Economic Classification of Amortization & Net Impairment
2230100	Amortizations
2230200	Net Impairment of non-financial assets

This account shall be associated with holding/translation losses/(gains) arising from variations in exchange rates for transactions denominated in foreign currencies. The gains arising from exchange rate variations should be credited to this account whereas the losses should be debited to the same account.

10.6.2.3. Depreciation

Depreciation refers to the process of allocating the cost of a tangible fixed asset over its useful life. It is an accounting method used to spread the expense of an asset over several periods, reflecting the wear and tear, obsolescence, or reduction in value of an asset as it is used over time. Depreciation is important because it allows the public sector to match the cost of using an asset with the revenue it generates.

There are several methods used to calculate depreciation, including:

- Straight-line depreciation (annual depreciation charge is calculated by dividing the cost of the asset by the useful life). Same depreciation charges each year.
- Reducing balance depreciation (a more accelerated method where depreciation is higher in the earlier years).
- Sum-of-the-years'-digit depreciation (a more accelerated method where depreciation is higher in the earlier years).
- Units of production depreciation (depreciation is based on the asset usage or output, such as the number of units it produces).

The depreciation rates per class of assets are indicated below as per the approved Road Map to Accrual Accounting:

Asset Category	Valuation Method	Ownership	Depreciation Method	Depreciation Rate@ Sub-Item	Capitalization threshold
Non-Produced Fixed Assets					
Land (IPSAS 45)					
Freehold	Historical cost/Ministry of Lands Valuation	Title/Vesting Documents or Control of Access	Nil	Nil	1 Kshs
Leasehold	Historical cost/Ministry of Lands Valuation	Title/Vesting Documents or Control of Access	Reducing balance	Amortization for remaining period	1 Kshs
Community	Historical cost/Ministry of Lands Valuation	Title/Vesting Documents or Control of Access	Nil	Nil	1 Kshs
Tangible natural resources					
Natural resources with finite lives	Historical Cost/Current Operational Value (deemed cost at point of initial recognition)	Title/Vesting Documents or Control of Access	Based on the type of asset	Based on the type of asset	1 Kshs
Natural resources with infinite lives	Historical Cost/Current Operational Value	Title/Vesting Documents or Control of Access	Assess impairment	Based on impairment	1 Kshs

	(deemed cost at point of initial recognition)				
Other naturally occurring assets	Historical Cost/Current Operational Value (deemed cost at point of initial recognition)	Title/Vesting Documents or Control of Access	Based on the type of asset	Based on the type of asset	1 Kshs
Intangible assets (IPSAS 31)					
Software purchased	Historical Cost/Current Operational Value	Receipts/Vesting Order	Amortization for the remaining period Below 5 years 5 – 8 years	12.5% 20%	Kshs 1
Easements, Licenses, & Rights	Historical Cost/Current Operational Value	Receipts/Vesting Order	Number of years in the contract	As applicable	Kshs 1
Patents	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance Below 7 years 7-10 years	10% 14.3%	Kshs 1
Copyrights	Deemed cost	For 50 years after the author/recording/work dies/ended	As applicable	As applicable	Kshs 1
Industrial Design	Deemed cost	Owned for 5 years & below Owned for 5 to 15 years	Reducing balance	6.67% 20%	Kshs 1
Utility models	Deemed cost	Owned for 5 years & below Owned for 5 to 15 years	Reducing balance	6.67% 20%	Kshs 1
Other intellectual	Deemed cost	Owned for 5 years & below Owned for 5 to 15 years	Reducing balance	6.67% 20%	Kshs 1
PRODUCED FIXED ASSETS					
Roads Infrastructure IPSAS 45					
Land under the road and within road reserves	Historical Cost/Current	Title/Vesting Documents or Control of Access	Reducing balance	Amortization for remaining period	1 Kshs

	Operational Value				
Roads and Bridges	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Seal Coat – 20% Gravel – 20% Asphalt – 10% Concrete – 3.3 Bridge Timber - 10% Bridge Metal – 3.33% Bridge Concrete – 2% Bridge Movable- 2% Timber redecking – 8.33% Concrete redecking – 4% Formation – 2% Pavement (structure) – 2% Pavement (surface) – 10% Tunnels – 4% Drainage – 10% Culverts/Subways -4% Capital Work in Progress – 0%	1 Kshs
Roads Traffic control installations	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Signals – 6.67% Traffic facilities -6.67%	1 Kshs
Road amenities	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Street Trees & Vegetation – 2% Bike lanes-10% Public Art – 2% Parklet – 10% Outside seating - 25% Side Walk -10%	1 Kshs
Work in Progress	Historical Cost/Current Operational Value	Receipts/Vesting Order	N/A	N/A	1 Kshs

Railway Infrastructure IPSAS 45					
Land under railways/railway reserves	Historical cost/Current Operational Value	Title/Vesting Documents or Control of Access	Reducing balance	2%	1 Kshs
Railways and Bridges	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	SGR -2% Meter Gauge 2% Railway Infrastructure 2% Buildings 2% Capital Work in Progress 0%	1 Kshs
Railway Traffic control installations	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	2%	1 Kshs
Railways amenities	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	2%	1 Kshs
Electricity Generation & Other Infrastructure IPSAS 45					
Electricity Generation	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Geothermal stations 10% Hydro stations 10% Wind farms 10% Solar Generations 10%	1 Kshs
Electricity Distribution	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Electricity distribution networks 10%	1 Kshs
Water Infrastructure IPSAS 45	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Collection 2% Purification 10% Storage 10% Pipeline 10% Drainage 10%	1 Kshs

Solid Waste & sewerage disposal IPSAS 45	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Buildings 2% Waste facilities 10% Pipe network 10% Drainage 10%	1 Kshs
Sea Walls & Jetties IPSAS 45	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Buildings 2% Sea Walls & Jetties 5%	1 Kshs
Other Infrastructure IPSAS 45	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	10%	1 Kshs
Leased assets (under finance lease/right of use) IPSAS 43					
Leased assets	Present Value	Lease agreement	Reducing balance	Based on lease period	1 Kshs
Right of Use	Present Value	Lease agreement	Reducing balance	Based on lease period	1 Kshs
Heritage and cultural assets IPSAS 45					
Historical sites	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Finite useful life- based on type of asset Indefinite useful life- assess for impairment	1 Kshs
Archaeological sites	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Finite useful life- based on type of asset Indefinite useful life- assess for impairment	1 Kshs
Paleontological items	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Finite useful life- based on type of asset Indefinite useful life- assess for impairment	1 Kshs
Monuments	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Finite useful life- based on type of asset Indefinite useful life- assess for impairment	1 Kshs

National Library Collections	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Finite useful life- based on type of asset Indefinite useful life- assess for impairment	1 Kshs
National Archives	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Finite useful life- based on type of asset Indefinite useful life- assess for impairment	1 Kshs
Other heritage assets	Historical Cost/Current Operational Value	Receipts/Vesting Order	Reducing balance	Finite useful life- based on type of asset Indefinite useful life- assess for impairment	1 Kshs
Biological assets IPSAS 27					
Livestock	Fair value less costs to sell	N/A	N/A	N/A	1 Kshs
Crops	Fair value less costs to sell	N/A	N/A	N/A	1 Kshs
Agricultural produce	Fair value less costs to sell	N/A	N/A	N/A	1 Kshs
Trees & Plants	Fair value less costs to sell	N/A	N/A	N/A	1 Kshs
Fish in aquaculture	Fair value less costs to sell	N/A	N/A	N/A	1 Kshs
Other biological	Fair value less costs to sell	N/A	N/A	N/A	1 Kshs
Public Private Partnership assets					
PPP Assets created by Private Entity					
Public Assets Used by Private Entity					
BUILDINGS & BUILDING IMPROVEMENTS					
Permanent	Historical Cost/Current Operational Value	Title/Vesting Documents or Control of Access	Reducing balance	Housing Stock 2% School property 2% Hospitals 2% Prisons 2%	Kshs 1

				Fire Stations 2% Police Stations 2% Offices' 2%	
Semi- Permanent	Historical Cost/Current Operational Value	Title/Vesting Documents or Control of Access	Reducing balance	5%	Kshs 1
Temporary	Historical Cost/Current Operational Value	Title/Vesting Documents or Control of Access	Reducing balance	10%	Kshs 1
Property Plant and Equipment IPSAS 45					
Motor Vehicles and other transport equipment	Historical Cost/Current Operational Value	Logbook/Vesting Documents or Control of Access	Reducing balance	Saloon vehicles 16.67% Heavy duty utility vehicles 12.5% Lorries 10% Aircraft 10% Ships 10% Others 10%	Kshs 1
Computers and other ICT equipment	Historical Cost/Current Operational Value	Receipts/Vesting Documents or Control of Access	Reducing balance	Computers 33.3% Laptops 33.3% Printers 33.3% Others 33.3%	Kshs 1
Office equipment	Historical Cost/Current Operational Value	Receipts/Vesting Documents or Control of Access	Reducing balance	Safes 12,5% Air conditioners 12.5% Shredders 12.5% Storage Equip 12.5% Others 12.5%	Kshs 1
Furniture and Fittings	Historical Cost/Current Operational Value	Receipts/Vesting Documents or Control of Access	Reducing balance	Furnishings 12.5% Desks 12.5% Tables 12.5% Chairs 12,5% Bookshelves 12.5% Others 12.5%	Kshs 1

Plant & Machinery	Historical Cost/Current Operational Value	Receipts/Vesting Documents or Control of Access	Reducing balance	Plant & Equipment	Kshs 1
Inventories IPSAS 12	Lower of cost or net realizable/current replacement cost	Receipts/Vesting Documents or Control of Access	N/A	Consumable stores Finished goods Raw materials Goods in transit	Kshs 1
Service Concession Arrangements IPSAS 32	Fair Value	N/A	N/A	Tangible Intangible (Depreciation based on underlying assets)	Kshs 1

IPSAS 45 states that the depreciation method shall reflect the pattern in which the asset's future economic benefits or service potential is expected to be consumed by the public entity. The depreciation method shall be reviewed at least at each annual reporting date and, if there has been a significant change in the expected pattern of the consumption of the future economic benefits or service potential embodied in the asset, the method shall be changed to reflect the changed pattern. Such a change shall be accounted for as a change in accounting estimate in accordance with IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*.

All four methods will be available in IFMIS but the default depreciation method will be Reducing balance depreciation.

Impairment

A public entity is required to determine whether an item of property, plant, and equipment is impaired annually in accordance with IPSAS 21 *Impairment of Non-Cash Generating Assets* and IPSAS 26 *Impairment of Cash Generating Assets*.

Depreciation Classification

Sub-Chapter	Economic Classification of Depreciation
2310000	Depreciation expenses
2320000	Eliminated on revaluation
2330000	Eliminated on disposal
2340000	Net impairment losses

10.6.2.4. Finance Costs

Finance costs refer to the costs incurred by a public sector entity for borrowing money. It is the amount the public sector entity must pay on outstanding debt, such as Treasury Bills and Bonds, Sovereign Bonds, bilateral loans, and multi-lateral loans, to the lender as compensation for the use of the borrowed funds. Interest expenses are typically recorded on the Statement of Financial Performance as operating or non-operating expenses, depending on the nature of the deb

Sub-Chapter	Economic Classification Finance Costs
2410000	Interest on foreign borrowing
2420000	Interest on domestic borrowing

10.6.2.5. Subsidies & Transfer Expense

10.6.2.3.3 Subsidies to Government Institutions

For a country to realize full economic potential education is paramount. A population with the ability to read and write is paramount for the growth of the economy. In Kenya, free primary education was introduced in 1963 but it was not until 2003 that the Free Primary Education program was implemented.

The government launched the Free Day Secondary Education program, aimed at reducing financial barriers to secondary education and ensuring a hundred percent transition from primary education. This initiative subsidizes school fees and provides essential study materials, particularly textbooks, to students who previously could not afford secondary education. The program has several positive outcomes, most notably a significant increase in enrollment.

Sub-Chapter	Economic Classification of Subsidies
2550000	Subsidies to Government Institutions
2560000	Subsidies to Private Enterprises

Item	Economic Classification of Subsidies to Government Institutions
2550100	Free primary education
2550200	Free day junior school education
2550300	Free day secondary school education

10.6.2.5.1. Subsidies to Private Enterprises

Following is the classification of subsidies to Private Enterprises:

Item	Economic Classification of Subsidies to Private Enterprises
2560100	Subsidies to Private Enterprises – Non-Financial
2560200	Subsidies to Private Enterprises - Financial

IPSAS 48, *Transfer Expenses* defines a transfer expense as an expense arising from a transaction, other than taxes, in which an entity provides a good, service, or other assets to another entity, without directly receiving any good, service, or other asset in return. IPSAS 48, *Transfer Expenses* provides two accounting models based on the existence of a binding arrangement. The accounting treatment for transfer expenses is driven by whether the transaction results in an enforceable right to have the transfer recipient satisfy their obligation.

Most transactions in the public sector in Kenya are transfer expenses arising from a transaction without binding arrangement. The public entity would have to first consider whether it has a constructive or legal obligation (Appropriation Act, Relevant Act, contract, etc.) related to the transaction. If so, the public entity recognizes an expense and a provision under IPSAS 19, *Provisions, Contingent Liabilities, and Contingent Assets*. The subsequent transfer of resources to the transfer recipient settles the provision.

Sub-Chapter	Economic Classification of Transfer Expenses
2610000	Exchequer transfers
2620000	Grants and Other Transfers to International Organizations
2630000	Other Transfers and Contingencies Relief

10.6.2.5.2. Exchequer Transfers

Article 206 (1) of the Constitution of Kenya established the Consolidated Fund into which shall be paid all money raised or received by or on behalf of the National Government except money that:

- is reasonably excluded from the Fund by an Act of Parliament and payable to another public fund established for a specific purpose.
- may, under an Act of Parliament, be retained by the State organ that received it to defray the expenses of the State organ. Such include Appropriation in Aid (AIA).

The National Treasury prepared and submitted to the National Assembly for approval “Estimates of Revenue, Grants, and Loans of the Government of Kenya for the year ending 30th June 2024”. Revenues raised are then deposited in the National Exchequer Account.

Section 17 of the Public Finance Management Act, 2012 mandates the National Treasury to account for the Consolidated Fund in the National Exchequer Account at the Central Bank of Kenya. The Consolidated Fund receives the proceeds of taxation (income tax, value-added tax, customs duties, excise tax), tax-type revenues such as fines, penalties, fees, license fees, dividends, visa fees, etc., certain other government receipts, all loans and all grants raised by the National Government.

Further, Article 206 (2) of the Constitution of Kenya stipulates that money may be withdrawn from the Consolidated Fund only:

- in accordance with an appropriation by an Act of Parliament;
- in accordance with Article 222 or 223; or
- as a charge against the Fund as authorized by the Constitution or an Act of Parliament.

Further Section 17 (4) of the Public Finance Management Act, 2012 requires the National Treasury to seek approval from the Controller of Budget for any withdrawal from the Consolidated Fund. The voted entities that received funds from the Consolidated Fund include National Government Ministries, Departments and Agencies, and County Governments. These entities are responsible for the administration of their respective budgets.

