

COUNTY GOVERNMENT OF NAKURU

MINISTRY OF FINANCE AND ECONOMIC PLANNING

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Office of The County Executive Committee Member
Ministry of Finance and Economic Planning
Nakuru County,
P.O Box 2870 - 20100

Ref.No. NKR.C/CEC.F/BGT/Vol.I/(77)

Date: 27th March 2020

COUNTY TREASURY CIRCULAR NO 1/2020

TO: ALL ACCOUNTING OFFICERS,
NAKURU COUNTY

RE: **GUIDELINES FOR FINALIZATION OF 2020/2021-2022/2023 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF) BUDGET PROCESS**

A) PURPOSE

- 1) The purpose of this Circular is to provide guidelines for the finalization of the MTEF budget pursuant to the PFM Act and Regulation 2012 and 2015 respectively and as such should be read with the guidelines issued on 30th August, 2019 Ref. No. NKRC/CEC.F/ BUDGET/Vol.I/2019 on preparation of MTEF B for period 2020/2021-2022/23.

The guidelines provide information on the following: -

- i) Key policy issues to guide the proposal of Medium-Term Budget.
- ii) Document form content of budget and the programme and projects to be funded.
- iii) The timelines for key activities in the finalization of budget process.
- iv) The framework for the public participation in the budget process.

B) BACKGROUND

- 2) The budget for the FY2020/21 and the Medium Term that these guidelines refer to will be on the basis of the 2015 PFM Regulations. In view of this, the date for

submission of Departmental Estimates has been aligned to provisions of Section 30 of the said Regulations.

- 3) The Economic and Financial Policies to be undertaken by the County Government in the Financial Year 2020/21 and Medium term should focus on the policies as outlined in the published County Fiscal Strategy Paper 2020. These are;
- I. Promotion of accessible and affordable healthcare for all county residents toward the realisation of UHC;
 - II. Promotion of agri-business and achieving food nutrition & security;
 - III. Expansion and operationalization of County social and physical Infrastructure.
 - IV. Creating an enabling conducive business environment for growth
 - V. Enhancing governance, transparency, accountability and human resource productivity in the delivery of public good and service;

These strategies aim at realisation of the Big Four Agenda, prioritization of programmes as well improvement of service delivery for realization of public good/services. The policies aim at consolidating the progress made in the priority areas within the existing fiscal framework.

C) COVERAGE

- 4) The Circular shall apply to all County Departments and Entities and in the finalization of the 2020/2021 budget and Medium-Term Estimates.

D) SPECIFIC GUIDELINES

The following broad areas will guide the preparation of Medium-Term proposals:

Medium Term Development Strategy

- 5) The Medium-Term Budget will focus on the following pillars: -
- Promotion of accessible and affordable healthcare for all county residents toward the realisation of UHC;
 - Combating the effects of COVID -19 and locust infestation to the County Economy as a whole.

- Promotion of agri-business and achieving food nutrition & security;
- Expansion and operationalization of County social and physical Infrastructure.
- Creating an enabling conducive business environment for growth
- Enhancing governance, transparency, accountability and human resource productivity in the delivery of public good and service;

Programme Based Budgeting (PBB)

- 6) The appropriation of the budget shall continue to be at programme level and in accordance with PFM 2012. The format for PBB presentation is as provided in Circular Ref.No. NKRC/CEC.F/ BUDGET/Vol.I/2019 dated 30th August, 2019.
- 7) The programme for the Medium Term will largely remain as presented in 2019/2020 budget. In the event a new programme is proposed the structure should match the functional areas of service delivery by the respective Department or Entity.
- 8) The programme performance indicators and targets should focus on the key outputs and outcomes. Targets set for the programme should be specific, measurable and achievable and consistent with the constraints of the budget ceilings.
- 9) Accounting Officers should ensure that all functions or activities undertaken by Departments/Entities are included and relevant programmes in particular areas should be taken to ensure that: -
 - i. There are no cross-cutting activities or functions that are not assigned to a programme.
 - ii. Each programme has a unique name that, reflects an overall objective.
 - iii. There is no duplication of programme name used by another Department or within a Department.
 - iv. Departments with more than one programme should include an additional programme to cater for management and administrative overhead cost which cannot be attributed to one programme. These include general administration, financial service accounting, planning service, human resource management and ICT services.

- v. All Programmes should demonstrate clear linkages and consistency with the CIDP 2018-2022 and the Annual Development Plan 2020/2021.

