



COUNTY GOVERNMENT OF NAROK
FINANCE, ECONOMIC PLANNING, ICT AND E-GOVERNMENT

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25th August 2022

COUNTY TREASURY CIRCULAR NO ...14/2022....

TO: ALL ACCOUNTING OFFICERS – COUNTY DEPARTMENTS AND AGENCIES (CDAs)

GUIDELINES FOR THE PREPARATION OF THE MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF) BUDGET FOR THE PERIOD 2023/24– 2025/26

INTRODUCTION

1. This guideline provides instructions on the processes and procedures for preparing the 2023/24 – 2025/26 MTEF Budget proposals for county departments, and agencies. The guideline is prepared in accordance with section 128 of Public Finance Management Act 2012. Section 2 of the Act states; *Not later than the 30th August in each year, the County Executive Committee member for finance shall issue a circular setting out guidelines to be followed by all of the county government's entities in the budget process.*

2. In preparing the circular the County Executive Committee for Finance is required to include-

- (a) Schedule for preparation of the budget, specifying the key dates by which the various processes are to be completed;
- (b) The methodology for the review and projection of revenues and expenditures;
- (c) Key policy areas and issues to be taken into consideration when preparing the budget;
- (d) The procedures to be followed by members of the public who wish to participate in the budget process;
- (e) The format in which information and documents relating to the budget are to be submitted;
- (f) The information to be in conformity with standard budget classification systems as prescribed by regulations; and
- (g) Any other information relevant to the budget process.

PURPOSE

3. The purpose of this Circular is to provide guidance relating to the key timelines for the submission of the 2023/24 – 2025/26 MTEF Budget Estimates by sectors, departments and all other County entities. The budget estimates are to be prepared within departmental ceilings. Specifically, the circular is intended to;

- (i) Reiterate on the policy framework underpinning the 2023/24 – 2025/26 Budget period.
- (ii) Guide departments on the form and content of the Budget;
- (iii) Communicate the need to agree on programmes for 2023/24 – 2025/26 MTEF period;
- (iv) Emphasize the Constitutional and legal timelines for budgetary preparation and requirements indicated in the annexed budget calendar.
- (v) Provide guidance on the format and content for the Programme Based Budget (PBB).
- (vi) Provide procedures to be followed in public participation.

OVERVIEW

4. The 2023/24 - 2025/26 MTEF budget circular is prepared with an objective of achieving the County vision of becoming the premier county of choice in diversity and opportunities for prosperity. This will be achieved by transforming lives through harnessing the diverse natural resources, rich culture and emerging opportunities in the county in an environment of equity, inclusiveness, efficiency, accountability, integrity for sustainability.
5. Narok County funding will be on programmes and projects in County Integrated Development Plan (CIDP) which are premised on six-point intervention strategies namely; (i) Economic Empowerment, (ii) Tourism Development and Promotion, (iii) Social Development, (iv) Water Resource Management, (v) Urban Development and Physical Planning and (vi) Development of Economic Enablers.
6. The development priorities, programmes and projects should also be linked to the global, national, and development policies and strategies including the Constitution of Kenya 2010, Kenya Vision 2030, MTP, National Sector Plans, Sustainable Development Goals (SDGs), African Union Agenda 2063, and recently the Narok County COVID-19 Social Economic Re-Engineering Recovery Strategy.
7. In keeping with the Constitutional requirements on principle of prudence and transparent management of public resources, the County Government will adhere to the fiscal responsibilities in accordance with the PFM Law. On fiscal discipline, the County Government is committed at containing recurrent expenditure below County government's total revenue. To enhance budget creditability, the County Treasury has put measure aimed at observing a reasonable degree of revenue predictability.
8. On performance, the County Government expects better budgetary outcomes by improving efficiency of public spending through greater monitoring of programmes and linking resource allocation to performance and sound fiscal governance that spurs enhanced coordination among departments, units and agencies.

9. To accelerate the realization of ultimate objective of improving the livelihood of the people through improved incomes and social welfare, the County Government aims at shifting more public resources from recurrent to capital investment in order to promote sustainable and inclusive growth. Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure. Development expenditure is projected to further increase gradually towards the end of MTEF period.

10. In regard to this, the focus of the 2023/24 – 2025/26 MTEF budget will therefore be on broad strategic priorities and policy goals aimed at accelerating and sustaining inclusive growth for socio-economic recovery and transformation of lives for all residents in the county. The county government continues to ensure commitment to prosperity of the county through implementation of programmes that are geared towards uplifting the living standards of citizens.

11. In view of the above, you are hereby notified that at the beginning of FY 2022/23 the End Term review of the CIDP 2018-2022 will be done with the view of developing the third generation CIDP for Narok county. The county will be collaborating with other players in realizing this objective. The aim is to: to promote tourism development, improve rural access; promotion of productivity; business expansion; and building resilience necessary for employment opportunities and poverty reduction.

A. BUDGET CALENDER

12. The attached budget schedule (**Annex I**) outlines the timelines for preparation of the budget, specifying the key dates by which the various stages of the processes are to be completed. Accounting Officers are required to strictly adhere to the timelines provided in order to ensure timely preparation, approval and implementation of the budget.

13. The County Treasury will work in collaboration with the relevant budget departments at the National Treasury for purposes of accessing necessary information as soon as it's generated at the National level.

B. PERFORMANCE REVIEW & PROJECTIONS OF EXPENDITURE & REVENUE

a). PERFORMANCE REVIEW

14. Performance evaluation is the process of analyzing and assessing the extent to which a programme achieves the identified needs or policy objectives. With the adoption of Programme Based Budgeting, Accounting Officers will be required to report on both financial and non-financial programme performance. Performance evaluations will focus on the progress being made towards the achievement of programme outcomes.

15. Programme performance review is essential in establishing and determining the performance of the previous budgets and setting targets for the next Medium-Term Budgets. It entails undertaking a detailed appraisal of previous budget allocations, disbursement of funds and outcomes/outputs achieved.