Therefore, payments from the Consolidated Fund are transfers issued to government departments to finance their net expenditures. Parliament votes on the necessary financial provisions normally through the “Estimates of Recurrent/Development Expenditure for the year” process which confers formal statutory authority through the Appropriation Acts that follow. Sometimes there can be a need for additional allocation of expenditure and a Supplementary Estimates is voted.

Item	Economic Classification of Exchequer Transfers
2610100	Transfers to MDAs - Recurrent
2610200	Transfers to MDAs -Development
2610300	Transfers to County Governments -CRF
2610400	Transfers to Consolidated Fund Services

10.6.2.5.3. Grants to International organizations

This item includes grants provided to international organizations. If the payment is in proportion to the benefit and the purpose is to obtain something in return, for example, information or access to a network, the transaction should be classified as goods and services.

Following is the classification of grants to international organizations:

Item	Economic Classification of grants to international organizations
2620100	Membership Fees and Dues
2620200	Subscription to International bodies

10.6.2.5.4. Other transfers and emergency reliefs

Following is the classification of Transfers to other Ministries, Departments and Agencies:

Item	Economic Classification of Transfers to Other Ministries, Departments, and Agencies
2630100	Scholarships and other Educational Benefits
2630200	Emergency Relief and Refugee Assistance
2630300	Grants to Small Businesses, Cooperatives, and Self Employed
2630400	Other Current Transfers Grants and Subsidies
2630500	Other Capital Grants and Transfers

10.6.2.6. Social Benefits

The goal of social protection is to ensure that all Kenya is to ensure that all Kenyans live in dignity and can exploit their human capabilities for their own social and economic well-being. As part of the government's initiatives to improve and enhance social protection, much focus and attention has been placed on the cash transfer social assistance programs through the establishment of the National Safety Net Program (NSNP).

Item	Economic Classification of Social Benefits
2710000	Inua Jamii Senior Citizens' Scheme
2720000	Pension- Defined benefits plans

10.6.2.7. Other Operating Expenses

This item includes the total value of Other Operating Expenses.

Following is the classification of other operating expenses:

Sub-Chapter	Economic Classification of Other Operating Expenses
2810000	Budgetary contingency reserve
2820000	Other expenses

10.6.2.7.1. Budgetary contingencies reserve

A budgetary contingencies reserve is a portion of a budget set aside to cover unexpected costs or risks that were not initially anticipated when planning the budget. These reserves help ensure that a public entity can handle unforeseen expenses or financial shortfalls without disrupting the overall financial plan.

10.6.2.8. Minority Interest

Sub-Chapter	Economic Classification of Minority Interest
2910000	Minority Interest share of net surplus/deficit



10.6.3. Parent 3: Investment in Non-Financial Assets

Items under this Category refer to the acquisition and disposal of capital Items, also referred to as fixed assets. Capital expenditure³ consists of the outflows to acquire or develop assets that are used repeatedly or continuously for longer than one fiscal year (fixed assets), as well as repayment of long-term institutional loans. Technically, capital expenditure consists of outflows, which cause no increase or decrease in the government's net assets/net worth because the reduction in cash or cash equivalent results in an equal increase in a fixed asset. Similarly, the reduction in cash or equivalent to repaying public debt results in an equal reduction in government liabilities.

Items under this Chapter refer to Capital Payments made in respect of:

Chapter	Economic Classification of Investment in Non-Financial Assets
3100000	Acquisition of Non-Financial Assets
3500000	Receipt from sale of Non-Financial Assets

Items under this Chapter are appropriated and as such feature in Appropriation Accounts or Budget Comparison Reports.

10.6.3.1. Acquisition of Non-Financial Fixed Assets

The classification of acquisition of Non-Financial Fixed Assets is as follows:

Sub-Chapter	Economic Classification of Acquisition of Non-Financial Fixed Assets
3110000	Acquisition of Non-Financial Capital Assets
3120000	Acquisition of Inventories, Stock and Commodities
3130000	Acquisition of Land and Intangible Assets

10.6.3.1.1. Acquisition of Non-Financial Capital Assets

The classification of acquisition of Non-Financial Capital Assets is as follows:

Item	Economic Classification of Acquisition of Non-Financial Capital Assets
3110100	Purchase of Buildings
3110200	Construction of Building
3110300	Refurbishment of Buildings
3110400	Construction of Roads
3110500	Construction and Civil Works
3110600	Overhaul and Refurbishment of Construction and Civil Works
3110700	Purchase of Vehicles and Other Transport Equipment
3110800	Overhaul of Vehicles and Other Transport Equipment
3110900	Purchase of Household Furniture and Institutional Equipment
3111000	Purchase of Office Furniture and General Equipment
3111100	Purchase of Specialized Plant, Equipment, and Machinery
3111200	Rehabilitation and Renovation of Plant, Machinery and Equipment

³ (Capital assets are goods that are expected to be used during more than one reporting period and from which future economic benefits or service potential are expected to flow, but excluding assets below the capitalization threshold as set out on the Government financial procedures manual. Expenditure above this limit should be included as capital assets. Examples of capital assets are buildings, vehicles, used machinery, and etc.)

3111300	Purchase of Certified Seeds, Breeding Stock, and Live Animals
3111400	Research, Feasibility Studies, Project Preparation and Design, Project Supervision
3111500	Rehabilitation of Civil Works
3111600	Purchase of Specialized Plant

Purchase of buildings

This account consists of the cost of the acquisition of residential and nonresidential buildings and other structures. The purchase price should include all incidental costs such as legal fees, negotiation fees, etc. Fixed assets acquired under a financial lease, most likely machinery and equipment are treated as if purchased and owned by the user or lessee rather than the legal owner, the lessor.

Construction of buildings

This account consists of the cost of construction of residential and nonresidential buildings and other structures. The cost of construction should include the costs of site clearance and preparation and the value of all fixtures, facilities, and equipment that are integral parts of the structures.

Refurbishment of buildings

This account consists of the cost of major improvements of residential and nonresidential buildings and other structures that increase their productive capacity and/or extend their service lives while the use of goods and services for the maintenance and repair of fixed assets constitute an expense under Category 2. By definition, however, major improvements do not lead to the creation of new assets that can be separately identified and valued. Instead, the value of such an improvement is added to the existing value of the underlying asset.

Major improvements to assets are distinguished by the following features: (a) the decision to renovate, reconstruct, or enlarge an asset is a deliberate investment decision that may be undertaken at any time and is not dictated by the condition of the asset and (b) the renovations or enlargements increase the performance or capacity of existing assets or significantly extend their previously expected service lives.

Construction of roads

Included in this category is the cost of construction of all categories of roads. Highways, streets, major and access roads, etc.

Construction and civil works

This includes all structures other than buildings and roads and includes, bridges, tunnels, railways, subways, airfield runways Sewers, waterways, harbors, dams, and other waterworks, Shafts, tunnels, and other structures associated with mining subsoil assets, Communication lines, power lines, and pipelines, Outdoor sport and recreation facilities.

Overhaul and refurbishment of construction and civil works

This account consists of the cost of major improvements of constructions and civil works included in Item 31105. Such cost must have the effect of increasing the productive capacity and/or extending their service lives otherwise such cost should be accounted for as the use of goods and services under Category 2. By definition, however, major improvements do not lead to the creation of new assets that can be separately identified and valued. Instead, the value of such an improvement is added to the existing value of the underlying asset.

Major improvements to assets are distinguished by the following features: (a) the decision to renovate, reconstruct, or enlarge an asset is a deliberate investment decision that may be undertaken at any time and is not dictated by the condition of the asset and (b) the renovations or enlargements increase the performance or capacity of existing assets or significantly extend their previously expected service lives.

Purchase of vehicles and other transport Equipment

Included in this account is transport equipment consisting of equipment for moving people and objects, including motor vehicles, trailers and semitrailers, ships, railway locomotives and rolling stock, aircraft, motorcycles, and bicycles.

Overhaul and refurbishment of vehicles and other transport Equipment

This account consists of the cost of major improvements of vehicles and other transport equipment as defined under Item 31107. Such cost must have the effect of increasing the productive capacity and/or extending their service lives otherwise such cost should be accounted for as the use of goods and services under Category 2. By definition, however, major improvements do not lead to the creation of new assets that can be separately identified and valued. Instead, the value of such an improvement is added to the existing value of the underlying asset.

Major improvements to assets are distinguished by the following features: (a) the decision to renovate, reconstruct, or enlarge an asset is a deliberate investment decision that may be undertaken at any time and is not dictated by the condition of the asset and (b) the renovations or enlargements increase the performance or capacity of existing assets or significantly extend their previously expected service lives.

Included in this account is transport equipment consisting of equipment for moving people and objects, including motor vehicles, trailers and semitrailers, ships, railway locomotives and rolling stock, aircraft, motorcycles, and bicycles.

Purchase of household furniture and institutional equipment

Included in this account are household furniture and appliances for use in residential and nonresidential buildings including air conditioners, seats and tables, cabinets, fridges, etc.

Purchase of office furniture and general equipment

Included in this account are office equipment, furniture, and fittings such as shredding machines, air conditioners, office seats and tables, cabinets, fridges, etc.

Included in this account is communication technology equipment such as desktop computers, laptops, Laptops, Printers, Internet connectivity equipment, Phone handsets, Mobile phones, External storage devices, Computer software, and other ICT equipment.

Purchase of specialized plant, equipment, and machinery

Included in this account are costs of purchase of special purpose machinery not classified elsewhere such as electrical machinery, medical appliances, precision and optical instruments, musical instruments, and sports equipment. Also included here are purchases of military defense items that can also be used for civilian purposes in the same way as they are used for military purposes, such as colleges, hospitals, and office machinery. Weapons acquired by police and internal security services are recorded under this Item even though expenditures on the same kind of equipment by the military would be treated as use of goods and services.

Rehabilitation and renovation of plant, machinery, and equipment

This account consists of the cost of major improvements of plant, machinery, and equipment as defined under Item 31111. Such cost must have the effect of increasing the productive capacity and/or extending their service lives otherwise such cost should be accounted for as the use of goods and services under Category 2. By definition, however, major improvements do not lead to the creation of new assets that can be separately identified and valued. Instead, the value of such an improvement is added to the existing value of the underlying asset.

Major improvements to assets are distinguished by the following features: (a) the decision to renovate, reconstruct, or enlarge an asset is a deliberate investment decision that may be undertaken at any time and is not dictated by the condition of the asset and (b) the renovations or enlargements increase the performance or capacity of existing assets or significantly extend their previously expected service lives.

Included in this account is transport equipment consisting of equipment for moving people and objects, including motor vehicles, trailers and semitrailers, ships, railway locomotives and rolling stock, aircraft, motorcycles, and bicycles.

Purchase of Certified Seeds, Breeding Stock, and Live Animals

Included in these accounts are the cost of purchase of cultivated assets. Cultivated assets consist of animals and plants that are used repeatedly or continuously for more than one year to produce other goods or services. The types of animals included in this category include breeding stocks fish and poultry), dairy cattle, sheep, or other animals used for wool production, and animals used for transportation, racing, or entertainment. The types of plants in this category include trees, vines, and shrubs cultivated for fruits, nuts, sap, resin, bark, leaf products, and seeds.

Research, Feasibility Studies, Project Preparation and Design, Project Supervision

This includes the cost of research and feasibility study and related costs where the benefits to be derived exceed more than one year.

10.6.3.1.2. Acquisition of Inventories, Stock and Commodities

The classification of acquisition of Non-Financial Capital Assets is as follows:

Item	Economic Classification of Acquisition of Inventories, Stock, and Commodities
3120100	Acquisition of strategic stock
3120200	Acquisition of other inventories

Strategic stocks

This account includes the purchase of goods held for strategic and emergency purposes, goods held by market regulatory organizations, and commodities of special importance to the nation, such as grain and petroleum.

Other inventory

This account relates to goods held by producers for sale in the form of either work in progress, finished goods, or goods bought for resale, use in production, or other use at a later date. Such include materials and supplies such as books printed or acquired for distribution to students, veterinary and medical goods, Inventories for repair and maintenance of buildings and other structures, Information Technology equipment, Furniture, and other machinery and equipment, etc.

10.6.3.1.3. Acquisition of land and intangible assets

The classification of acquisition of land and intangible assets is as follows:

Item	Economic Classification of Acquisition of inventories, stock, and commodities
3130100	Acquisition of land
3130200	Acquisition of other intangible assets

Acquisition of land

Land is the ground itself, including the soil covering, associated surface water, and major improvements that cannot be physically separated from the land, but excluding the following:

- Buildings and other structures constructed on the land or through it, such as roads, office buildings, and tunnels;
- Cultivated plantations of trees, animals, and crops;
- Subsoil assets; and
- Water resources below the ground.

Subsoil assets are proven reserves of oil, natural gas, coal (including anthracite, bituminous, and brown coal), metallic mineral reserves (including ferrous, nonferrous, and precious metal ores), and nonmetallic mineral reserves (including stone quarries, clay and sand pits, chemical and fertilizer mineral deposits, and deposits of salt, quartz, gypsum, natural gem stones, asphalt, bitumen, and peat). These are already included in 342 (subsoil assets) of this Chart of Accounts.

Intangible Assets

Intangible fixed assets consist of mineral exploration; computer software; entertainment, literary, and artistic originals; and miscellaneous other intangible fixed assets. Expenses on research and development, staff training, market research, and similar activities are not treated as intangible fixed assets even though some of them may bring future benefits.

10.6.3.2. Receipt from sale of Non-Financial Fixed Assets

The classification of sale of Non-Financial Fixed Assets is as follows:

Sub-Chapter	Economic Classification of Sale of Non-Financial Fixed Assets
3510000	Receipts from the Sale of Fixed Assets
3520000	Receipts from Sales of Inventories
3530000	Disposal and Sale of Non-Produced Assets

10.6.3.2.1. Receipts from the Sale of Fixed Assets

The classification of receipt from sale of fixed assets is as follows:

Item	Economic Classification of Sale of Fixed Assets
3510100	Receipts from the Sale of Buildings - Paid to Exchequer
3510200	Receipts from the Sale of Buildings
3510300	Receipts from the Sale of Other Assets – Paid to the Exchequer
3510400	Receipts from the Sale of Other Assets
3510500	Receipts from the Sale of Vehicles and Transport Equipment - Paid to Exchequer
3510600	Receipts from the Sale of Vehicles and Transport Equipment
3510700	Receipts from the Sale of Plant Machinery and Equipment - Paid to Exchequer
3510800	Receipts from the Sale of Plant Machinery and Equipment
3510900	Receipts from Sale of Certified Seeds and Breeding Stock - Paid to Exchequer
3511000	Receipts from the Sale of Certified Seeds and Breeding Stock

Sale of buildings

This account consists of receipts from the sale of residential and nonresidential buildings and other structures. The purchase price should include all incidental costs such as legal fees, negotiation fees, etc.

Sale of other assets

Included in this account is the sale of household furniture and appliances for use in residential and non-residential buildings including air conditioners, seats and tables, cabinets, fridges, etc.

Also included in this account are office equipment, furniture, and fittings such as shredding machines, air conditioners, office seats and tables, cabinets, fridges, etc.

Also included in this account is communication technology equipment such as desktop computers, laptops, Laptops, Printers, Internet connectivity equipment, Phone handsets, Mobile phones, External storage devices, Computer software, and other ICT equipment.

Sale of any other item that cannot be specifically placed in other categories within this Subchapter are placed here.