Prioritization and Allocation of Resources to Programme

- 10) The County Government will embark on policy of expenditure rationalisation with a view of achieving its development agenda to this end.

The following criteria will serve as a guide for allocating resources: -

- Linkage of programme to the County flagship projects and prioritised intervention.
- Linkage of the programme with objectives in the MTP III, Governor's Manifesto and the County Integrated Development Plan 2018-2022.
- Degree to which the programme is addressing the core mandate of the Department and Entities.
- Cost effectiveness and sustainability of the programmes.
- Immediate response to the requirement and entrenchment of devolution.

Expenditure Proposal to the Medium-Term Budget

- 11) Departments are required align their budgetary items within the ceilings provided in preparation of the medium-term budget. The line budget should be readjusted in-line with the County Fiscal Strategy Paper of 2020 that contains the indicative sector ceilings. The County Executive has differed with the resolution of the County Assembly on approval of the CFSP 2020 and as such has issued an advisory to the County Assembly (vide Letter Ref No. NKR.C/CEC.F/DIR.EP/VOL.1/(27) dated 13th March 2020). Therefore, as the consultation on the same proceeds, the Final Budget Ceilings for FY 2020/2021 and the Projected period (summarised in ANNEX III) are based on the Published CFSP 2020.

Recurrent Expenditure

- 12) Sector Working Groups (SWGs) should ensure that the necessary current expenditure required for delivery of service and implementation of capital projects

is provided. These guidelines should be adhered to while allocating resources for recurrent expenditure:

i. Personnel Emolument

- 13) Sector Working Groups should provide adequate funding to cater for salaries, allowances and other approved benefits for in-post staff. Sector Working Groups should not allocate resources for new recruitment and upgrading unless they have prior approval for funding from County Treasury. The personnel budget should retain positions vacated through natural attrition in the respective budget proposal. Allocation for personnel emoluments must be supported by Integrated Personnel Payroll Data (IPPD) for the current financial year. It is mandatory that each Department to provide this to support their requirements. The format of the personnel budget is standardized and provided by County PST&D HR Directorate.

Capital Projects

- 14) The County Government is committed in executing capital projects that meet the County and National objectives espoused in the CIDP (2018-2022) and MTP III (2018-2022). Projects should therefore be based on a comprehensive needs assessment and must have a time frame for completion and realization of the desired results. Capital Projects should have all deliverables and activities meeting the above definition. The Departments should prioritize allocation of resources to projects that have been fully processed (feasibility study done with detailed design, necessary approval and land secured). The Departments should also pay attention to the estimated requirement for each of stage of the project cycle and where necessary to comply with provisions of Regulation 55 of PFM Regulation 2015 on multi-year projects. Departments should ensure that project details including the IFMIS coding and project description is provided for incorporation in the budget estimates. A list of proposed projects should be submitted to the County Treasury using the format in Annex II.

Revenue Estimates

- 15) All projected revenue shall be incorporated in the budget for appropriation and as such no revenue shall be extra budgeted/spent outside the budget. Own source

revenue arising out of approved Regulations including Alcoholic drinks Regulations should be separately budgeted under capital transfer for a specific fund. Local revenue projections should reflect reality and be accurately based on the current economic trend and actual performance.

Public Participation and Stakeholder Involvement

- 16) Public participation and stakeholder involvement in the Medium-Term Budget process are not only essential but also a Constitutional requirement. In relation to the above, Departments will identify Officers to participate in identification of Ward based projects and costing of the projects thereafter pursuant to Nakuru County Revenue Allocation Act of 2018. However, due to the prevailing directives and efforts on Covid-19 mitigation including ban on public gatherings and meetings the County Treasury (after consultation with the relevant line County Departments and National Government Entities) shall give guidance on the manner in which this aim shall be achieved under the current circumstance.

Public Finance Management Act 2012 and the Standing Orders

- 17) Accounting officers are reminded that under Public Finance Management Act, 2012 and Standing Orders, that they will be required to defend the outputs and outcomes of their budgets before the relevant Departmental Committees of the County Assembly at a scheduled timeline of the County Assembly. In this respect, Accounting Officers are reminded to familiarize themselves with the requirements of the Public Finance Management Act, 2012 and Standing Orders and comply with them accordingly.