16. Performance review is a critical factor in successful programme budgeting as programmes require constant refinements. It helps in managing the realization of the government's strategic and policy priorities, it also promotes accountability within the Government entities. The review will focus on the efficiency and effectiveness of programme expenditure and whether spending is directed to the highest priorities. The lessons learnt should be used as basis of making decisions in the coming years.

17. The programme performance expenditure review process will continue to be a basis for determining MTEF budgetary allocations at the County. A detailed analysis of previously funded programmes is done to determine whether value for money has been realized and assess impact of the programmes in terms of addressing the County goal of improving citizen livelihood. This is expected to contribute towards an efficient and effective way of allocating resources towards the realization of the goals encapsulated in the County Integrated Development Plan (CIDP). Departments are therefore expected to undertake Programme performance reviews for 2020/21 - 2022/23 medium term budget in the overall process of preparing the next Medium-Term Budget Estimates.

18. In preparing the Programme Performance Review, all the County entities through respective Accounting Officers must indicate both financial and non-financial performance against

the targets related to each of the programmes/Sub-programme. The report should also provide implementation details, and progress of all projects within a programme.

19. The Programme Performance Reviews report will be the Key document in determining the resources to be allocated to the sector and subsequently the allocation of resources to sub-sectors therein.

b). PRIORITIZING RESOURCE ALLOCATION

20. The County treasury will ensure there is rationalization of expenditure in order to ensure that funded programmes are core and are in line with the Narok CIDP, Medium Term Plan (MTP) of vision 2030, National Sector Plans, Sustainable Development Goals (SDGs), African Union Agenda 2063 and recently Narok County COVID-19 Social Economic Re-Engineering Recovery Strategy. Accounting Officers therefore should be guided by the following criteria when prioritizing and allocating resources;

- Fiscal sustainability
- Allocate resources on programme/ project in County Integrated Development Plan
- Availability of programme performance review findings
- Budget ceilings allocated by Commission of Revenue Allocation and Equitable share allocation of the nation government.
- The expected output and outcome of the programme and the linkage a programme has with other programmes.
- Provision for mandatory expenditures such as salaries, rent and utilities
- Degree to which the programme is addressing the core mandate of the Departments, County entities, Medium Term Plan (MTP) of vision 2030, National Sector Plans, Sustainable Development Goals (SDGs), African Union Agenda 2063 and recently the Narok County COVID-19 Social Economic Re-Engineering Recovery Strategy Cost effectiveness and sustainability of the programme.
- Ongoing activities of the strategic interventions initiated in FY 2022/23

21. Based on the broad guidelines, each sector is expected to develop and document the criteria for resource allocation and undertake a reprioritization giving justification. The criteria remain as contained in the previous year's budget Circular (Circular dated 16th, August 2021).

I. MTEF Estimates for Forward/Outer Years

22. The main objective of MTEF is to improve the County Government's expenditure discipline, simplify budget preparation processes, improve certainty in programme planning and management and improve transparency. Majority of decisions related to budgets have financial implications beyond one year. The MTEF process uses the "rolling" budget and forward estimates method, where the budget is approved on an annual basis, but also include projections of expenditures and revenues for the two outer years.

23. MTEF rolling estimates provide a basis for decisions about future budgets and indicate the space existing for new programmes (stability of future spending). Departments should pay attention to the outer years of the MTEF budget as the ceilings for the period will be provided in order not to undermine the objective of medium term planning and financial programming. Accounting officers are urged to ensure that budget estimates reflect the requirement for the outer years and are within the provided ceilings.

II. Source of Funds

24. The County Government has two key sources of revenues namely; transfer from the National Government and Own Sources of Revenue. Revenue officers and Accounting Officers should ensure that all revenue collected from local sources are remitted in accordance with the act.

25. The County sectors are advised to solicit for support from donors and development partners, and explore potentials for Public Private Partnership to fill the resource gap. A healthy relationship between the County and development partners will be strengthened by among other

things, developing strategic networking and collaborations based on the needs and policy direction of the County. Funds will be invested in capital development and capacity building.

26. The funds will be utilized according to voted provisions in the approved and supplementary budgets. Various measures will be undertaken to ensure that utilization of allocated funds on programmed activities is optimal;

- Tracking of all expenditures on monthly basis by the budget implementation monitoring unit of the department of Finance and Economic Planning and the Budget Committee of the County Assembly
- Monthly variance analysis of all budget items/ lines to establish conformity with the approved budget
- Ensure that all holders of Authority to Incur Expenditure submit their expenditure returns on monthly basis
- Preparation of cash projections, and submission of the same to the county treasury
- Ensure proper re-allocation is done to unabsorbed items within the first six months of the financial year.
- Electronic transfer of funds to the spending units, usually to the nearest banks accounts.

III. Current Expenditure

27. Current expenditure is essential in the implementation of the capital projects. The sector working groups (SWGs) while allocating resources for capital projects should ensure that the critical supporting current non-discretionary expenditure is provided. The following guideline should be followed while allocating current expenditure:

(i). Personnel Emoluments;

27. It is Government's policy to contain and manage the public wage bill. In view of this, SWGs should not allocate resources for new recruitment and upgrading unless prior approval for funding from the County Treasury is granted. The SWGs should however provide resources for the normal wage drift. In doing so, the SWGs shall ensure that the overall expenditure on wages and benefits for public officers shall not exceed thirty-five (35) percent of the County Government's total revenue in accordance with the principles of fiscal responsibility set out in

Regulation 25(1) (a &b) of the Public Finance Management, County Governments Regulations 2015 (PFMCGR 2015) and also in section 107 subsection (2)(c) of the Public Finance Management Act 2012.

28. Further, allocation for personnel emolument must be supported by Integrated Personnel Payroll Data (IPPD) for the current and previous financial years. It is mandatory that each department provides this information to support their requirement.