Sale of vehicles and other transport Equipment

Included in this account are sales proceeds of transport equipment consisting of equipment for moving people and objects, including motor vehicles, trailers and semitrailers, ships, railway locomotives and rolling stock, aircraft, motorcycles, and bicycles.

Purchase of plant, equipment, and machinery

Included in this account are the cost of purchase of special purpose machinery not classified elsewhere such as electrical machinery, medical appliances, precision and optical instruments, musical instruments, and sports equipment. Also included here are purchases of military defense items that can also be used for civilian purposes in the same way as they are used for military purposes, such as colleges, hospitals, and office machinery. Weapons acquired by police and internal security services are recorded under this Item even though expenditures on the same kind of equipment by the military would be treated as use of goods and services.

Sale of Certified Seeds, Breeding Stock, and Live Animals

Included in these accounts are proceeds from the sale of cultivated assets. Cultivated assets consist of animals and plants that are used repeatedly or continuously for more than one year to produce other goods or services. The types of animals included in this category include breeding stocks fish and poultry), dairy cattle, sheep, or other animals used for wool production, and animals used for transportation, racing, or entertainment. The types of plants in this category include trees, vines, and shrubs cultivated for fruits, nuts, sap, resin, bark, leaf products, and seeds.

10.6.3.2.2. Receipts from Sales of Inventories

The classification of sale of Non-Financial Fixed Assets is as follows:

Item	Economic Classification of Sale of Non-Financial Fixed Assets
3520100	Receipts from the Sale of Strategic Reserves Stocks
3520200	Receipts from the Sale of Other Inventories, Stocks, and Commodities
3520300	Receipts from the Sale of Inventories, Stocks and Commodities

Strategic stocks

This account includes sales of goods held for strategic and emergency purposes, goods held by market regulatory organizations, and commodities of special importance to the nation, such as grain and petroleum.

Other inventory

This account relates to goods held by producers for sale in the form of either work in progress, finished goods, or goods bought for resale, use in production, or other use at a later date. Such include materials and supplies such as books printed or acquired for distribution to students, veterinary and medical goods, Inventories for repair and maintenance of buildings and other structures, Information Technology equipment, Furniture, and other machinery and equipment etc.

10.6.3.2.3. Disposal and Sale of Non-Produced Assets

The classification of sale of Non-Financial Fixed Assets is as follows:

Item	Economic Classification of Sale of Non-Financial Fixed Assets
------	---

3530100	Receipts from the Sale of Land
3530200	Receipts from the Sale of Other Naturally Occurring Non-Produced Assets
3530300	Receipts from the Sale of Intangible Non-Produced Assets
3530400	Receipts from the Sale of Non-Produced Assets Collected as AIA

Sale of land

Land is the ground itself, including the soil covering, associated surface water, and major improvements that cannot be physically separated from the land, but excluding the following:

- Buildings and other structures constructed on the land or through it, such as roads, office buildings, and tunnels;
- Cultivated plantations of trees, animals, and crops;
- Subsoil assets; and
- Water resources below the ground.

Receipts from the Sale of Other Naturally Occurring Non-Produced Assets

Naturally occurring non-produced assets are proven reserves of oil, natural gas, coal (including anthracite, bituminous, and brown coal), metallic mineral reserves (including ferrous, nonferrous, and precious metal ores), and nonmetallic mineral reserves (including stone quarries, clay and sand pits, chemical and fertilizer mineral deposits, and deposits of salt, quartz, gypsum, natural gem stones, asphalt, bitumen, and peat).

Receipts from the Sale of Intangible Non-Produced Assets

Intangible assets non-produced mainly comprise of any form rights for mineral exploration and land exploitation.

Receipts from the Sale of Non-Produced Assets Collected as AIA

This represents receipts of tangible and intangible non-produced assets that are appropriated for direct utilization by the receiving entity.

10.6.4. Parent 4: Investment in Financial Assets

Chapter	Economic Classification of Transactions in Financial Assets
4100000	Acquisition of Financial Assets
4200000	Disposal of Financial assets

10.6.4.1. Acquisition of Financial Assets

The classification of acquisition of financial assets is as follows:

Sub-Chapter	Economic Classification of Acquisition of Financial Assets
4110000	Domestic Lending and On-lending
4120000	Domestic Equity Participation
4130000	Other Domestic Accounts Receivable

4140000	Foreign Lending and On- Lending
4150000	Foreign Equity Participation
4160000	Other Foreign Accounts Receivable

10.6.4.1.1. Domestic Lending and On-lending

The classification of domestic lending and on-lending is as follows:

Item	Economic Classification of Domestic Lending and On-lending
4110100	Domestic Loans to Other Levels of Government
4110200	Domestic Loans to Non-Financial Public Enterprises
4110300	Domestic Loans to Financial Institutions
4110400	Domestic Loans to Individuals and Households
4110500	Other Domestic Lending and On-Lending

Domestic Loans to Other Levels of Government

Included in this account are monies lent by the government or its agencies to other levels of government.

Domestic Loans to Non-Financial Public Enterprises

Included in this account are monies lent by the government or its agencies to non-financial public corporations.

Domestic Loans to Financial Institutions

Included in this account are monies lent by the government or its agencies to financial corporations.

Domestic Loans to Individuals and Households

Included in this account are monies lent by the government or its agencies to members of the general public.

Other Domestic Lending and On-Lending

Included in this account are monies lent by the government or its agencies to any other category not specifically mentioned elsewhere in this Sub Chapter.

10.6.4.1.2. Domestic Equity Participation

The classification of domestic equity participation is as follows:

Item	Economic Classification of domestic equity participation
4120100	Equity Participation in Domestic Public Non-Financial Enterprises
4120200	Equity Participation in Domestic Public Financial Institutions
4120300	Other Domestic Equity Participation

Equity Participation in Domestic Public Non-Financial Enterprises

Included in this account are purchase costs of shares and other equity held in a domestic non-financial public corporation.

Equity Participation in Domestic Public Financial Institutions

Included in this account are the purchase costs of shares and other equity held in a domestic financial public corporation.

Other Domestic Equity Participation

Included in this account is the acquisition of an ownership stake of a nature other than the one mentioned elsewhere in this sub-category.

10.6.4.1.3. Other Domestic Accounts Receivable

The classification of other domestic accounts receivable is as follows:

Item	Economic Classification of other domestic accounts receivable
4130100	Advances to Government Employees
4130200	Payables from Previous Financial Periods

Advances to Government Employees

Included in this account are advances, imprest other owing's resulting from advances to employees of the institution.

10.6.4.1.4. Foreign Lending and On-Lending

The classification of foreign lending and on-lending is as follows:

Item	Economic Classification of foreign lending and on-lending
4140100	Lending to Foreign Government (future use)
4140200	Lending to International Organization (future use)
4140300	Lending to Foreign Non-Financial Enterprises and Financial Institutions (future use)
4140400	Other Foreign Lending (future use)
4140500	Foreign Equity Participation

Foreign Loans to Other Levels of Government

Included in this account are monies lent by the government or its agencies to other levels of government.

Foreign Loans to Non-Financial Public Enterprises

Included in this account are monies lent by the government or its agencies to non-financial public corporations.

Foreign Loans to Financial Institutions

Included in this account are monies lent by the government or its agencies to financial corporations.

Foreign Loans to Individuals and Households

Included in this account are monies lent by the government or its agencies to members of the general public.

Other Foreign Lending and On-Lending

Included in this account are monies lent by the government or its agencies to any other category not specifically mentioned elsewhere in this Sub Chapter.

10.6.4.1.5. Foreign Equity Participation

The classification of foreign equity participation is as follows:

Item	Economic Classification of foreign equity participation
4150100	Equity Participation in International Institutions.
4150200	Equity Participation in Foreign Financial Institutions
4150300	Equity Participation in Other Foreign Enterprises
4150400	Acquisition of Other Financial Assets
4150500	Bonds Paid for Guarantee Agreements
4150700	Payable from Previous Financial Periods

Equity Participation in International Institutions

This relates to the purchase of equity in a foreign company outside Kenya by a government or a government entity.

Equity Participation in Foreign financial institutions Operating Abroad

This relates to a purchase by a government or a government entity of equity of a foreign financial institution operating outside Kenya.

Equity Participation in Other Foreign Enterprises

This relates to a purchase by a government or a government entity of equity of a foreign entity other than that specifically mentioned elsewhere in this subchapter.

Acquisition of Other Financial Assets

This relates to a purchase by a government or a government entity of other forms of ownership of financial assets other than equity and is not mentioned elsewhere in this subchapter.

Bonds Paid for Guarantee Agreements

Relates to bonds paid to foreign entities for guarantee agreement.

10.6.4.1.6. Other Foreign Accounts Receivable

The classification of other foreign accounts receivable is as follows:

Item	Economic Classification of other foreign accounts receivable
4160100	Payable from Previous Financial Periods

10.6.4.2. Disposal of financial assets

The classification of disposal of financial assets is as follows:

Sub-Chapter	Economic Classification of Financial Assets
4510000	Repayment from Domestic Lending and On-Lending
4520000	Repayment of Principal from Foreign Lending & On-Lending
4530000	Sales and Disposals of Equity Holdings
4540000	Reimbursements and Refunds
4550000	Returns of Equity Holdings
4560000	Returns of Equity Holdings

10.6.4.2.1. Repayment from Domestic Lending and On-Lending

The classification of disposal of domestic lending and on-lending is as follows:

Item	Economic Classification of domestic lending and on-lending
4510100	Repayments from Loans to Government Agencies and Other Levels of Government
4510200	Loans to Non-Financial Public Enterprises
4510300	Repayments from Domestic Loans to Individuals and Households

10.6.4.2.2. Repayment of Principal from Foreign Lending & On-Lending

The classification of repayment of principal from foreign lending and on-lending is as follows:

Item	Economic Classification of repayment of principal from foreign lending and on-lending
4520100	Repayments from lending to Foreign Govts.
4520200	Repayments from lending to International Organizations.
4520300	Repayments from lending to Foreign Non - Financial Enterprises. & Financial Institutions.
4520400	Repayments from Other Foreign Lending

Repayments from lending to Foreign Govts

This relates to the repayment of borrowing from foreign governments.

Repayments from lending to International Organizations

This relates to the repayment of borrowing from international multilateral organizations

Repayments from lending to Foreign Non - Financial Enterprises & Financial Institutions

This is related to the repayment of borrowings from foreign nonfinancial enterprises and financial institutions

Repayments from Other Foreign Lending

This relates to repayment of foreign borrowing not elsewhere classified under this sub-chapter

10.6.4.2.3. Sales and Disposals of Equity Holdings

The classification of sale and disposal of equity holdings is as follows:

Item	Economic Classification of sale and disposal of equity holdings
4530100	Sales and Disposals of Equity Holdings in Domestic Public Non-Financial Enterprises
4530200	Sales and Disposals of Equity Holdings in Domestic Public Financial Institutions
4530300	Sales and Disposals of Other Equity Holdings
4530400	Sales and Disposals of Equity Holdings in Foreign Financial Institutions. and Domestic Financial Institutions operating abroad
4530500	Sales and Disposals of Equity Holdings in Foreign Enterprises. Financial Institutions and Domestic Financial Institutions operating abroad
4530600	Redemption/ Disposal of Other Financial Assets
4530700	Refund of Bonds paid as Deposits for Guarantees

Sales and Disposals of Equity Holdings in Domestic Public Non-Financial Enterprises

This relates to the sale of equity holding in a domestic public non-financial enterprise

Sales and Disposals of Equity Holdings in Domestic Public Financial Institutions

This relates to the sale of equity holdings in a domestic public financial institution

Sales and Disposals of Other Equity Holdings

This relates to a sale of other equity holdings not elsewhere classified under this sub-chapter

Sales and Disposals of Equity Holdings in Foreign Financial Institutions and Domestic Financial Institutions operating abroad

This relates to the sale of equity holdings in foreign institutions and domestic financial institutions operating abroad.

Redemption/ Disposal of Other Financial Assets

This relates to the disposal of other financial assets not elsewhere classified in this sub-chapter

Refund of Bonds paid as Deposits for Guarantees

This relates to the refund received from the issue of bonds paid as a deposit for guarantees

10.6.4.2.4. Reimbursements and Refunds

The classification of reimbursements and refunds is as follows:

Item	Economic Classification of reimbursements and refunds
4540100	Reimbursements and Refund

Reimbursements and Refund

This relates to reimbursements and refunds received by a government agency

10.6.4.2.5. Returns of Equity Holdings

The classification of returns of equity holdings is as follows:

Item	Economic Classification of returns on equity holdings
4550100	Returns of Equity Holdings in International Organizations

Returns of Equity Holdings in International Organizations

This relates to dividends received as a result of equity holdings in international organizations

10.6.4.2.6. Returns of Equity Holdings

The classification of returns of equity holdings is as follows:

Item	Economic Classification of returns on equity holdings
4610100	Special Accounts
4610300	Recurrent Bank Accounts
4610400	Development Bank Accounts
4610500	Deposit Bank Accounts
4610600	Sub-County - Development Bank Ac
It46107	Project-Specific Bank Accounts

Special Accounts

This relates to interest received on funds deposited in special accounts

Recurrent Bank Accounts

This relates to interest received on funds deposited in recurrent bank accounts

Development Bank Accounts

This relates to interest received on funds deposited in development bank accounts

Deposit Bank Accounts

This relates to interest received on funds deposited in interest-bearing deposit bank accounts

Sub-County - Development Bank Ac

This relates to interest received on funds deposited in Sub-County development bank accounts

Project-Specific Bank Accounts

This relates to interest received on funds deposited in specific project bank accounts

10.6.5. Parent 5: Transactions in Financial Liabilities

This category refers to Capital Receipts from drawing down capital/principal from approved Loans. These items are appropriated and therefore feature in the Appropriate Accounts. Under the Cash Basis of Accounting these items are "taken to revenue" and therefore reflected in the Annual Surplus or Deficit, which is cleared to Reserves at the end of the Financial Year. Also included in this category are payments concerning the settlement of borrowings.

Items under this Category are appropriated and as such feature in the Performance Statement. These items are reflected in the Annual Surplus or Deficit (irrespective of cash or accrual basis of accounting), which is cleared to Reserves at the end of the Financial Year.

Chapter	Transactions in Financial Liabilities
5100000	Incurrence of Financial Liabilities
5500000	Settlement of Financial Liabilities

10.6.5.1. Incurrence of Financial Liabilities

These items refer to Capital Receipts from drawing down capital/principal from approved Loans. These items are appropriated and therefore feature in the Appropriate Accounts. Under the Cash Basis of Accounting these items are "taken to revenue" and therefore reflected in the Annual Surplus or Deficit, which is cleared to Reserves at the end of the Financial Year.

The classification of loan borrowing is as follows:

Sub-Chapter	Economic Classification of incurrence of financial liabilities
5110000	Domestic Borrowing
5120000	Currency and Deposits, Accounts Payable, Clearing Transfers and Other Liabilities

10.6.5.1.1. Domestic Borrowing

Following is the classification of Domestic Borrowing:

Item	Economic Classification of Domestic Borrowing
5110100	Borrowing within the General Government
5110200	Borrowing from Monetary Authorities (Central Bank)
5110300	Other Domestic Depository Corporations (Commercial Banks)
5110400	Borrowing from Other Domestic Financial Institutions
5110500	Borrowing from Other Domestic Creditors
5110600	Domestic Currency and Domestic Deposits
5110700	Domestic Accounts Payable

Borrowing within the General Government

This relates to borrowing by the government or a government entity from entities within the general government. See Chapter 1 of this manual for the definition of general government.

Borrowing from Monetary Authorities (Central Bank)

This relates to government borrowing from the Central Bank of Kenya.

Other Domestic Depository Corporations (Commercial Banks)

This relates to government borrowing from commercial financial institutions

Borrowing from Other Domestic Financial Institutions

This relates to government borrowing from domestic financial institutions other than those specifically mentioned under this sub-chapter

Borrowing from Other Domestic Creditors

This relates to borrowings from other domestic creditors other than financial institutions

Domestic Currency and Domestic Deposits

This relates to deposits made by entities to government accounts that are refundable

Domestic Accounts Payable

Included in this account are government and agencies' domestic accounts payable arising from the consumption of goods and services.

10.6.5.1.2. Currency and Deposits, Accounts Payable, Clearing Transfers and Other Liabilities

Following is the classification of Domestic Borrowing:

Item	Economic Classification of Currency and Deposits, Account Payable, Clearing Transfers & Other Liabilities
5120100	Foreign Borrowing - Drawdown Through Exchequer
5120200	Foreign Borrowing - Direct Payments
5120300	Foreign Currency and Foreign Deposits
5120400	Other Foreign Accounts Payable

Foreign Borrowing - Drawdown through Exchequer

Comprises of drawing from the equity of foreign reserves

Foreign Borrowing - Direct Payments

This relates to foreign borrowing that is remitted to the government through direct payments

Foreign Currency and Foreign Deposits

These are funds deposited with the government by foreign entities that are repayable back

Other Foreign Accounts Payable

These are accounts payables arising from consumption of goods and services supplied by foreign entities

10.6.5.2. Settlement of Financial Liability

These items refer to Capital Payments for repayment/settlement of Loan Principal but exclude interest payments on the Loans (Classified under Chapter 24). Loan Repayments are appropriated and therefore feature in the Appropriate Accounts. Under the Cash Basis of Accounting these items are "expensed" and therefore reflected in the Annual Surplus or Deficit, which is cleared to Reserves at the end of the Financial Year.

Following is the classification of Foreign Borrowing:

Sub-Chapter	Economic Classification of settlement of financial liability
5510000	Repayments on Borrowings from Domestic
5520000	Principal Repayments on Guaranteed Debt taken over by the Government
5530000	Repayments on Borrowings from Other Domestic Creditors

10.6.5.2.1. Repayments on Borrowings from Domestic

The classification of repayment of domestic loan borrowing is as follows:

Item	Economic Classification of repayment of domestic borrowings
5510100	Repayments on Borrowings from General Government
5510200	Repayments on Borrowings from Monetary Authorities (Central Bank)
5510300	Repayments on Borrowings from Other Domestic Depository Corporations (Commercial Banks)
5510400	Repayments on Borrowings from Other Domestic Financial Institutions
5510500	Repayments on Borrowings from Other Domestic Creditors
5510600	Principal Repayments on Foreign Borrowing

Included in this account are government and agencies' domestic borrowing that includes Treasury bills, corporate bonds, corporate loans, treasury bonds, Loans from Local Banks, and Loans from the respective category of lenders under the applicable Item in this Sub-Chapter.

10.6.5.2.2. Principal Repayments on Guaranteed Debt Taken over by Government

The classification of repayment of guaranteed debt taken over by the government is as follows:

Item	Economic Classification of repayment of domestic borrowings
5520100	Principal Repayments on Guaranteed Domestic Debt Taken over by Government
5520200	Principal Repayments on Guaranteed Foreign Debt Taken over by Government

Included in this Sub-Chapter is the repayment of guaranteed domestic and foreign debts taken over by the government from various public entities.

10.6.5.2.3. Repayments on Borrowings from Other Domestic Creditors

The classification of repayment of borrowings from other domestic creditors is as follows:

Item	Economic Classification of repayment of borrowing from other domestic creditors
5610100	Repayments on Borrowings from Other Domestic Creditors - Private Enterprises
5610200	Repayments on Borrowings from Other Domestic Creditors - Public Enterprises

Included in this account are government and agencies' domestic borrowing that includes Treasury bills, corporate bonds, corporate loans, treasury bonds, Loans from Local Banks, and Loans from the respective category of lenders under the applicable Item in this Sub-Chapter.

10.6.6. Parent 6: Assets, Bank, Cash and Receivables

These items reflect the double-entry accounts for payment and receivable transactions. They reflect the balances on Bank Accounts, Cash Accounts and incidental Receivables (Trade Debtors, Minor Un-appropriated Advances, Suspense, and Clearing Accounts) but exclude more material Assets such as Loans/Advances to Public Enterprises (even the current element of such loans) where the Loan/Advance is appropriated. This latter item would be classified under Investment in Financial Assets.

As stated above these items are not appropriated and therefore do not feature in the Appropriation Accounts or Performance Statements. These items feature in the Balance Sheet (irrespective of cash or accrual basis of accounting) and Balances are carried forward year on year.

The classification of Assets – Bank, Cash, and Receivables is as follows:

Chapter	Economic Classification of Assets
6100000	Non-Produced Fixed Assets
6200000	Produced Fixed Assets
6300000	Buildings & Building Improvement
6400000	Work In Progress
6500000	Investments
6600000	Inventories
6700000	Receivable
6800000	Bank Accounts

10.6.6.1. N- Produced Fixed Assets

Following is the classification of N-Produced Fixed Assets:

Sub-Chapter	Economic Classification of Non-Produced Fixed Assets
6110000	Land
6120000	Tangible natural resources
6130000	Other naturally occurring assets
6140000	Intangible assets

10.6.6.1.1. Land

Item	Economic Classification of Land
6110000	Freehold
6120000	Leasehold
6130000	Community

The classification Sub -Item of land:

Sub-Item	Economic Classification of land
6130101	Land – Community
6130131	Land - Accumulated Impairment
6130139	Land - Other (B - Accumulated Impairment)
6130151	Land - Accumulated Revaluation
6130159	Land - Other (B - Accumulated Revaluation)
6130199	Land - Other (B - GBV

10.6.6.1.2. Tangible Natural Resources

The classification of Tangible Natural Resources is as follows:

Item	Economic Classification of Tangible Natural Resources
6120100	Natural Resources with Finite Lives
6120200	Natural Resources with Infinite lives
6120300	Other tangible natural resources

10.6.6.1.3. Other Naturally Occurring Assets

The classification of Other Naturally Occurring Assets is as follows:

Item	Economic Classification of Other Naturally Occurring Assets
6130100	Natural Resources with Finite Lives

10.6.6.1.4. Intangible assets

The classification of Intangible Assets is as follows:

Item	Economic Classification of Intangible Assets
6140100	Software
6140200	Easements, Licenses, & Rights

Item	Economic Classification of Intangible Assets
6140300	Patents
6140400	Copyrights
6140500	Industrial Design
6140600	Utility models
6140700	Other intellectuals

10.6.6.2.4. Produce Fixed Assets

Sub-Chapter	Economic Classification of Produced Fixed Assets
6210000	Property, Plant & Equipment
6220000	Roads Infrastructure
6230000	Railways Infrastructure
6240000	Electricity Generation & Other Infrastructure
6250000	Leased Assets (under finance lease/right of use)
6260000	Heritage and Cultural assets
6270000	Biological assets
6280000	Public Private Partnership assets

The classification of Property, Plant, and Equipment is as follows:

Item	Economic Classification of Property, Plant & Equipment
6210100	Motor Vehicles & Other transport vehicles
6210200	Computers & Other ICT equipment
6210300	Office equipment
6210400	Furniture & Fittings
6210500	Plant & Machinery

The classification of Motor Vehicles & Other transport vehicles is as follows:

Sub - Item	Economic Classification of Motor Vehicles & Other Transport Vehicles
6210101	Saloon vehicles
6210109	Accumulated Depreciation – Saloon Vehicles
6210110	Heavy-duty utility vehicles
6219119	Accumulated Depreciation – Heavy utility vehicles
6210120	Lorries

Sub - Item	Economic Classification of Motor Vehicles & Other Transport Vehicles
6210129	Accumulated Depreciation –Lorries
6210130	Aircraft
6210139	Accumulated Depreciation –Aircraft
6210140	Ships
6210149	Accumulated Depreciation –Ships
6210150	Others
6210159	Accumulated Depreciation –Others

The classification of Computers and Other ICT equipment is as follows:

Sub - Item	Economic Classification of Computers and Other ICT Equipment
6210201	Computers
6210209	Accumulated Depreciation –Computers
6210210	Laptops
6210219	Accumulated Depreciation –Laptops
6210220	Printers
6210229	Accumulated Depreciation –Printers
6210230	Scanners
6210239	Accumulated Depreciation –Scanners
6210240	Others
6210249	Accumulated Depreciation –Others

The classification of Office equipment is as follows:

Sub - Item	Economic Classification of Office Equipment
6210301	Safes
6210309	Accumulated Depreciation –Safes
6210310	Air conditioners
6210319	Accumulated Depreciation – Air conditioners
6210320	Shredders
6210329	Accumulated Depreciation - Shredders
6210330	Storage Equipment
6210339	Accumulated Depreciation –Storage Equipment
6210340	Others

Sub - Item	Economic Classification of Office Equipment
6210349	Accumulated Depreciation –Others

The classification of Furniture and Fittings is as follows:

Sub - Item	Economic Classification of Furniture and Fittings
6210401	Furnishings
6210409	Accumulated Depreciation –Furnishings
6210410	Desks
6210419	Accumulated Depreciation –Desks
6210420	Tables
6210429	Accumulated Depreciation -Tables
6210430	Chairs
6210439	Accumulated Depreciation -Chairs
6210440	Bookshelves
6210449	Accumulated Depreciation –Bookshelves
6210450	Others
6210459	Accumulated Depreciation –Others
6210460	Office Partitions
6210469	Accumulated Depreciation –Office Partition

The classification of Plant & Machinery is as follows:

Sub - Item	Economic Classification of Plant & Machinery
6210501	Plant
6210509	Accumulated Depreciation –Plant
6210510	Machinery
6210519	Accumulated Depreciation –Machinery

The classification of Roads Infrastructure is as follows:

Item	Economic Classification of Roads Infrastructure
6220100	Land under the Road and within Road Reserves
6220200	Roads and Bridges
6220300	Roads Traffic control installations
6220400	Road's amenities

The classification of Roads and Bridges is as follows:

Sub - Item	Economic Classification of Roads and Bridges
6220201	Seal Coat Road
6220209	Accumulated Depreciation- Seal Coat Road
6220210	Gravel Road
6220219	Accumulated Depreciation –Gravel Road
6220220	Asphalt Road
6220229	Accumulated Depreciation- Asphalt Road
6220230	Concrete Road
6220239	Accumulated Depreciation –Concrete Road
6220240	Bridge - Timber
6220249	Accumulated Depreciation- Bridge -Timber
6220250	Bridge - Metal
6220259	Accumulated Depreciation –Bridge - Metal
6220260	Bridge - Concrete
6220269	Accumulated Depreciation- Bridge Concrete
6220270	Bridge - Movable
6220279	Accumulated Depreciation –Bridge Movable
6220280	Tunnels
6220289	Accumulated Depreciation –Tunnels
6220290	Drainage/Culverts
6220299	Accumulated Depreciation –Drainage/Culverts

The classification of Roads Traffic Control Installations is as follows:

Sub - Item	Economic Classification of Roads Traffic Control Installations
6220301	Signals
6220309	Accumulated Depreciation- Signals
6220310	Traffic facilities
6220319	Accumulated Depreciation –Traffic facilities
6220320	Toll Stations
6220329	Accumulated Depreciation- Toll Stations
6220330	Road cameras
6220339	Accumulated Depreciation –Road cameras

The classification of Roads Amenities is as follows:

Sub - Item	Economic Classification of Roads Amenities
6220401	Street Trees & Vegetation
6220409	Accumulated Depreciation- Street Trees & Vegetation
6220410	Bike lanes
6220419	Accumulated Depreciation –Bike Lanes
6220420	Road Public Art
6220429	Accumulated Depreciation- Road Public Art
6220430	Road Outside seatings
6220439	Accumulated Depreciation –Road Outside Seatings
6220440	Pavements
6220449	Accumulated Depreciation –Pavements

The classification of Railway Infrastructure is as follows:

Item	Economic Classification of Railways Infrastructure
6230100	Land under the Railway and within Railway Reserves
6230200	Railways and Bridges
6230300	Railways Buildings
6230400	Railway Traffic control installations
6230500	Railway's amenities

The classification of Railway and Bridges is as follows:

Sub - Item	Economic Classification of Railway and Bridges
6230201	Standard Gauge Railway Track
6230209	Accumulated Depreciation- Standard Gauge Railway Track
6230210	Meter Gauge Railway
6230219	Accumulated Depreciation –Meter Gauge Railway
6230220	Railway Bridges & Infrastructure
6230229	Accumulated Depreciation- Railway Bridges & Infrastructure
6230240	Diesel/Electric Multiple Units & Roll Stock
6230249	Accumulated Depreciation –Diesel/Electric Multiple Units & Roll Stock
6230250	Railway Civil Works
6230259	Accumulated Depreciation –Railway Civil Works
6230260	Railway system -Intangible

Sub - Item	Economic Classification of Railway and Bridges
6230269	Accumulated Depreciation –Railway system Intangible
6230270	Railway equipment
6230279	Accumulated Depreciation –Railway equipment

The classification of Railway Buildings is as follows:

Sub - Item	Economic Classification of Railway Buildings
6230301	Railway Buildings - Terminus
6230309	Accumulated Depreciation- Railway Buildings - Terminus
6230310	Railway Buildings – Offices & Control Stations
6230319	Accumulated Depreciation –Railway Buildings – Control Stations
6230320	Railway Buildings – Residential Buildings
6230329	Accumulated Depreciation –Railway Buildings –Residential Buildings

The classification of Railway Traffic Control Installations is as follows:

Sub - Item	Economic Classification of Railway Traffic Control Installations
6230401	Signaling & Communication
6230409	Accumulated Depreciation- Signaling & Communication
6230410	Traffic facilities
6230419	Accumulated Depreciation –Traffic facilities
6230420	Railway cameras
6230429	Accumulated Depreciation –Railway cameras

The classification of Railway Amenities is as follows:

Sub - Item	Economic Classification of Railway Amenities
6230501	Street Trees & Vegetation
6230509	Accumulated Depreciation- Street Trees & Vegetation
6230510	Side lanes
6230519	Accumulated Depreciation –Side Lanes
6230520	Railway Public Art
6230529	Accumulated Depreciation- Railway Public Art
6230530	Railway Outside seatings
6230539	Accumulated Depreciation –Railway Outside Seatings
6230540	Railway Pavements

Sub - Item	Economic Classification of Railway Amenities
6230549	Accumulated Depreciation –Railway Pavements

The classification of Energy Generation & Other Infrastructure is as follows:

Item	Economic Classification of Energy Generation & Other Infrastructure
6240100	Geothermal Station
6240200	Hydro -Electric Station
6240300	Wind Farms
6240400	Solar Generations
6240500	Thermal Energy
6240600	Electricity Transmission
6240700	Water and Sewerage Infrastructure
6240800	Sea Walls & Jetties
6240900	Other Infrastructure