(ii). Mandatory Obligations;

29. The SWGs should ensure that priority is given to spending on mandatory obligations. Each allocation should be supported by service provision agreements, demand notes, and documentary evidence of past trend.

(iii) Use of Goods and Services

30. It is the policy of the government to shift resources from consumption to capital investment in order to promote socio-economic development. In this regard, departments will be expected to prepare their budgets for operations and maintenance in the context of a hard budget constraint. The County Treasury will critically review the budget proposals and where necessary rationalize the provisions under less productive expenditures in order to create savings to be directed towards capital investment and other priority areas within or across departments.

(iv). Provision for Utilities, Legal Claims and Pending Bills

31. Accounting Officers should ensure that adequate budgetary provision is made for the payment of utilities, Legal Claims and all verified pending bills within the provided ceiling. Any Legal Compensation/Litigation should only be provided for after claims have been authenticated and approved. Accounting Officers are also reminded that requests for additional funding beyond the provided ceiling will expose their budgets to a fresh scrutiny by County Treasury with a view to reprioritize expenditure plans to accommodate new requests within the set ceiling.

IV. Capital Projects

32. Capital project can be defined as a group of related activities that are implemented to achieve a specific output. Each identified project should produce an output that focuses on addressing specific public needs. The projects should be based on a comprehensive needs assessment and must have a time frame for the completion and realization of the desired results.

33. Information on capital projects should include both internally and externally financed projects. Completion of the on-going projects and programmes must be accorded priority. In this regard, capital expenditure must be applied towards the funding of on-going projects and programmes that are near completion and have undergone due process. Departments and County entities should provide adequate information to support the existence of on-going projects which should include a list showing the projects names with details of total cost, start and end date, cumulative expenditure to date, balance required for completion, and amount required over the medium term.

34. Any proposal for additional allocation of resources must be accompanied by a cost-benefit analysis. The proposed additional or new expenditure will have to be aligned with the Departments and County entities mandate and should be subject to the available fiscal space. In addition, Departments and County entities are required to furnish full information on all projects.

35. The Proposed capital projects will have to be evaluated in the context of the following elements:

- (a) Priority for financing projects should be given to those projects that are in full compliance with the Government regulations and priorities as outlined in the CIDP and which are fully justified for financing.
- (b) Departments and County entities should indicate how their proposed projects will contribute to job creation and increased citizen's welfare.

36. County Government is committed in executing projects that meet the County objectives outlined in CIDP and MTP of Kenya Vision 2030. In addition, it is the intention of the Government to capture all these capital projects in the Integrated Financial Management Information System (IFMIS) Plan to Budget System. This will lead to improvement in record keeping and project monitoring and evaluation.

V. Transfers to County Government Entities and County Assembly.

37. In the FY 2023/24, transfers to County entities will be maintained at the nominal values. Any additional requirements for these entities will be critically reviewed and determined after a thorough scrutiny of their budgets and existing government commitments. Transfers to the County Assembly must adhere to Commission of Revenue Allocations ceilings.

VI. Externally Funded Projects

38. County Government will continue with principles and conditions tying externally funded projects. Only those projects for which the County Government has already negotiated loans/grants or signed Memoranda of Understanding (MoUs) with Development Partners will be factored in the Budget for FY 2023/24. Accounting Officers should ensure that externally funded projects are in line with overall County priorities and ensure that Government counterpart funding, if required, is adequately provided for in line with the Agreement. County Departments and Agencies (CDAs) will be required to provide proof for requirement of counterpart funding whenever this is needed.

VII. Supplementary Budget Guidelines

39. If a need has risen for expenditure for a purpose for which no amount was catered for in the Appropriation Act, a supplementary budget in support of the additional expenditure shall be submitted to the County Assembly for Approval. The expenditure should adhere to the fiscal responsibility principles and financial objectives.

40. Accounting Officers should be aware that changes in the approval of the Annual estimates of budget under section 131 of the PFM Act cannot exceed 1% of the amount appropriated by the County Assembly for the year (PFMCGR 2015). In addition, reallocation is only allowable up to 10% unless a higher percentage is approved by the County Assembly in special circumstances PFM Act section 135(7). In the event that an allocation has not been spent by the close of the financial year for which it was appropriated, that allocation shall be deemed to have expired and the amount returned to the County Exchequer Account. The amount will be re-voted afresh in the subsequent year.

C. KEY POLICY AREAS AND ISSUES TO BE TAKEN INTO CONSIDERATION WHEN PREPARING THE BUDGET

41. Accounting Officers are reminded that the indicative ceilings of the sectors will be based on the County Budget Review and Outlook Paper (CBROP 2022). The ceilings will be firmed up in the County Fiscal Strategy Paper (CFSP 2023). However, the Sector ceilings will be reviewed accordingly based on the performance of revenues in the FY 2021/22. This will be communicated in the County Budget Review and Outlook (CBROP) 2022, to be released by 21st October 2022.

42. The Accounting officers should also be aware that the overarching policy in the budget process for FY 2023/24 is sustained socio-economic growth through optimal utilization of resources to improve the livelihood. The policy of the County is continued focus on high impact programmes and projects aimed at enhancing productivity and building the resilience necessary for employment creation and poverty reduction as outlined in the CIDP.

43. In furthering the above policy view, the County will continue to prioritize programmes aimed at promoting tourism development, enhancing agricultural productivity, infrastructural development in roads, early childhood, women and youth development, water access, health among others. In this regard, Sector Working Groups (SWGs) are urged to prioritize their planned programmes for the medium term in view of the policy objective. Department Working groups are also urged to make use of the previous department reports while preparing the MTEF budgets.

D. PUBLIC PARTICIPATION AND STAKEHOLDER INVOLVEMENT

44. The involvement of all stakeholders in the MTEF budget process is essential and a constitutional requirement. Article 201(a) of the Constitution of Kenya 2010 requires that “there shall be openness and accountability, including public participation in financial matters”. Section 125 (2) of PFM Act further requires the County Executive Committee member for finance to ensure that the public participates in the budget process. To this end all County Government entities are required to ensure representation from the non-state actors during MTEF budget process. **Annex I** has a column relating to the obligation of the public in the budget process.