The classification of Geothermal Station is as follows:

Sub-Item	Economic Classification of Geothermal Station
6240101	Rigs & water supply infrastructure
6240109	Accumulated Depreciation – Rigs & Water supply infrastructure
6240110	Access roads to wells
6240119	Accumulated Depreciation – Access roads to wells
6240120	Geothermal wells
6240129	Accumulated Depreciation – Geothermal wells
6240130	Plant, Machinery, and Equipment – Geothermal Power substation
6240139	Accumulated Depreciation – Geothermal Plant, Machinery & Equipment
6240140	Land & Buildings for Geothermal stations
6240149	Accumulated Depreciation – Geothermal Land & Buildings

The classification of Hydro-Electric Station is as follows:

Sub-Item	Economic Classification of Hydro-Electric Station
6240201	Hydo Plants
6240209	Accumulated Depreciation – Hydro Plants
6240210	Internal transmission lines

Sub-Item	Economic Classification of Hydro-Electric Station
6240219	Accumulated Depreciation – Transmission lines
6240220	Access roads to Hydro Plants
6240229	Accumulated Depreciation – Access Roads
6240230	Plant, Machinery, and Equipment – Hydro-Power substation
6240239	Accumulated Depreciation – Hydro Plant, Machinery & Equipment
6240240	Land & Buildings for Hydro stations
6240249	Accumulated Depreciation – Hydro Land & Buildings
6240250	Intake and tunnels
6240251	Accumulated Depreciation – Intake and tunnels

The classification of Wind Farms is as follows:

Sub-Item	Economic Classification of Wind Farms
6240301	Wind Farms
6240309	Accumulated Depreciation – Wind Farms
6240310	Internal transmission lines
6240319	Accumulated Depreciation – Internal transmission lines
6240320	Access roads to Wind Farms
6240329	Accumulated Depreciation – Wind Farms Access
6240330	Plant, Machinery, and Equipment – Wind Power substation
6240339	Accumulated Depreciation – Wind Plant, Machinery & Equipment
6240340	Land & Buildings for Wind stations
6240349	Accumulated Depreciation – Wind Land & Buildings

The classification of Solar Generation is as follows:

Sub-Item	Economic Classification of Solar Generation
6240401	Solar Farms
6240409	Accumulated Depreciation – Solar Farms
6240410	Internal transmission lines
6240419	Accumulated Depreciation – Internal transmission lines
6240420	Access roads to Solar Farms
6240429	Accumulated Depreciation – Solar Farms Access
6240430	Plant, Machinery, and Equipment – Solar Power substation
6240439	Accumulated Depreciation – Solar Plant, Machinery & Equipment

Sub-Item	Economic Classification of Solar Generation
6240440	Land & Buildings for Solar stations
6240449	Accumulated Depreciation – Solar Land & Buildings

The classification of Solar Generation is as follows:

Sub-Item	Economic Classification of Thermal Energy
6240501	Thermal Energy Plant
6240509	Accumulated Depreciation – Thermal Energy Plant
6240510	Internal transmission lines
6240519	Accumulated Depreciation – Internal transmission lines
6240520	Access roads to Thermal Energy Plant
6240529	Accumulated Depreciation – Thermal Energy Plant Access
6240530	Plant, Machinery, and Equipment – Thermal Energy Plant substation
6240539	Accumulated Depreciation – Thermal Plant, Machinery & Equipment
6240540	Land & Buildings for Thermal Energy Plant stations
6240549	Accumulated Depreciation – Thermal Energy Plant Land & Buildings

The classification of Electricity Transmission is as follows:

Sub-Item	Economic Classification of Electricity Transmission
6240601	Electricity Transmission lines
6240609	Accumulated Depreciation – Electricity Transmission lines
6240610	Substations
6240619	Accumulated Depreciation – Substations
6240620	Plant, Machinery, and Equipment – Electricity Transmission lines
6240629	Accumulated Depreciation - Plant, Machinery & Equipment lines

The classification of Water Infrastructure is as follows:

Sub-Item	Economic Classification of Water Infrastructure
6240701	Water Collection Dams/Pans
6240709	Accumulated Depreciation – Water Collection Dams/Pans
6240710	Water Purification Substation
6240719	Accumulated Depreciation – Water Purification Substations
	Water Storage Substation
	Accumulated Depreciation – Water Storage Substations

Sub-Item	Economic Classification of Water Infrastructure
6240720	Plant, Machinery, and Equipment – Water Transmission pipes
6240729	Accumulated Depreciation - Water Transmission pipes
6240730	Water Sewerage system
6240739	Accumulated Depreciation – Water Sewerage system

A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for some time in exchange for a consideration. Subleases will be treated as a separate lease. The classification of Leased Assets is as follows:

Item	Economic Classification of Leased Assets
6250100	Finance Leases
6250200	Operating Leases
6250300	Right of Use Assets
6250400	Service Concession Arrangements: Grantor

Sub-Item	Economic Classification of Right of Use Assets
6250301	Right of Use Assets – Medical Equipment
6250309	Accumulated Depreciation – Right of Use – Medical Equipment
6250310	Right of Use Assets – Property, plant, and equipment
6250319	Accumulated Depreciation – Right of Use –Property
6250320	Right of Use Assets – Motor Vehicles and other transport equipment
6250329	Accumulated Depreciation – Right of Use Motor Vehicles
6250330	Right of Use Assets - Buildings and office space
6250339	Accumulated Depreciation – Right of Use Buildings/Office space

Heritage and cultural assets are classified as follows:

Item	Economic Classification of Heritage & Cultural Assets
6260100	Cultural property
6260200	Intangible culture
6260300	Natural heritage
6260400	Digital heritage

Sub - Item	Economic Classification of Cultural Property
6260101	Heritage sites
6260110	Archaeological sites
6260120	Paleontological items
6260130	Monuments
6260140	National Library Collections
6260150	National Archives
6260160	Other Heritage Assets

10.6.6.2.5. Buildings and Building Improvements

Buildings have been classified as a separate Chapter because of their significance in governance. Government buildings are far more than functional spaces – they stand as powerful symbols of authority, governance, and national identity. These structures are the nerve centers of a nation’s administrative and legislative functions, from city halls, parliament buildings, supreme court buildings, KICC, and embassies.

Sub-Chapter	Economic Classification of Buildings and Building Improvements
6310000	Permanent
6320000	Semi-Permanent
6330000	Temporary

Item	Economic Classification of Permanent Buildings
6310100	Residential buildings
6310200	Educational buildings
6310300	Offices buildings
6310400	Assembly buildings
6310500	Court houses
6310600	Stadiums
6310700	Police Stations
6310800	Storage Buildings
6310900	Industrial Buildings

Sub-Item	Economic Classification of Residential Buildings
6310101	Apartments
6310109	Accumulated Depreciation - Apartments
6310110	Camps

Sub-Item	Economic Classification of Residential Buildings
6310119	Accumulated Depreciation -Camps
6310120	Villas
6310129	Accumulated Depreciation -Villas
6310130	Mansions
6310139	Accumulated Depreciation -Mansions
6310140	Bungalows
6310149	Accumulated Depreciation -Bungalows

Sub-Item	Economic Classification of Educational Buildings
6310201	Classrooms Block
6310209	Accumulated Depreciation – Classroom Block
6310210	Administration Block
6310219	Accumulated Depreciation -Administration Block
6310220	Toilets
6310229	Accumulated Depreciation -Toilets
6310230	Dormitories Block
6310239	Accumulated Depreciation – Dormitories Block
6310240	Library Block
6310249	Accumulated Depreciation -Dormitories Block
6310250	Laboratories
6310259	Accumulated Depreciation - Laboratories
6310260	Kitchen
6310269	Accumulated Depreciation - Kitchen

Sub-Item	Economic Classification of Office Buildings
6310101	Class 5
6310109	Accumulated Depreciation – Class 5

10.6.6.2. Investments

Investments are classified based on the intention to hold them, with the primary classification being “investment in associates (accounted for using the equity method) and “investment property” which can be measured at either fair value or cost depending on the specific circumstances.

Investment in Associates (IPSAS 36)

When a public sector entity has significant influence over another entity, the investment is classified as an “associate” and is accounted for using the equity method.

Investment Property (IPSAS 16)

Property held primarily for capital appreciation or rental income is classified as “investment property” and can be measured at fair value or cost. IPSAS 41 allows for fair value measurement for investment property through the surplus/deficit.

Regardless of the classification, entities are required to disclose details of their investments, including the accounting policies used, fair value information, and any significant risks associated with the investment.

The Sub Chapter of Investments is as follows:

Sub Chapter	Economic Classification of Investments
6510000	Securities other than shares
6520000	Lending and On-lending
6530000	Equity accounted investments
6540000	Investments in controlled enterprises
6550000	Foreign equity participation
6560000	Investment Properties
6570000	Social and Student Loan Scheme

10.6.6.2.1. Investment – Securities other than shares

The classification of securities other than shares is as follows:

Sub Item	Economic Classification of securities other than shares
6510101	Securities other than shares < 1Y
6510102	Securities other than shares < 1Y – accumulated revaluation.
6510103	Securities other than shares < 1Y - accumulated impairment
6510104	Securities other than shares > 1Y
6510105	Securities other than shares > 1Y - accumulated revaluation.
6510106	Securities other than shares > 1Y - accumulated impairment.

10.6.6.2.2. Lending and on-lending

The classification of lending and on-lending is as follows:

Sub Item	Economic Classification of lending and on-lending
6520101	Urban Transport Infrastructure -- Local Authorities
6520102	Local Government Loans Authority
6520103	Domestic Loans to Other Levels
6520104	Loans to Public Universities
6520105	Loans to Kenya Airways

Sub Item	Economic Classification of lending and on-lending
6520106	Loans to the Coffee Board of Kenya
6520107	Loans Grants to Pyrethrum Board of Kenya
6520108	Domestic Loans to Kenya Meat Commission
6520109	Micro Finance Institutions
6520110	Car loans to Members of Parliament
6520111	House loans to Members of Parliament and their staff
6520112	Housing loans to public servants
6520113	Loans from the Higher Education Loans Board
6520114	Car loans to Public Servants
6520115	Loans to Semi-Autonomous Government Agencies
6520116	Loans to affiliate companies of Parastatals
6520117	Telcom Kenya

10.6.6.2.3. Equity accounted investments

The classification of equity-accounted investments is as follows:

Sub Item	Economic Classification of Equity Accounted Investments
6530101	Equity Participation
6530102	Equity Participation < 1Y – Accumulated revaluation.
6530103	Equity Participation < 1Y – Accumulated Impairment.
6530104	Equity Participation > 1Y - Accumulated revaluation.
6530105	Equity Participation > 1Y - Accumulated Impairment.
6530106	Kenya Petroleum Refineries Limited
6530107	National Housing Corporation
6530108	Pan African Paper Mills
6530109	National Oil Corporation of Kenya
6530110	Safaricom (Telkom Kenya)
6530111	Kenya Commercial Bank
6530112	National Optic Fiber Backbone Infrastructure (NOFBI)
6530113	Equity Participation in Telkom(K) Ltd
6530114	Kenya Airways
6530115	Equity Participation in Uchumi
6530116	East African Marine Systems Limited (TEAMS)
6530117	Kenya Commercial Bank

Sub Item	Economic Classification of Equity Accounted Investments
6530118	Consolidated Bank
6530119	National Bank of Kenya
6530120	Equity Participation - Other (Budget)
6530121	Equity Participation in the African Development Bank
6530122	Equity Participation in East Africa Development Bank
6530123	Equity Participation in East and Southern Africa Trade and Development Bank
6530124	Equity Participation in Africa Reinsurance Corporation
6530125	Equity Participation in the African Import Export Bank
6530126	Africa Risk Capacity Insurance Company
6530127	Africa50 Fund Development
6530128	De La Rue

10.6.6.2.4. Investment in controlled enterprises

The classification of investment in controlled enterprises is as follows:

Sub Item	Economic Classification of Investment in Controlled Enterprises
6540101	Kenya Petroleum Refineries Limited
6540102	National Housing Corporation
6540103	Pan African Paper Mills
6540104	National Oil Corporation of Kenya
6540105	Safaricom (Telkom Kenya)
6540106	Kenya Commercial Bank
6540107	National Optic Fiber Backbone Infrastructure (NOFBI)
6540108	Equity Participation in Telkom(K) Ltd
6540109	Kenya Airways
6540110	Equity Participation in Uchumi
6540111	East African Marine Systems Limited (TEAMS)
6540112	Kenya Commercial Bank
6540113	Consolidated Bank
6540114	National Bank of Kenya
6540115	Kenya Petroleum Refineries Limited
6540116	National Housing Corporation
6540117	Pan African Paper Mills
6540118	National Oil Corporation of Kenya

Sub Item	Economic Classification of Investment in Controlled Enterprises
6540119	Safaricom (Telkom Kenya)
6540120	Kenya Commercial Bank
6540121	National Optic Fiber Backbone Infrastructure (NOFBI)
6540122	Equity Participation in Telkom(K) Ltd

10.6.6.3. Inventories

Following is the classification of Inventories:

Sub-Chapter	Economic Classification of Inventories
6610000	Stores
6620000	Stock
6630000	Commodities

Item	Economic Classification of Stores
6610100	Materials and supplies
6610200	Work in progress
6610300	Finished goods
6610400	Goods for resale
6610500	Military inventories

Item	Economic Classification of Stock
6620100	Materials and supplies
6620200	Work in progress
6620300	Finished goods
6620400	Goods for resale
6620500	Military inventories

10.6.6.4. Receivables

Following is the classification of accounts receivables:

Sub - Chapter	Economic Classification of accounts receivables
6710000	Trade and Other receivables
6720000	Tax receivables
6730000	Reinsurance receivables
6740000	Social benefit receivables
6750000	Levies, finance, and penalties receivable
6760000	Foreign debtors & Advances
6770000	Other debtors & prepayments
6780000	Accrued income & deferred charges
6790000	Imprests

10.6.6.4.1. Other debtors & prepayments

The classification of Domestic Debtors & Advances is as follows:

Item	Economic Classification of Other Debtors & prepayments
6770100	Debtors Prepayments- Employees

This relates to amounts owed by employees to salary advances or other services provided to the entity and which have fallen due.

10.6.6.4.2. Foreign Debtors & Advances

The classification of Foreign Debtors & Advances is as follows:

Item	Economic Classification of Repayment of Foreign Debtors & Advances
6760100	Debtors & Advances – Over Seas Government

This relates to amounts owed by the foreign government by the entity for services or goods provided to the foreign government and which have fallen due.

10.6.6.4.3. Government Imprests

The classification of Government Imprests is as follows:

Item	Economic Classification of Government Imprests
6790100	Imprests

This relates to imprests advanced to entities or employees to carry out particular activities. These are only reversed after liquidation of the imprest.

10.6.6.5. Bank Accounts

Following is the classification of bank accounts:

Sub - Chapter	Economic Classification of bank accounts
6810000	Special Purpose Accounts Bank accounts
6810000	TSA, Exchequer, ECitizen bank accounts
6810000	Recurrent Bank Accounts
6810000	Development Bank Accounts
6810000	Third-party deposit bank account
6810000	Sub-County - Bank Ac
6810000	Project-specific bank accounts
6810000	M-Pesa and Cash in Hand
6810000	

10.6.6.5.1. Special Accounts

The classification of special accounts is as follows:

Item	Economic Classification of Special Accounts
6810005	Special Project Bank Account

This classification should be utilized for bank accounts handling special accounts funds.