45. The Narok County Budget and Economic Forum (CBEF) is constituted in line with section 137 of the PFM act 2012 with the broad objective of providing a means for consultation by the County Government in preparing key statutory documents.

46. This is further expected to broaden the opportunity for Public Consultations by the Sector Working Groups. Sector Working Groups (SWGs) are expected to ensure that stakeholders fully participate in the budget making process by inviting them to discuss and make comments on the budget proposals. It is important for Departments to demonstrate/keep record of how stakeholders were involved. Departmental proposals for FY 2023/24 MTEF budget will be validated in the County public sector hearings.

47. Sectors Working Groups should identify their critical stakeholders and engage them in programme prioritization. Such engagements should be documented for reference purposes. Sector Working Groups should ensure that the County Executive Members (CECs,) Chairpersons and heads of entities in the sector are briefed and collectively approve the sector budget proposal. Accounting Officers are reminded that the Sector Working Groups are the only recognized avenue for bidding for sectoral resources within the available ceilings.

48. Further the County Treasury shall provide the programme for public participation meetings during the course of this budget cycle to collect the views/ priorities of all the stakeholders.

E. FORMATS IN THE PREPARATION AND SUBMISSION OF BUDGET PROPOSALS

I. Medium Term Development Plans.

49. Over the Medium Term Expenditure Framework for 2023/24 – 2025/26 period the County will continue to prioritize resources allocation based on prioritized programmes aligned to the CIDP and the MTP of Kenya Vision 2030 which aimed at accelerating economic growth, increasing employment opportunities, poverty reduction and achieving equitable distribution of resources. The key priority targets for each sector will be based on sector working groups (SWGs) reports which will have incorporated public views collected during public hearing forums held at various locations in the County.

50. Specifically, the budget intends to accelerate achievement of the County vision by deliberately making the following strategic interventions.

- (i) Promote tourism development
- (ii) Invest in agricultural transformation and food security;
- (iii) Improving access to Early Childhood Education;
- (iv) Invest in road infrastructure and expand investments in other key infrastructure;
- (v) Improve quality and access to healthcare;
- (vi) Promote access to social safety net services;
- (vii) Create a conducive business environment to reduce the cost of doing business;
- (viii) Ensure devolution works for better service delivery and enhanced economic development.

II. Organization of Sectors

51. County Sectors Working Groups (CSWG) should be constituted using the standardized Classification of Functions of Government (COFOG). They should also be reorganized to create harmonized with County Departments. (See Annex IV)

a). Structure of Sector Working Groups (SWGs)

52. The SWGs shall be responsible for formulating sector budget proposals and developing sector policies. SWGs shall comprise the following:

- i. Chairperson – An Accounting Officer nominated by members of SWGs through consensus
- ii. Sector Convener – Appointed by the County Treasury
- iii. Members of the SWGs drawn from the Chief Officers within the sector
- iv. Technical Working Group – Appointed by the respective Sector Working Group;
- v. A SWG Secretariat – Appointed by the Accounting Officer to assist him in coordinating the activities of the SWG;

- vi. One representative by invitation from each group of stakeholders or persons with special needs having an interest in the sector under review.

b). Terms of Reference for Sector Working Groups (SWGs)

53. When preparing Sector and departmental budget estimates for financial year 2023/24 and MTEF period, County SWGs are expected to ensure that proposed programmes and projects are in line with the objectives of MTP of Kenya Vision 2030 and the CIDP. Specifically, the terms of reference for SWGs will be to:

- a) Review the implementation status of programmes and projects in F/Y 2020/21-2022/2023.
- b) Prioritize County Programmes on the basis of strategic objectives of the County, magnitude of the impact, implementation status and among other agreed criteria and justification for the prioritization;
- c) Analyzing the County Integrated Development Plan (CIDP) with an objective of identifying programmes/projects that address the County priorities and objectives.
- d) Analyzing the Third Medium Term Plan (MTP) of Vision 2030 with a view of picking out flagship projects which fall within the County.
- e) Identify and consider National and international protocol/declarations, Acts of the parliament, policies that required to be adhered to.
- f) Identify programmes and projects that invest in key infrastructure facilities tailored to stimulate investments, create jobs and reduce poverty.
- g) Identify programmes and projects to be funded under Public Private Partnerships (PPP) and other off budget modes of financing.
- h) Coordinate activities leading to the development of sector reports and indicative Sector Budget proposals
- i) Analyze cost implications of the proposed programmes, projects and policies for the budget year 2023/24 and MTEF period;

- j) Identify programmes and projects under implementation by Semi-Auto Government

III. Programme Based Budgeting (PBB)

54. The appropriation of the budget in the MTEF period shall continue to be at programme level in accordance with the Public Financial Management Act (PFMA) 2012, Section 130 (2)(b). The format for the preparation and presentation of the Programme Based Budgets is provided in Annex III.

55. The programmes for the Medium-Term Budget will largely remain as approved in FY 2023/24 and where a new programme is proposed approval should be sought from the County Treasury. In designing new programmes, the structure should match the key areas of services delivered by department. In the process of developing new programmes department shall take into consideration, classification of functions of government.

56. The programmes submitted by the various departments in the FY 2020/21, FY 2021/22 and FY 2022/23 had several shortcomings ranging from programme definition, costing, programme outputs and outcomes, and key performance measurement and all these require refinements to achieve the targeted objectives. Relevant documentations of this process should be availed to the County Treasury within reasonable time for the details to be incorporated in the plan to budget system.

57. In preparing programme performance, accounting officers shall ensure they are; Specific, Measurable, Achievable, Realistic, and Time bound (SMART). In addition, targets should be set only for those key performances which are considered reasonably controllable and for which baseline performance has been reliably measured. It is emphasized that each programme should be confined within a single department and all functions should fall within programmes.

58. As was started in Circular issued on 16th August, 2021, Accounting Officers are reminded that they should ensure that in designing programmes, each and every function or activity undertaken by the department or County entity is included in relevant programmes. In particular, care should be taken to ensure that:

- a) All activities or functions have been assigned to respective programmes;

- b) There are no crosscutting activities or functions which are not assigned to respective programmes
- c) Each programme has a distinctive name that reflects the overall objective of a programme;
- d) There is no duplication of programme names used by other departments and County entities.
- e) Naming of the programmers and sub-programmes is in accordance to Classification of Functions of Government (COFOG).

59. Accounting Officers shall also be required to ensure that written supporting justification is provided under each programme which clearly explains the performance of each programme. This should include major achievements, the constraints/challenges faced during budget implementation and how these will be addressed during the FY 2023/24 in the planned priority programmes.

60. General Administration, Planning and Support Services programme is to be included in department with more than one programme. The programme is aimed to accommodate common services such as general administration, financial services, accounting, internal audit, procurement, planning services, human resource management and ICT services which are not programme-specific with departments.

IV. Budget Estimates for County Government Entities

61. Accounting Officers are required to submit summarized budgets of the entities within their ambit. The format for submitting budgets of the entities is provided in Annex IV of this circular.

62. Sector Chairpersons are further urged to ensure that all activities of Sector Working Groups including the drafting of Department Budget Proposals are completed within scheduled timelines. The Sector proposals for FY 2023/24 MTEF budget should be submitted to the County Treasury not later than 30th November 2022.

V. Annual Work/ Cash Procurement Plans

63. Annual Work, Cash and Procurement Plans are essential instruments for timely implementation of planned programmes. To ensure that departments commence implementation of the planned activities with effect from 1st July 2023, and avoid carry overs to the ensuing Financial Year, Accounting Officers should have by now finalized and submitted their Annual Work plans, Cash and Procurement Plans, to the County Treasury with a copy to the Office of the Governor. These documents should have personal signature of the Accounting/Chief Officer after being approved by the respective County Executive Member.

F. CONFORMITY WITH STANDARD BUDGET CLASSIFICATION SYSTEMS

IFMIS Plan to Budget System and Standard Chart of Accounts

64. The County Government will fully implement all modules of IFMIS financial system. All accounting officers should note that no transactions will be processed unless they are captured in the system. The budget will be prepared in the IFMIS system to;

- (i) Ensure consistency between budget allocations and IFMIS codes;
- (ii) Ensure uniformity in accounting practice throughout government;
- (iii) Facilitate performance accounting by aggregation of costs on the basis of cost centers, programmes and functions of government;

65. Accounting officers are requested to ensure that the budget submissions adhere to the stipulated coding Structure of the Chart of Accounts (SCOA) for standardization. The SCOA coding structure is meant to address the financial reporting requirements of the users of the general purpose financial statements, in accordance with International Standards;

- (i) The SCOA integrates budgeting, execution, accounting and reporting functionalities.
- (ii) Programmes have now been integrated in budget preparation, execution and reporting in IFMIS.

G. OTHER INFORMATION RELEVANT TO THE BUDGET PROCESS.

66. Narok County department of Finance and Economic Planning is well aware that County Government Act section 115 (1) provides that Public participation in the County planning processes shall be mandatory and be facilitated through provision to the public of clear and unambiguous information on any matter under consideration in the planning process, including—

- (i) Clear strategic environmental assessments;
- (ii) Clear environmental impact assessment reports;
- (iii) Expected development outcomes; and
- (iv) Development options and their cost implications.

67. In view of the above, the department had introduced some aspect of Strategic Environmental Assessment (SEA) in the budget process.

68. SEA is a promising tool to integrate ecological, economic, social and institutional issues in strategic decisions and improve the understanding of the consequences of policies, plans and programmes on human wellbeing. It is crucial to provide assurance that robust environmental assessments are in place, where development can be facilitated as quickly as possible while ensuring that the environment receives the best protection.

69. The Strategic Environmental Assessment (SEA) is a systematic process of predicting and evaluating the likely environmental effects of implementing a proposed plan or programme in order to ensure that these effects are appropriately addressed at the earliest correct stage of decision-making in tandem with economic, social and other considerations.

70. However, considering that the County lacks adequate capacity in SEA, departments are encouraged to continue with the infusion of aspects of creating public awareness and capacity building on SEA in their activities during the FY 2023/24 budget process as indicated in the budget calendar. Further, the economic planning unit should fast-track the formation of an SEA team to champion the building of SEA capacity in the County.

CONCLUSION

71. Finally, Accounting Officers are required to ensure strict adherence to these guidelines. Please bring the contents of this circular to the attention of all officers working under you including county entities. The specified timelines should strictly be adhered to, in order for the County

Treasury to meet the legal deadline of submitting Budget to the County Assembly by April 30th, 2023.



HON. JULIUS M. T. SASAI

CEC FINANCE AND ECONOMIC PLANNING

Copy to: **H. E The Governor**
 County Secretary
 County Executive Committee Members
 Clerk – County Assembly of Narok
 Auditor General
 Controller of Budget-Narok County
 Commission on Revenue Allocation