10.6.6.5.2. Treasury Bank Accounts

The classification of treasury bank accounts is as follows:

Sub Chapter 652	Economic Classification of Treasury Bank Accounts
Item 65201	Treasury bank accounts

This series should be utilized for bank accounts handled by the National Treasury.

10.6.6.5.3. Recurrent Bank Accounts

The classification of recurrent bank accounts is as follows:

Sub Chapter 653	Economic Classification of Recurrent Bank Accounts
Item 65301	Recurrent bank accounts

This series should be utilized for bank accounts handling funds meant for the recurrent budget.

10.6.6.5.4. Development Bank Accounts

The classification of development bank accounts is as follows:

Sub Chapter 654	Economic Classification of Development Bank Accounts
-----------------	--

Item 65401	Development bank accounts
------------	---------------------------

This series should be utilized for bank accounts handling funds meant for the development budget.

10.6.6.5.5. Deposit Bank Account

The classification of deposit bank account is as follows:

Sub Chapter 655	Economic Classification of Deposit Bank Account
Item 65501	Deposit bank accounts

This series is reserved for entity deposit bank accounts.

10.6.6.5.6. Sub-County - Development Bank Ac

The classification of Sub-County development bank account is as follows:

Sub Chapter 656	Economic Classification of Sub-County Development Bank Account
Item 65601	Sub-County development bank account

This series of accounts is reserved for the Sub-County development bank account

10.6.6.5.7. Project-Specific Bank Accounts

The classification of project-specific bank accounts is as follows:

Sub Chapter 657	Economic Classification of project-specific bank accounts
Item 65701	Project-specific bank account

Entity-specific project bank accounts should be opened under this series.

10.6.6.5.8. Cash in Hand

The classification of cash in hand is as follows:

Sub Chapter 658	Economic Classification of cash in hand
Item 67101	Cash in hand

Petty cash transactions are processed through this account.

10.6.6.5.9. Foreign Currency and Foreign Deposits

The classification of foreign currency and foreign deposits is as follows:

Sub Chapter 659	Economic Classification of foreign currency and foreign deposits
Item 65901	Foreign bank accounts

Bank accounts that are denominated in foreign currency should be handled through this account.

10.6.7. Category 7: Liabilities

Liabilities are:

Present obligations of a public entity to transfer resources as a result of past events.

For a liability to exist, three criteria must all be satisfied:

- (a) The public entity has an obligation
- (b) The obligation is to transfer resources
- (c) The obligation is a present obligation arising from one or more past events

The measurement basis for liabilities is:

- (a) Historical cost;
- (b) Cost of fulfillment; and
- (c) Fair value.

The classification of Liabilities is as follows:

Sub-Chapter	Economic Classification of Liabilities
7100000	Long Term Liabilities
7200000	Currency
7300000	Current Liabilities

10.6.7.1. Long Term Liabilities

The classification of long-term liabilities is as follows:

Item	Economic Classification of Long-Term Liabilities
7110000	Public Debt
7110000	Retirement plan liabilities
7110000	Leases
7110000	Services Concession Agreements
7110000	Provisions

10.6.7.1.1. Public Debt

This Chapter is reserved for the capitalization of domestic securities other than shares once the Government of Kenya migrates to the full accrual basis of accounting.

Item	Economic Classification of Public Debt
7111000	Public Debt
7112000	Public Guarantee Debt Stock

Sub-Item	Economic Classification of Public Debt
7111100	External Debt
7111200	Domestic Debt

Sub-Sub-Item	Economic Classification of Domestic Debt
7111210	Treasury Bills
7111220	Treasury Bonds
7111230	Pre-1997 Government Debts
7111240	CBK Over-draft
7111250	Others

Sub-Sub-Item	Economic Classification of Treasury Bills
7111210	90 days -Treasury Bills
7111211	180 days -Treasury Bills
7111212	360 days -Treasury Bills

Sub-Sub-Item	Economic Classification of Treasury Bonds
7111220	Fixed Coupon – Treasury Bonds
7111221	Infrastructure – Treasury Bonds
7111222	Zero Coupon – Treasury Bonds

Sub-Sub-Item	Economic Classification of External Debt
7111100	Multi-Lateral
7111110	Bilateral
7111120	Commercial
7111130	International Sovereign Bonds holder
7111140	Suppliers Credit

Sub-Sub-Sub-Item	Economic Classification of Multi-lateral
7111101	IDA – International Development Association
7111102	IMF- International Monetary Fund
7111103	TDB- Trade Development Bank
7111104	ADB- African Development Bank
7111105	Others

Sub-Sub-Sub-Item	Economic Classification of Bi-lateral
7111111	China

7111112	France
7111113	Japan
7111114	United States
7111115	United Kingdom
7111116	Others

Sub-Sub-Sub-Item	Economic Classification of Commercial Loans
7111121	Bank 1
7111122	Bank 2
7111123	Bank 3
7111124	Bank 4
7111125	Bank 5
7111126	Bank 6

Sub-Sub-Sub-Item	Economic Classification of International Sovereign Bonds
7111131	Euro Bonds 1
7111132	Euro Bonds 2
7111133	Euro Bonds 3
7111134	Euro Bonds 4
7111135	Euro Bonds 5
7111136	Euro Bonds 6

Sub-Item	Economic Classification of Publicly Guaranteed Debt Stock
7112100	Bilateral
7112200	Commercial
7112300	Multilateral

Sub-Sub-Item	Economic Classification of Bilateral-Publicly Guaranteed Debt Stock
7112101	China
7112102	Japan
7112103	Denmark

7112104 | Britain

Sub-Sub-Item	Economic Classification of Multilateral-Publicly Guaranteed Debt Stock
7112101	IDA
7112102	IMF
7112103	TDB
7112104	ADB

10.6.7.1.2. Currency (Overdrafts)

The classification of currency overdrafts is as follows:

Chapter 72	Economic Classification of Currency Overdrafts
Sub Chapter 72101	Bank overdrafts

10.6.7.2. Current Liabilities

The classification of current liabilities is as follows:

Chapter 73	Economic Classification of Current Liabilities
Sub Chapter 731	Deposits
Sub Chapter 732	Other liabilities
Sub Chapter 733	Other General Liabilities
Sub Chapter 735	Revolving Funds
Sub Chapter 738	Withholding Taxes
Sub Chapter 739	System Required Liabilities A/

10.6.7.2.1. Deposits

Relates to funds deposited with the government and which are refundable upon occurrence of certain future events. Such include caution funds, deposits on plots, deposits by prisoners, etc.

10.6.7.2.2. Other liabilities

This relates mainly to employee liabilities relating to unpaid deductions to PAYE, unremitted pension liabilities, etc. The account is credited and the corresponding payroll account is debited. Upon payment, the account is debited and the appropriate bank is credited.

10.6.7.2.3. Other General Liabilities

Relates to general liabilities owed to third parties such as contractors, banks, etc. for the supply of goods and services to the entity.

10.6.7.2.4. Revolving Funds

Included in this account are seed funds that are deposited to establish revolving funds.

10.6.7.2.5. Withholding Taxes

Included in this account are tax-related liabilities payable to Kenya Revenue Authorities.

10.6.8. Category 9: Accumulated Reserves

Items under this Category relate to In-Year and Cumulative Date Balances of Surpluses and Deficits against the Accumulated Reserve Reserves. These items are not appropriated and therefore do not feature in the Appropriation Accounts or Performance Statements. These items feature in the Balance Sheet (irrespective of cash or accrual basis of accounting) and Balances are carried forward year on year.

The classification of Reserves is as follows:

Category 9	Economic Classification of Accumulated Reserve
Chapter 99	Reserves

10.6.8.1. Reserves

The classification of reserves is as follows:

Chapter 99	Economic Classification of Reserves
Sub Chapter 991	Provisions
Sub Chapter 992	Opening balance
Sub Chapter 993	Prior year adjustment

10.6.8.1.1. Provisions

The classification of provisions is as follows:

Sub Chapter 991	Economic Classification of Provisions
Item 99101	General Provisions
Item 99102	Exchequer provisions
Item 999998	Vote control account
Item 999999	Consolidated Fund

General Provisions

The classification is used while making general provisions.

Exchequer provisions

The classification is used while making exchequer provisions.

Vote control account

The classification is used while making adjustments to the vote account.

Consolidated fund

The classification is used while making adjustments to the consolidated fund.

10.6.8.1.2. Opening balance

The classification of opening balances is as follows:

Sub Chapter 992	Economic Classification of Provisions
Item 99201	Bank & cash Adjustment

Item 99202	Receivables Adjustment
Item 99203	Payables Adjustment

Included in this account are opening balances relating to new Ministries, Departments, and Agencies that have opening balances and are also utilized once by Ministries, Departments, and Agencies while migrating to a new accounting system (e.g. Smart FMIS). The opening balances must equal the closing balances of the previous accounting software. These balances are further categorized as; bank & cash opening balance; receivables opening balance; and payable opening balance.

10.6.8.1.3. Prior year adjustment

The classification of prior year adjustments is as follows:

Sub Chapter 993	Economic Classification of Provisions
Item 99301	Bank & cash Adjustment
Item 99302	Receivables Adjustment
Item 99303	Payables Adjustment

Included in this account are prior year adjustments relating to bank & cash; receivables; and payable.

10.7. Examples

From **Box 1: Sample transaction**, specify the nature of the transaction as follows:

Debit

6	ASSETS
1	FIXED ASSETS
1	Fixed Capital Assets - GBV
07	Vehicles and Other Transport Equipment - GBV
01	Motor Vehicles - GBV

Credit

6	ASSETS
5	BANK ACCOUNTS
1	Special Accounts
01	Special Project Bank Accounts
01	Special Project Bank Account-01

Segments	No. of digits								
Source of Funds	8	X.X.XXX.XXX							
Class	1	X.X.XXX.XXX							
Vote	5	X.X.XXX.XXX	XXXXX						
Administrative	10	X.X.XXX.XXX	XXXXXX	XXXXX.XXX.XX					
Programme	8	X.X.XXX.XXX	XXXXXX	XXXXX.XXX.XX	XX.XX.XX.XX				
Project	9	X.X.XXX.XXX	XXXXXX	XXXXX.XXX.XX	XX.XX.XX.XX	XX.XXXX.XXX			
Geographical Location	8	X.X.XXX.XXX	XXXXXX	XXXXX.XXX.XX	XX.XX.XX.XX	XX.XXXX.XXX	XXXX.XX.XX		
Economic	7	X.X.XXX.XXX	XXXXXX	XXXXX.XXX.XX	XX.XX.XX.XX	XX.XXXX.XXX	XXXX.XX.XX		Dr:6.1.1.07 Cr:6.5.1.01
Extended Reporting	4								

11. Extended reporting

Several requests for reports that inform policy-making, support negotiations, or guide related decisions have been and will still be encountered in the course of administering the IFMIS modules. These include but are not limited to providing reports on government expenditure on ICT, HIV & AIDS, Climate Change, Gender-specific initiatives, etc. These transactions are characterized by the rather widespread distribution of possible components of their definition across most of the seven segments of the SCOA. This wide distribution makes the creation of the reports mentioned above difficult. For instance, the whole of government's expenditure on ICT can be analyzed as follows:

Example of how ICT expenses are dispersed in the SCOA:

S/n.	SCOA Segment	Remarks
	Class	Expenditures in ICT may be incurred under either recurrent or development budgets.
	Source of Funds	Funding initiatives may be other domestic and external, e.g. salary and recurrent components are locally funded but project/capital components may be funded either locally or by external partners.
	Funds	Funds for ICT may be derived from any Public Fund being legally operated by any government agency.
	Vote and Administrative	<ul style="list-style-type: none"> ICT support units are strewn across ALL MDAs and Counties. Specific votes champion ICT policy in government, e.g. the Ministry of ICT and similar departments in the counties. IFMIS serves all government but its costs are retained at the National Treasury.
	Programme	<ul style="list-style-type: none"> The General Administration programme that houses ICT support units in MDAs is pervasive. The Ministry of ICT and related SAGAs are generally in the GECLA sector. The Programme "Primary Education" run by the Directorate of Basic Education is championing the rollout of "Laptops for Class 1 Pupils" initiative of the Jubilee Administration. IFMIS and related services are anchored in PFM programmes of the National Treasury.
	Geography	Expenditures may fall across any ward(s) or nationally.
	Economic	<ul style="list-style-type: none"> Compensation for the officers in ICT units cuts across. Specific ICT items like Software licenses, Purchase of Computers & Printers, Connectivity charges may be used by any MDA/County.

From the table above, the following conclusions are made:

- All financial data needed on the subject is adequately and very likely, appropriately captured on the system and can be drawn out in a report.
- Adequate insight is needed formulate such a report given the dispersion of data captured across the SCOA.

A report drawn this way is likely to be hard coded and heavily reliant on the support of IT specialists to derive. The pace of arriving at an acceptable output may further depreciate if the eventual users question and alter the parameters populating the data on the report, e.g. to exclude salaries for ICT support units in various or all MDAs, etc. These interrogations, especially between multiple parties seeking to guide the IT specialists in formulating the reports translate to a slow turn-around time in obtaining the information needed to guide other dependent processes.

Analytical reporting, with minimal IT support and high accuracy, is therefore a critical area and a highly demanded service for a majority of SCOA users and their immediate stakeholders. The Extended Reporting segment in the new SCOA provides a mechanism to entrench such a response capacity in the Government IFMIS, using the following approach:

- building an analytical reporting segment in the SCOA,
- implementing that segment with minimal costs in the IFMIS,
- raising capacity / awareness of users on the existence and operations of the analytical reporting feature.

11.1. The structure of the Extended Reporting segment

The Extended Reporting segment is an additional segment in the SCOA. However, it is not a transactional segment as is the case with the other segments. Its structure is in line with the current scheme of the SCOA. Adequate coding space has been provided within this segment to cover a large number of analytical reporting requirements.

The segment consists of three levels and four digits as shown above.

- Level 1 – Shows the main cause / subject of analysis or tracking, e.g. ICT, Gender, Children or Climate Change
- Level 2 – Shows the major divisions in the subject of analysis, e.g. in ICT, software, security, capacity, etc. are possible expenditure groupings that can be tracked. Expenditure on Gender can be analyzed under the broad categories of male / female.
- Level 3 – Defines specific areas under the divisions. For example, expenditure on Children can be analyzed under the divisions – male / female, and the specific areas of nutrition, vaccinations, sanitation, etc.