BUDGET CALENDAR

	Activity	Responsibility	Timeframe/Deadline	Obligation of Members of the Public
1.	Issue guidelines for preparation of 2023/24 and MTEF County Budget	CEC Finance & Planning	By 30 th August, 2022	Read to know when, where and how to participate in the budget process
2.	Submission of Annual Development Plan (ADP 2023/24) to the County Assembly	CEC for Finance and Economic Planning	By 1 st September 2022.	Read the plan, and can submit written Memorandum
3.	Undertaking of Departmental Expenditure Reviews and submit to County Treasury ensuring that ecological, social, environmental and institutional issues are highlighted	All Departments	8 th - 14 th September, 2022	
4.	Estimation of Resource Envelope and Preliminary allocation to sectors for preparation of County Budget Review and Outlook Paper (CBROP 2022)	County Treasury	15 th – 28 th September, 2022	
5.	Submission CBROP to the County Executive Committee for deliberation and approval	County Treasury	By 30 th September, 2022	
6.	Deliberation and approval of CBROP 2022 by the County Executive Committee	County Executive Committee	3 rd - 7 th October 2022	
7.	Submission of County Budget Review and Outlook Paper (CBROP 2022) to the County Assembly	CEC for Finance and Economic Planning	By 14 th October, 2022	Access, Read and comment.
8.	Launch of Sector Working Groups and Start of Sector Consultations ensuring that ecological, social, environmental and institutional issues are highlighted	All Departments- Finance and planning to co-ordinate	By 18 th October, 2022	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality
9.	Sector consultative forums and Drafting of Sector Reports ensuring that ecological, social, environmental and institutional issues are well addressed	Sector Working Groups	24 th Oct – 30 th Nov, 2022	Access, Read and comment.
10.	Submission of final sector reports to County Treasury ensuring that ecological, social, environmental and institutional issues are well addressed.	All CECs for their respective Departments	By 30 th November, 2022	Access, Read and comment.
11.	Finalization of CIDP 2023-2027	CEC Finance and Economic Planning	By 16 th December 2022	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality
12.	Public Consultative Forums	County Treasury	By 10 th February 2023	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality
13.	Drafting of County Fiscal Strategy Paper (CFSP 2023) ensuring that ecological, social,	County Treasury	By 17 th February, 2023	Access, Read and comment.

	Activity	Responsibility	Timeframe/Deadline	Obligation of Members of the Public
	environmental and institutional issues are well addressed			
14.	Submission of County Fiscal Strategy Paper (CFSP 2023) to County Executive Committee for approval	CEC Finance and Economic Planning	By 17 th February, 2023	
15.	Submission of the CFSP to County Assembly	County Treasury	By 28 th February, 2023	Access, Read and comment.
16.	Circulate approved County Fiscal Strategy Paper (CFSP 2023) and Final guidelines on preparation of 2023/24 MTEF Budget	County Treasury	By 15 th March, 2023	Access, Read and comment.
17.	Submission of budget proposals for 2023/24 MTEF Budget to County Treasury	All Accounting Officers	By 22 nd March, 2023	
18.	Consolidation of Budget Estimates for F/Y 2023/2024	County Treasury	By 13 th April, 2023	Access, Read and comment.
19.	Submission of Budget Estimates F/Y 2023/2024 to County Executive for approval	County Treasury	By 17 th April, 2023	
20.	Presentation of Budget Estimates to County Assembly	C.E.C Finance & Planning	By 30 th April, 2023	
21.	Review of Budget Estimates and public consultations ensuring that ecological, social, environmental and institutional issues are well addressed	County Assembly	By 17 th May, 2023	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality
22.	Report on Draft Budget Estimates F/Y 2023/2024 From County Assembly	County Assembly	24 th May, 2023	Access, Read and comment.
23.	Consolidation of the final Budget Estimates	County Treasury	By 31 st May 2023	
24.	Submission of Appropriation Bill to County Assembly	County Treasury	By 23 rd June 2023	
25.	Budget Statement/Speech	County Treasury	By 30 th June 2023	Access, Read and comment.
26.	Appropriation Bill Passed	County Assembly	By 30 th June, 2023	
27.	Performance Review, Monitoring and Evaluation.	All departments	May and June 2023	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality

ANNEX II: MTEF Sectors Classification in Narok County

S/No.	MTEF SECTORS	MDAs
1.	Agriculture Rural and Urban Development	<ul style="list-style-type: none"> ▪ Agriculture (Crop development) ▪ Livestock development and fisheries ▪ Veterinary Services Department ▪ Land, Housing and physical Planning ▪ Town Management Committee
2.	Energy, Infrastructure And ICT	<ul style="list-style-type: none"> ▪ Public works department ▪ County roads and transport ▪ Information, communication and e-government
3.	Public Administration And International Relations (PAIR)	<ul style="list-style-type: none"> ▪ Office of the Governor ▪ County Public Service Management ▪ Office of County Secretary ▪ County Public Service Board ▪ County Assembly ▪ County Assembly Service Board ▪ Governor and County Executive Services
4.	General Economic, Commercial And Labour Affairs (GECLA)	<ul style="list-style-type: none"> ▪ Trade and industrialization ▪ Cooperative development, ▪ Tourism & wildlife
5.	Social Protection, Culture And Recreation	<ul style="list-style-type: none"> ▪ Education ▪ Youth affairs ▪ Sports and Talent Development ▪ Culture & social services
6.	Environmental Protection And Water	<ul style="list-style-type: none"> ▪ Environment Conservation and Management ▪ Water and Irrigation ▪ Energy and natural resources
7.	Health	<ul style="list-style-type: none"> ▪ Health and Sanitation
8.	Macro Working Group	<ul style="list-style-type: none"> ▪ County Treasury ▪ County Economic Planning

ANNEX III: FORMAT FOR PRESENTATION OF PROGRAMME- PERFORMANCE BASED BUDGETS (PBB)

Vote No.:

Vote Title:

Part A: Mission

Part B: Vision

Part C: Context for Budget Intervention

This section is supposed to be a review of MTEF period 2020/21 – 2022/23 and should briefly discuss the following

- *Expenditure trends;*
- *Major achievements for the period;*
- *Constraints and challenges in budget implementation and how they are being addressed; and*
- *Major services/outputs to be provided in MTEF period 2023/24 – 2025/26 (the context within which the budget is required)*

Part D: Programme Objectives/*Overall outcome*

(List all the programmes and their strategic objectives. Please note that each programme must have only one strategic objective/outcome)

Part E: Summary of the Programme Outputs and Performance Indicators for FY 2023/24 -2025/26

Programme	Delivery Unit	Key Outputs (KO)	Key Performance Indicators (KPIs)	Baseline 2022/23	Proposed Estimate 2023/24	Targets	
						2024/25	2025/26
Name of Programme							
Outcome:							
SP1.1							
SP.2							
...							
SP.N							

Part F: Summary of Expenditure by Programmes, 2023/24 -2025/26 (KSh. Millions)

Programme	Estimates 2022/23	Proposed Estimates 2023/24	Projected Estimates	
			2024/25	2025/26
Programme 1: (State the name of the programme here) ¹				
Sub Programme (SP)				
SP 1. 1				
SP 1. 2.				
... N				
Total Expenditure of Programme 1				

¹NB. Repeat as shown in the Table under section "E" above for all Programmes. Provide total expenditure for each programme and their summation must equal the total expenditure of the vote.

Programme	Estimates 2022/23	Proposed Estimates 2023/24	Projected Estimates	
			2024/25	2025/26
Programme 2: (State the name of the programme here)				
SP 2. 1				
SP 2. 2.				
... N				
Total Expenditure of Programme 2				
Total Expenditure of Vote -----				

Part G. Summary of Expenditure by Vote and Economic Classification²
(KSh. Million)

Expenditure Classification	Estimates 2022/23	Proposed Estimates 2023/24	Projected Estimates	
			2024/25	2025/26
Current Expenditure				
Compensation to Employees				
Use of goods and services				
Current Transfers Govt. Agencies				
Other Recurrent				
Capital Expenditure				
Acquisition of Non-Financial Assets				
Capital Transfers to Government Agencies				

² The total current expenditure and capital expenditure must be equal the total expenditure vote given in tables E, F, & G.

Expenditure Classification	Estimates 2022/23	Proposed Estimates 2023/24	Projected Estimates	
			2024/25	2025/26
Other Development				
Total Expenditure of Vote				

Part H. Summary of Expenditure by Programme, Sub-Programme and Economic Classification (KSh. Million)

Expenditure Classification	Estimates 2022/23	Proposed Estimates 2023/24	Projected Estimates	
			2024/25	2025/26
Programme 1: (State the name of the programme here)				
Current Expenditure				
Compensation to Employees				
Use of goods and services				
Current Transfers Govt. Agencies				
Other Recurrent				
Capital Expenditure				
Acquisition of Non-Financial Assets				
Capital Transfers to Govt. Agencies				
Other Development				
Total Expenditure				
Sub-Programme 1: (State the name of the Sub-Programme here)				
Current Expenditure				
Compensation to Employees				
Use of goods and services				
Current Transfers Govt. Agencies				

Expenditure Classification	Estimates 2022/23	Proposed Estimates 2023/24	Projected Estimates	
			2024/25	2025/26
Other Recurrent				
Capital Expenditure				
Acquisition of Non-Financial Assets				
Capital Transfers to Govt. Agencies				
Other Development				
Total Expenditure				

- Repeat as above in cases where a Ministry/Department has more than one programme and/or sub-programmes

TABLE OF CONTENTS

(Please ensure that Headings and Sub-headings are identical to those in the report)

⁸ Chapters 1 – 4 should form the main body of the report and should be divided into logical sections and subsections, using appropriate headings and numbering. Its purpose is to explain the conclusions and to justify the recommendations.

EXECUTIVE SUMMARY

(Restate conclusions for each section and summarize findings and recommendations under this section)

CHAPTER ONE:

1. INTRODUCTION

- 1.1. Background
- 1.2. Sector Vision and Mission
- 1.3. Strategic goals/Objectives of the Sector
- 1.4. Sub-Sectors and their Mandates
- 1.5. County Corporations
- 1.6. Role of Sector Stakeholders

(The introduction should briefly describe context; identify general subject; describe the problem or issue to be reported on; define the specific objective for the report; outline the scope of the report; and comment on any limitations of the report)

CHAPTER TWO

2. PERFORMANCE REVIEW 2020/21 – 2022/23

2.1. Performance of sector Programmes – delivery of outputs

2.2. Review of Key indicators of Sector Performance

2.3. Expenditure Analysis

2.3.1. Analysis of programme expenditure

2.3.2. Analysis of programme Expenditure by economic classification

2.3.3. Analysis of capital projects by Programmes

2.4. Review of Pending Bills

2.4.1. Recurrent Pending Bills

2.4.2. Development Pending Bills

CHAPTER THREE

3. MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD 2023/24 – 2025/26

3.1. Prioritization of Programmes and Sub-Programmes

3.1.1. Programmes and their Objectives

3.1.2. Programmes, Sub-Programmes, Expected Outcomes, Outputs, and Key Performance Indicators for the Sector

3.1.3. Programmes by Order of Ranking

3.2. Analysis of Resource Requirement versus allocation by:

3.2.1. Sector (recurrent and development)

3.2.2. Sub-Sectors (recurrent and development)

3.2.3. Programmes and Sub-programmes

3.2.4. Semi-Autonomous Government Agencies

3.2.5. Economic classification

3.2.6. Resource Allocation criteria

CHAPTER FOUR

4. CROSS-SECTOR LINKAGES AND EMERGING ISSUES CHALLENGES

CHAPTER FIVE

5. RECOMMENDATIONS

This section should outline future actions. The Recommendations should be action orientated, and feasible; Relate logically to the Conclusions; be arranged in order of importance; and be to the point

CHAPTER SIX

6. CONCLUSION

This section should summarize the key findings of the report, as outlined in the discussion under the chapters 1-5 of the report. The Conclusions should relate specifically to the report's objectives (as set out in the introduction); identify the major issues; be arranged in order of importance; be specific, and to the point; and be a list of numbered points

REFERENCES

This section should list the sources referred to in the report

APPENDICES

Appendices should contain information that is too complex to include in the report. You need to direct readers to this information, as in "Appendix A provides an overview of the Budget of Department X".