Segments	Sub-Segments	Definition	No. of levels	No. of digits
Extended Reporting		- Identifies the analytical reporting needs in government, i.e. against which expenditure area or government priority area was revenue received or expenditure incurred, e.g. climate change, HIV&AIDS, etc.	3	4
	Cause	- Shows the main cause/subject of analysis, e.g. climate change		2
	Division	- Shows the major divisions in the cause, e.g. climate change adaptation or climate change mitigation		1
	Area	- Defines specific areas under the divisions, e.g. principle & significant climate change contributions		1

11.2. How the Extended Reporting segment works

The full illustration of coding for this segment is shown below and modeled for a case of tracking government transactions (receipts and expenditures) under Climate Change finance, Children, HIV&AIDS, and Gender:

	A	B	C	D	E	F	G	H	I
	Cause	Division	Area	New code	1	2	3		Guidance
2	1	0	0	0 1000	No Cause Tracked				Use this code while processing budgets that can be adequately reported from the main transactional segments. [Refer: SCOA Manual: Extended Reporting]
3	1	0	1	0 1010	No Cause Tracked				Use this code while processing budgets that can be adequately reported from the main transactional segments. [Refer: SCOA Manual: Extended Reporting]
4	1	0	0	1 1001	No Cause Tracked				Use this code while processing budgets that can be adequately reported from the main transactional segments. [Refer: SCOA Manual: Extended Reporting]
5	1	1	0	0 1100	Climate Change				Use this code while processing budgets that contribute to climate change. [Refer: SCOA Manual: Extended Reporting]
6	1	1	1	0 1110	Adaptation				Use this code while processing budgets that contribute to climate change adaptation activities. [Refer: SCOA Manual: Extended Reporting]
7	1	1	1	1 1111	Principle Adaptation				Use this code while processing budgets that contribute more than 65% to climate change adaptation. [Refer: SCOA Manual: Extended Reporting]
8	1	1	1	2 1112	Significant Adaptation				Use this code while processing budgets that contribute more than 25% to climate change adaptation. [Refer: SCOA Manual: Extended Reporting]
9	1	1	2	0 1120	Mitigation				Use this code while processing budgets that contribute to climate change mitigation activities. [Refer: SCOA Manual: Extended Reporting]
10	1	1	2	1 1121	Principle Mitigation				Use this code while processing budgets that contribute more than 65% to climate change mitigation. [Refer: SCOA Manual: Extended Reporting]
11	1	1	2	2 1122	Significant Mitigation				Use this code while processing budgets that contribute more than 25% to climate change mitigation. [Refer: SCOA Manual: Extended Reporting]
12	1	1	3	0 1130	Cross-cutting (both mitigation and adaptation)				Use this code while processing budgets that contribute to cross-cutting climate change activities. [Refer: SCOA Manual: Extended Reporting]
13	1	1	3	1 1131	Principle Cross-cutting				Use this code while processing budgets that contribute more than 65% to cross-cutting climate change activities. [Refer: SCOA Manual: Extended Reporting]
14	1	1	3	2 1132	Significant Cross-cutting				Use this code while processing budgets that contribute more than 25% to cross-cutting climate change activities. [Refer: SCOA Manual: Extended Reporting]
15	1	1	4	0 1140	Enabling environment				Use this code while processing budgets that contribute to climate change enablers. [Refer: SCOA Manual: Extended Reporting]
16	1	1	4	1 1141	Principle Enabling environment				Use this code while processing budgets that contribute more than 65% to climate change enablers. [Refer: SCOA Manual: Extended Reporting]
17	1	1	4	2 1142	Significant Enabling environment				Use this code while processing budgets that contribute more than 25% to climate change enablers. [Refer: SCOA Manual: Extended Reporting]
18	1	2	0	0 1200	Children				

The role of the reporting segment is to facilitate the process of grouping all budgets and transactions that are aligned to a particular cause or subject and make reporting easy, responsive and accurate. This segment is recommended to be implemented as a mapping table in the IFMIS system. It is easier to implement it in the analytical Hyperion Plan-to-Budget module than in the Oracle E-Business Suite ledger system. This is because:

- It is easier, faster and therefore much less costly to develop the required analytical infrastructure in Hyperion Planning rather than in the Ledger system,
- The P2B module usually extracts expenditure data daily from the ledger and can therefore give a complete view of the budget performance,
- The P2B system has ready developed analytical capability inbuilt similar to Pivot Tables in Excel and is tailored for analytical users. It also has a facility to capture comments, attach documents and breakdown actual line item amounts to smaller figures that may not be suitable for reflection in the budget directly except as aggregate figures.

11.3. Illustration

The Extended Reporting segment is used for extended analytical reporting purposes only. This means that transactions may not be mandatorily captured against its codes. Such transactions will always default to code 1000 in the illustration above. The envisaged typical stream of events of operating with this analytical segment is as follows:

11.3.1. Budgeting

- a) Capture allocations across the mandatory transactional segments as usual.
- b) If the allocation is for a cause or subject area such as ICT, HIV&AIDS, Climate Change, etc. and a code already exists for that cause and the user is aware of it, they can also select that code for the given transaction and save their work.
- c) If the allocation being captured is not being tracked for a specific coded cause, there is no need to make a selection on the Extended Reporting segment. The system will automatically default the segment value to 1000 - No Cause tracked.
- d) If there was not enough information on the details of a cause during the budget data entry exercise or other factors such as deadline-pressure occasion the user to focus on completing the budget data entry, the user may skip selecting a value for analytical segment meaning that the system will default it to 1000 - No Cause Tracked.
(NB: the aim here is to provide a flexible and interactive way of clustering allocations or related expenditures against the principal purpose for which they were incurred. This is for providing reports to suit certain strategic reporting needs.)
- e) Should there be need to review certain expenditures and cluster them as pertaining to a specific cause, or in the event that the user did not specify any analytical values during budget data capture, the system allows them to map those allocations to the appropriate analytical segment value to reflect the relationship with cause for which they regard important.

- f) Analytical reports can then be run for the strategic users to use as per their requirements. These reports will show a breakdown of all items, programmes, heads/ sub-heads, sources of funding or geographical wards and any comments and attached documents that comprise their data definition and allow closer scrutiny by the users.
- g) If there is dissatisfaction, the mapping can be redone and the reports re-run. Once satisfied, the code selections can be frozen to avoid manipulation and provide an authoritative reference. This is the typical budgeting processes.

11.3.2. Expenditure

- a) Expenditure should be carried out exclusively in the transactional segments of the SCOA.
- b) During this time, analysis of expenditures will be facilitated by pulling the expenditure data back to the budget module and performing analysis based on the code selection of the budgetary segments in the analytical segment.
- c) In later years (after 2 or 3 years), the settings in the analytical segment of the SCOA can be configured into the IFMIS Ledger (Oracle Financials (EBS)). This will be after the analytical reporting requirements for Government are refined and firmed up through repeated use.
- d) Analytical reports would then also be run against the Extended Reporting segment values from the ledger system.

The analytical needs of users are less compared to transactional ones. The insight needed to flag/ cluster allocations or expenditures on the system to facilitate reporting is also considerable and varies with each analysis subject (Gender, HIV&AIDS, ICT, Climate Change, etc.). Some may require proof from project engineers like BOQs, etc. to inform accurate clustering.

Awareness and capacity building of users on the analytical capabilities available in the system can be raised through a series of steps as listed below:

1. Pilot with the system administrator first - a select causes are taken and coded first, e.g. climate change can be given code 1100, HIV&AIDS code 1300, Gender 1400, ICT code 1700, etc. This is also updated on the system. The criteria for classification is then availed to the system administrator for a basis for clustering the allocations/ expenses. Then reports are run based on the clustering.
2. Identify various Cause champions in the MDAs they operate in.
3. Organize and inform and demonstrate to them, and their Accounting Officers, of the availability and functioning of the Extended Reporting segment.
4. Conduct training on the operation of the Extended Reporting segment
5. The Extended Reporting segment is hereby included in the SCOA manual.

The fewer number of users and related needs means that the effort of capacity building can be adopted to their own readiness. This is useful to make it more meaningful rather than conducting mass training that is limited in its applicability to many of the users.

11.4. Examples

From **Box 1: Sample transaction**, specify the course that the transaction aims to address/ achieve as follows, for analytical reporting:

- | | |
|----|------------------------|
| 11 | Climate change |
| 1 | Adaptation |
| 2 | Significant Adaptation |

Segments	No. of digits										
Source of Funds	8	2.1.038.017									
Class	1	X.X.XXX.XXX	1								
Vote	5	X.X.XXX.XXX	X	11601							
Administrative	10	X.X.XXX.XXX	X	XXXXX	11601.010.01						
Programme	8	X.X.XXX.XXX	X	XXXXX	XXXXX.XXX.XX	10.07.01.20					
Project	9	X.X.XXX.XXX	X	XXXXX	XXXXX.XXX.XX	XX.XX.XX.XX	16.0001.000				
Geographical Location	8	X.X.XXX.XXX	X	XXXXX	XXXXX.XXX.XX	XX.XX.XX.XX	XX.XXXX.XXX	0000.01.08			
Economic	7	X.X.XXX.XXX	X	XXXXX	XXXXX.XXX.XX	XX.XX.XX.XX	XX.XXXX.XXX	XXXX.XX.XX	Dr:6.1.1.07.01 Cr:6.5.1.02.14		
Extended Reporting	4	X.X.XXX.XXX	X	XXXXX	XXXXX.XXX.XX	XX.XX.XX.XX	XX.XXXX.XXX	XXXX.XX.XX	X.X.X.XX.XX	1112	
Full code	60	2.1.038.017	1	11601	11601.010.01	10.07.01.20	16.0001.000	0000.01.08	Dr:6.1.1.07.01 Cr:6.5.1.02.14		1112

12. *The new SCOA Governance and Maintenance framework*

This section sets out the responsibilities and procedures for requesting and updating new SCOA segment values. The Chart of Accounts needs to be controlled centrally to avoid inconsistencies and errors creeping in.

The purpose of standardized governance of the chart of accounts is to:

- Create and maintain consistency for the structure of the elements and segments of the chart of accounts;
- Create and maintain consistency in how the chart of accounts segments are used in order to facilitate standard reporting;
- Provide a governance structure that is independent of the maintenance of the accounting system; and
- Utilize center of expertise knowledge regarding the various financial and non-financial stakeholders involved with each segment of the chart of accounts.

12.1. The SCOA Technical Committee

There will be a committee known as the SCOA Technical Committee for the Standard Chart of Accounts as a structure of the National Treasury.

12.1.1. Composition

The SCOA Committee shall consist of:

- i. A chairperson: DG Accounting Services and Quality Assurance (alternate- DG Budget, Fiscal and Economic Affairs);
- ii. A deputy chairperson to be proposed from the membership below;
- iii. Fourteen other members, each representing the functional areas of Accounting Services, Budget, Inter-Governmental Fiscal Relations, IFMIS, Debt department, Internal Audit, Government Investments and Public Enterprises, National Assets and Liabilities, Public Procurement, Public Investment Management, Human Resource Management, Pensions, Public Debt Recording and Settlement, National Sub-County Treasuries and Macro and Fiscal department
- iv. Such further members as the Principal Secretary considers necessary

The Director-General Accounting Services and Quality Assurance is proposed to be the designate chairperson of the SCOA Committee. The Director-General Budget, Fiscal and Economic Affairs will act as an alternate chairperson.

A member referred to above may nominate an alternate to act in that member's instead if unavailable.

The deputy chairperson of the SCOA Committee shall act in the place of the chairperson of the Committee if unavailable.

The Accounting Services Department is proposed to house the SCOA Committee. The Transition to Accrual Accounting Secretariat shall provide secretarial services to the SCOA Committee.

12.1.2. Functions of SCOA Committee

We have categorized the functions of SCOA in three broad areas as follows:

12.1.2.1. SCOA framework

- i. review the classification framework and, where required, make recommendations to the Principal Secretary on amendments to that framework;
- ii. Approve a designated process and timeframes (i) to propose changes; (ii) to have them reviewed by key stakeholders; and (iii) to signoff and publish changes, so that all users are advised. Any cyclical process for updates should be no more frequent than quarterly.
- iii. Identify the impact of any proposed changes to the SCOA, including whether they fit with the core principles and agreed structure of the SCOA. All changes to the SCOA must be consistent with the configuration, i.e., there will be no departure from how the segments are defined or the parent-child relationship.
- iv. review the implementation of the standard chart of accounts in government as a whole to ensure the alignment of the standard chart of accounts provided for in this Manual and the standard chart of accounts applicable in National and County government;
- v. Review the usage of the Chart Segments and values annually. Rarely used values may be closed to maintain efficiency of the Chart

12.1.2.2. Data Migration

- i. sign off a plan for data migration to ensure that historical data is not lost or corrupted when a new or updated COA is implemented; and
- ii. Sign off on the process of reconfiguring the historical financial reports to align them with the new structure, thus providing useful historical data for comparison purposes.

12.1.2.3. Capacity building of SCOA users and change management

- i. Review and approve training and capacity building mechanisms for SCOA users all users across government should be adequately trained. Training staff is a fundamental requirement when introducing any modification to procedures and processes. The introduction of changes to the SCOA must be communicated effectively to the relevant staff throughout the government.
- ii. The SCOA Committee should ensure development and sign off change management strategy. The change management strategy should:
 - a. securing explicit support from the highest levels of government at an early stage of reform;
 - b. identifying the organizational changes necessary to implement the new processes and changed rules and procedures, clearly articulating the benefits of the changes;
 - c. identifying documentation changes, including input (e.g., payment vouchers) and output documents (e.g., management reports, budget monitoring reports, etc.);
 - d. identifying human capacity development needs and developing a plan, including a training program, to address existing capacity constraints;
 - e. identifying key change agents in the ministry of finance and line agencies; and
 - f. developing a plan for sensitizing various users to the new systems and procedures.
- iii. undertake such other functions relating to the implementation of SCOA as may be direct

12.1.3. Meetings

The chairperson of the SCOA Technical Committee or the Principal Secretary may, as required, convene meetings of the Committee, but the Committee must convene at least once a year.

12.2. Maintaining and Updating the SCOA

The SCOA Manual is a dynamic document, which requires continuous updating to ensure that it remains relevant for government financial operations and is responsive to the changing information needs of stakeholders on an on-going basis.

The process for updating the CoA is triggered when a segment value required for budgeting and/or accounting is not found in the existing SCOA. The NGA / CGA will make a request for an update to the respective segment administrator as detailed in this SCOA Manual.

12.2.1. Responsibilities for maintaining and updating SCOA

12.2.1.1. Economic Item Segment

The major day-to-day changes will be in respect of adding new Sub-Items in the Economic Item Segment, and the majority of these additional items will most likely be required during budget formulation but also during budget execution. Given their accounting nature, responsibility for making changes under the Economic Segment falls under the Accountant General Department (AGD). The DG AGD will be responsible for approving these changes. He/ she may delegate the responsibility as appropriate.

Requests will be made to AGD through a template provided under figure 11.1 below. The request form shall be populated manually; however, the IFMIS team will consider developing a web-form to facilitate web-based requests. The web form would describe the required sub-item or possibly Item. The request should detail the reasons and justification for adding the new account (often this justification will also help define the item and identify whether there is already an item which adequately relates to the particular transaction in question).

The AGD will review the request and ensure the item does not already exist (e.g. under slightly different name). The account will be added as required and the Manual updated or advice would be given regarding the correct account to use. This procedure is further illustrated under figure 11.3 below:

12.2.1.2. Programs, Sub-Programs and COFOG mapping

Within the general Program (and Sectoral) framework, Ministries will identify their required Programs and Sub-Programs. When a new Program or Sub-Program is required, the request will be sent to the Budget Supplies Department (BSD), which will be responsible for maintaining this segment. Responsibility for creating a new Budget Agency or making changes to the Programs, Sub-programs and COFOG mapping falls under the Director BSD, who may delegate the responsibility as appropriate.