ANNEX VI: FORMART FOR OUTCOME BASED PROJECT REPORTING

Department									
Name of Programme/Project	Location of project	Baseline Status	Objective	Project Description (Scope, what was intended to be done)	Estimated Cost. KSh	Start Date (MM/YY)	Achievements		Comments (List the auxiliary benefits, Challenges and recommendations
							Output, (Status of Completion. Include % where applicable)	Outcome, (Measured against objective)	

ANNEX V: TIMELINE FOR TABLING COUNTY BUDGET DOCUMENTS IN THE COUNTY ASSEMBLY AND RELEASE TO THE PUBLIC– CPP GUIDELINES 2015

Document	Contents of the Document (What MCAs should look out for before (approving) the document)	Date Due in the County Assembly	Deadline for Action by the County Assembly	Rationale for Public Release	Publication Information/ Input by the Public
Budget Circular	<ul style="list-style-type: none"> • Timelines for various activities; • Procedures for review and projection of revenues and expenditures; • Key policy areas to be taken into consideration; • Procedures for public consultation; and • Format for budget Documentation 	30 August	For the information of members especially in scheduling their annual calendar	The document is critical for the public to know when, where and how to participate in the budget process	To be publicized within 7 days of publication
County Integrated Development Plans (CIDP)/ Annual Development Plans	<ul style="list-style-type: none"> • Strategic priorities for the medium term; • Programmes to be delivered; • Significant capital expenditure; and • Grants, transfers and subsidies to be made on behalf of County Governments. 	1 September	No date provided but should be within 14 days Action: To debate and approve with or without amendments	<p>The plans will go through three main stages</p> <ol style="list-style-type: none"> a. Formulation by the County Planning Unit b. Approval by the County Executive c. Tabling and approval in the County Assembly <p>In each of these stages there is need to share with the public the documents whether as draft especially in stage (a) and (b)</p>	<p>14 days before adoption in the County Executive and then tabling in the CA</p> <p>To be publicized within 7 days of tabling in the CA</p>
Budget Review and Outlook Paper (BROP)	<ul style="list-style-type: none"> • Actual fiscal performance in the previous year; • Updated economic and financial forecasts from the recent Budget Policy Statement; • Identification of broad policy priorities to be implemented by the CG in the medium term; • Provide indicative available resources (i.e. ceilings) to fund CG priorities-in consultation with CRA and the National Treasury; and • Reasons for any deviations from the financial objectives in the CFSP 	30 September	Action: For Information of Members	<p>The County Treasury will prepare the BROP and it is important that before they table it in the County Executive the Public be given an opportunity to comment.</p> <p>Thereafter when the final document is approved and tabled in the County Assembly it should also be published and publicized within 7 days</p>	<p>14 days before tabling in the County Executive committee (with 7 days allowed for input)</p> <p>To be publicized within 7 days of tabling in the CA</p>
County Fiscal Strategy Paper (CFSP)	<ul style="list-style-type: none"> • Broad strategic priorities and policy goals- medium term and long term. • Outlook on expenditures, revenues and borrowing for the medium term 	28 February	15 March Action: To debate and Approve	<p>Same applies with the BPS and CBSP. There is need that before the County Executive approves it that the public be given an opportunity to input.</p> <p>Thereafter when it is tabled in the County Assembly it should be made public</p> <p>Finally what the County Assembly approves (with or without amendments) should be made public too for greater certainty</p>	<p>7 days before tabling in the County Executive</p> <p>To be publicized 7 days after tabling in the CA</p>
Debt Management Strategy	<ul style="list-style-type: none"> (a) the total stock of debt as at the date of the statement; (b) the sources of loans made to the county government; 	28 February	Action: For information of members in decision making on the liabilities of the	It is important that the public know the debt obligations facing them and what strategies the county is taking to address them	

Document	Contents of the Document (What MCAs should look out for before (approving) the document)	Date Due in the County Assembly	Deadline for Action by the County Assembly	Rationale for Public Release	Publication Information/ Input by the Public
	(c) the principal risks associated with those loans; (d) the assumptions underlying the debt management strategy; and (e) An analysis of the sustainability of the amount of debt, both actual and potential.		county		
Budget Estimates (Revenue and Expenditure) Appropriation Bill	Details of all planned development and recurrent expenditures of the government. Also the estimated revenues by source and explanation of strategies for deficit financing	30 April	30 June Action: To debate and approve with or without amendments To pass the appropriations bill to authorize withdrawals from the County Revenue Fund	The public need to see what is tabled in the County Assembly. This should also be complemented by clear dates (Not later than May 30) as to when the public can give feedback to the departmental committees (on sector specific matters) or to the Budget and Appropriation Committee	7 days after tabling in the CA with 14 days of public input
Budget and Appropriation Act	Same as above	By 30 June		Once all has been discussed and the final budget approved it should be made public via the appropriations act and detailed programme/itemized budget documents on the day it is approved but not later than 7 days	To be publicized 7 days after approval in the County Assembly
Supplementary Budget Documents	Revised Budget Estimates	On needs Basis		All supplementary budget estimates and the rationale for the same should be availed before they are tabled in the respective CA and thereafter when they are tabled in the house	14 days before tabling in the CA and 7 days after tabling in the CA
Finance Bill and Act	Taxation and other revenue raising measures of the county government	30 September (Within 90 Days)	Action: To debate and approve with or without amendments	There is need that the public have an opportunity to input into the Finance Bill before it is tabled at the County Assembly; Further the public should also be allowed space by the Finance Committee to contribute before the respective house approves it	14 days before tabling in the CA and 7 days after approval in the CA
Expenditure Review Reports	An in-depth analysis on specific sectors to establish the progress (or lack of it) by the county	No Specific Date	Action: For information of members		
Audit Reports	An independent opinion on the use of public funds in the county (both the County Executive and County Assembly)	31 December	2 months Action: To debate and decide on what actions should be taken		

Source: County Public Participation (CPP) guidelines 2015