The request form (template provided under figure 11.2 below) shall be populated manually; however, the IFMIS team will consider developing a web-form to facilitate web-based requests. The web-form would describe the required Program or Sub-Program. The Request should detail the reasons and justification for adding the new account (often this justification will also help define the addition and identify whether there is already a program/sub-program which adequately relates to the one requested.

Directorate of Budget will review the request and ensure the program/sub-program does not already exist (e.g. under slightly different name). The Directorate of Budget will then map the Sub-Program to the relevant COFOG. The Program and/or Sub-Program will then be added as required and the SCOA updated or advice would be given regarding the correct Program and/or Sub-Program to use. This procedure is further illustrated under figure 11.3 below.

Line Ministries (and Counties) will request the Outputs and Activities to be assigned to the specific Sub-Programs; these will be entered centrally into IFMIS by the designated BSD staff. The requesting Ministry will channel the request through the Director, BSD who will then instruct IFMIS Department on the amendments to effect.

12.2.1.3. Vote/ Administrative Classification

During budget formulation, where a new Ministry or Vote will require to be added, this will be handled directly by staff in BSD under the direction of the Director. In coordination with the new Ministry or Vote, they will ensure that all the relevant Programs and Sub-programs and COFOG mapping are assigned and the SCOA updated.

12.2.1.4. Geographic Segment

As described in presiding sections above, this segment is used to tracking revenue/ expenses to a location/ geographic. This segment is updated should there be changes in the Government structure as communicated in various statutes, i.e. the Constitution, Acts of parliament etc.

12.2.2. Procedure

12.2.2.1. SCOA structural change

No	Procedure Steps	Position Responsible
1	Initiate request for change to or creation of the coding element and forward to agency or county financial management. First, staff needs to fill up the 'Chart of Accounts Maintenance Form' by indicating new on type of request. Then indicate the segment where the value relates.	Users of SCOA
2	Evaluate change request for need and compliance with SCOA Guidelines. Forwards approved request to SCOA Committee Secretarial Team	Agency/ County Financial Management Unit
3	Evaluate change request and forward to relevant NT functional unit	SCOA Committee Secretariat
4	Evaluates change request for consistency, completeness and alternatives, need and compliance with SCOA guidelines If request meets need standard and SCOA guidelines, forwards to SCOA Committee for decision	NT functional units depending on the segment
5	Review and approves change request. OR Reviews and disapproves change request	SCOA Committee
6	If approved by SCOA secretariat, notifies agency/ county and respective NT unit to proceed with implementation If Disapproved SCOA secretariat, notifies agency giving rationale and recommended alternative	SCOA Committee Secretariat
7	Coordinate implementation of approved change and notify requesting agency when done Notify all SCOA users of the change and facilitate relevant capacity building	SCOA Committee Secretariat

12.2.2.2. SCOA Modification changes

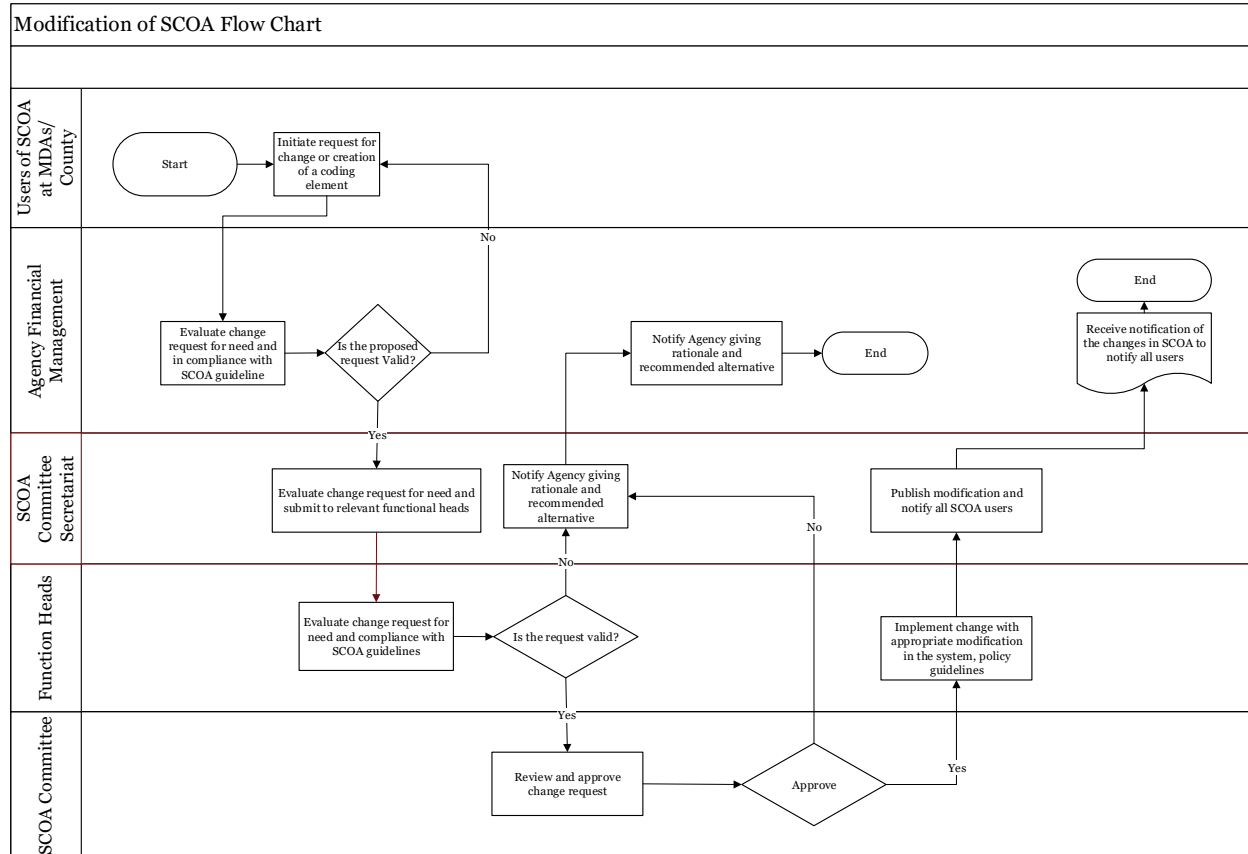
No	Procedure Steps	Position Responsible
1	Initiate a request for change to or creation of the coding element and forward to agency or county financial management. First, staff needs to fill up the 'Chart of Accounts Maintenance Form' by indicating new on type of request. Then indicate the segment where the value relates.	Users of SCOA
2	Evaluate change request for need and compliance with SCOA Guidelines. Forwards approved request to SCOA Committee Secretarial Team	Agency/ County Financial Management Unit

No	Procedure Steps	Position Responsible
3	Evaluate change request and forward to relevant NT functional unit	SCOA Committee Secretariat
4	Review change request for consistency, completeness and alternatives, need and compliance with SCOA guidelines	NT functional units depending on the segment
	If request meets need standard and SCOA guidelines, propose addition	
5	Review and approves change request. OR Reviews and disapproves change request	Head of functional unit
6	If approved, notifies agency/ county and respective NT unit to proceed with implementation If Disapproved SCOA secretariat, notifies agency giving rationale and recommended alternative	SCOA Committee Secretariat
7	Coordinate implementation of approved change and notify requesting agency when done	SCOA Committee Secretariat
	Notify all SCOA users of the change and facilitate relevant capacity building	

12.2.3. Process flows

12.2.3.1. SCOA structural changes

This relates to instances where segments are added or deactivate in the SCOA

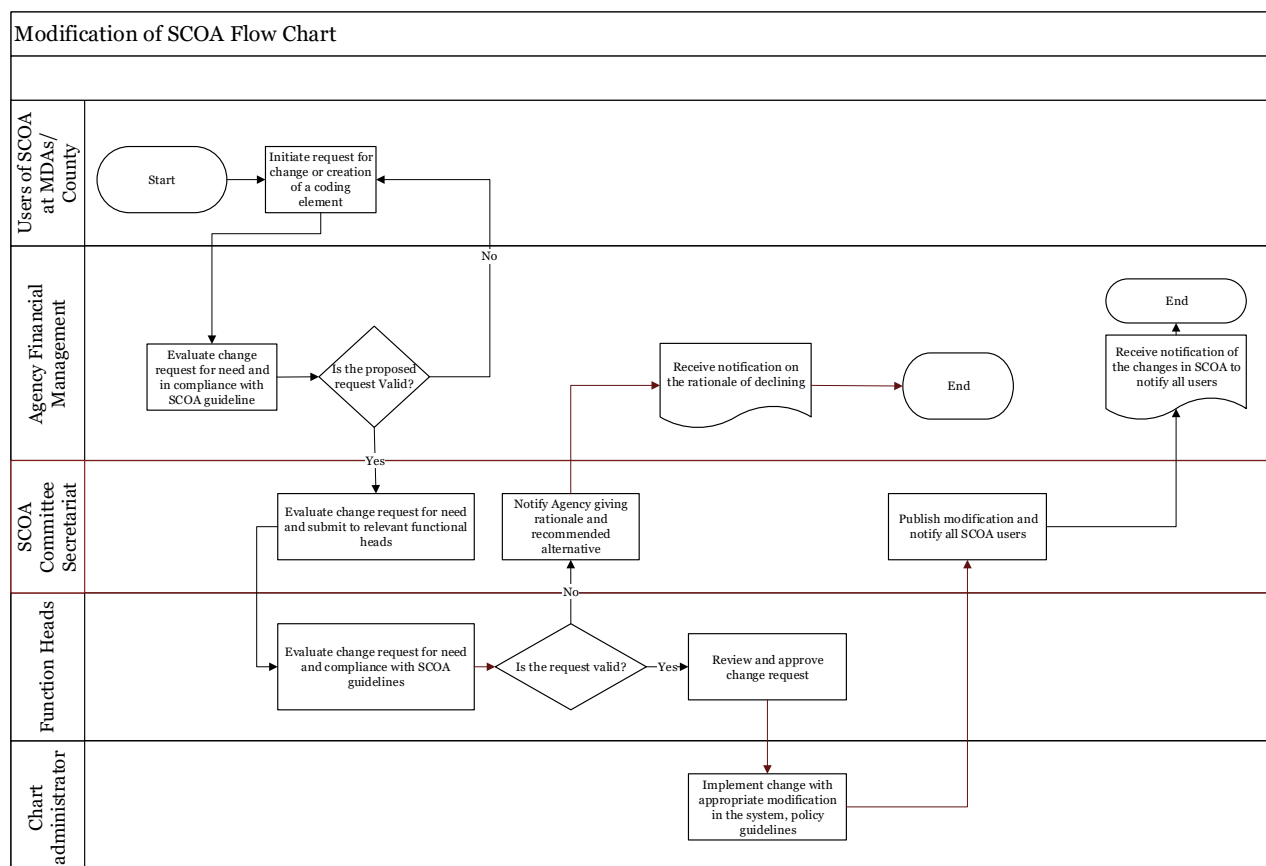


Responsible functional Heads at NT for each of the segments are:

- Programme- BSD
- Economic- AGD
- Vote & Admin- BSD
- Geographic- IGFRD
- Sources of Fund- BSD
- Class- BSD

12.2.3.2. SCOA Modifications changes

This relates to changes in SCOA where Accounts are added/ deactivated within existing accounting segments



Responsible functional Heads at NT for each of the segments are:

- Programme- BSD
- Economic- AGD
- Vote & Admin- BSD
- Geographic- IGFRD
- Sources of Fund- BSD
- Class- BSD

12.2.4. Templates

Figure xxx: Item addition request form – Economic Item

	<h3>Chart of Account</h3> <h3>Item Addition Request Form</h3>			
	<p>Name of Requesting Entity: _____</p>			
<p>The request should be sent to the Accountant General Department, Ministry of Finance</p>				
<p>General Description of reason for addition:</p>				
Class	Chapter	Sub-Chapter	Item	Sub-Item name (Put a brief description here)
<p>Completed by: _____</p> <p>Designation: _____</p> <p>Contact number: _____</p> <p>Email address: _____</p> <p>Request approved by Director of Finance: _____</p> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> Signature _____ Date _____ </div>				

Authorization by Accountant General

Signature:


Date:

Chart Amended by Chart Administrator

Signature:

Date:

Figure xxx: Item addition request form – Program and Sub-Program

	Chart of Account Item Addition Request Form
	Name of Requesting Entity: _____
The request should be sent to the Director, Budget Supplies Department, Ministry of Finance	
General Description of reason for addition:	
Program	Sub-Program
Output	Activity
Completed by: _____ Designation: _____ Contact number: _____ Email address: _____ Request approved by Head of Finance: _____	

Signature	Date
Authorization by Director, Budget Supplies Department	
Signature:	
Date:	
Chart Amended by Chart Administrator	
Signature:	
Date:	

13. Glossary of terms

Commodities

Intangible Assets

Payables

Accrual Accounting

Recognizing revenues and expenses when they are earned or incurred, not when cash is exchanged.

Appropriation in Aid (AIA)

Funds received by a government entity in addition to its budgeted allocation, often from fees or services.

Asset Management System

Software or processes used to track and manage government assets.

Budget Classification

The systematic arrangement of budget items according to specific criteria (e.g., function, program, economic type).

Cash Basis (of Accounting)

Recognizing revenues and expenses only when cash is received or paid.

Standard Chart of Accounts (SCOA)

A structured list of accounts used to classify and record financial transactions.

Climate Tagging/Mapping

The process of identifying and tracking budget and expenditure items related to climate change.

Consolidated Fund

The main government account into which all public revenues are paid and from which expenditures are made.

Contingent Liabilities

Potential liabilities that may occur depending on the outcome of a future event.

County Exchequer Account

The account maintained by each county government for receiving and disbursing public funds.

Economic Classification

Categorization of transactions based on their economic nature (e.g., compensation of employees, use of goods and services).

Entity

Any government department, agency, or body that manages public funds.

ERP (Enterprise Resource Planning)

Integrated software systems used to manage core business processes, including finance.

Financial Consolidation

Combining financial data from multiple entities for reporting purposes.

Functional Classification

Grouping expenditures or revenues according to the functions or objectives they serve (e.g., health, education).

General Ledger

The main accounting record of a government entity.

Government Finance Statistics (GFS) Manual 2014

An international standard for compiling statistics on government finances.

IFMIS (Integrated Financial Management Information System)

The main government system for managing public finances.

Item Segment

A segment in the SCOA used to classify transactions by economic type.

Ledger System

The set of accounts used to record financial transactions.

Parastatal

A government-owned corporation or agency.

Program-Based Budgeting (PBB)

A budgeting approach that allocates resources based on programs and their objectives.

Public Finance Management (PFM) Act

The legal framework governing the management of public finances in Kenya.

Recurrent Expenditure

Ongoing operational costs, such as salaries and utilities.

Segment (in SCOA context)

A component or dimension of the chart of accounts used for classification (e.g., vote, administrative, economic).

Semi-autonomous Entity

A government entity with some degree of operational independence.

Standard Chart of Accounts (SCOA)

A coded list of accounts used to classify, record, and report government financial transactions.

State Corporation

A legal entity created by the government to undertake commercial activities on its behalf.

Vote

A budgetary allocation to a government entity or function.

14. Appendices

The new SCOA Codes

See the attached SCOA Codes workbook for the codes. Each worksheet contains a separate segment.