County Budget Calendar (2020/2021-2022/2023 MTEF BUDGET PROCESS)

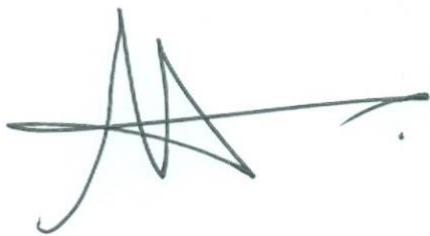
- 18) The Constitution, PFM Act 2012 and PFM Regulations 2015 specify time frame for the budget making process which should be strictly adhered to. Annex I provides specific timelines for finalization of specific activities deliverables and responsible officers. Accounting officers are required to strictly adhere to the timeline provided to ensure timely preparation, submission and approval of budget.

Submission and Accuracy of Budget Estimates

- 19) Following the finalisation of the County Fiscal Strategy Paper 2020 and pursuant to Section 30 of the PFM Regulations that stipulate the time frame for submission of the initial estimates to the County Treasury, Departments are to submit their readjusted budget proposals for FY 2020/2021-2022/2023 which are in conformity to the CFSP ceilings to their respective County Executive Committee Member or Head of Entity by **9th April, 2020** for approval and thereafter submit the final Departmental budget estimates to the County Treasury **on or before 10th April, 2020**. The information submitted therefore should be accurate and reliable.

CONCLUSION

Accounting Officers are required to ensure strict adherence to the budget finalization guidelines and bring the contents of this Circular to the attention of all Officers working under them.



KENNEDY MOMANYI OMBATI

FOR: CECM FINANCE AND ECONOMIC PLANNING

Copy to: H.E. the Governor-to note in file
County secretary & Head of Public Service
All CECM's
The Clerk to the County Assembly

ANNEX I

BUDGET CALENDAR FOR FINALIZATION OF FY 2020/21 MTEF BUDGET PROCESS

	ACTIVITY	RESPONSIBILITY	DEADLINE
10	Preparation and approval of Final Departments' Programme Budgets		
	10.1 Issue final guidelines on preparation of 2020/21 County Budget	County Treasury	27th March, 2020
	10.2 Public Participation for identification of Ward based projects	County Treasury	April, 2020
	10.3 Submission of Departmental Budget proposals to County Treasury	Line Departments	10th April, 2020
	10.4 Consolidation of the Departmental Budget Estimates and uploading to IFMIS Hyperion System	County Treasury	11 th – 24 th April, 2020
	10.5 Submission of Original Budget Estimates for County Government to County Assembly	County Treasury	30th April, 2020
	10.6 Review of Original Budget Estimates by Departmental Committees	County Assembly	22nd May, 2020
	10.7 Report on Original Budget by Budget and Appropriations Committee (County Assembly)	County Assembly	24th May, 2020
11	11.1 Preparation of Annual Cashflow	County Treasury	8th-12th June 2020
	11.2 Submission of Annual Cashflow to Controller of Budget	County Treasury	15th June, 2020
	11.3 Submission of Appropriation Bill to County Assembly	County Treasury	15th June, 2020
	11.4 Resolution of County Assembly on Estimates and Approval	County Treasury	25th June, 2020
	11.5 Budget Statement	County Treasury	25th June, 2020
	11.6 Appropriation Bill Passed	County Assembly	30th June, 2020

ANNEX II

PROJECT DETAILS

FY 2020/21 AND MTEF PROJECTIONS

Project Code	Project Description	Sub County	Ward	Est cost of Project or Contract Value (a)	Timeline		Actual Cumulative Expense up to 30th June 2020 (b)	Outstanding Project Cost as at 30th June 2020 (a)-(b)	Allocation for 2020/21 Budget		Projection 2021/22		Projection 2022/23	
					Start Date	Expected Completion Date			Equitable	Conditional Grant	Equitable	Conditional Grant	Equitable	Conditional Grant
	Programme:													
	Sub Programme:													
xx1														
xx2														
xx3														
	Sub Total													
	Programme:													
	Sub Programme:													
xx4														
xx5														
xx6														
	Sub Total													
	TOTAL													

ANNEX III
PUBLISHED CFSP 2020 BUDGET CEILINGS BY ECONOMIC CLASSIFICATION

VOTE NO.	VOTE TITLE	COMPENSATION TO EMPLOYEES	OTHER RECURRENT OPERATIONS	TOTAL RECURRENT EXPENDITURE	DEVELOPMENT EXPENDITURE	TOTAL
4561	Office of the Governor and Deputy Governor	90,000,000	204,905,792	294,905,792	50,000,000	344,905,792
4562	County Treasury	496,164,177	296,277,463	792,441,640	2,129,798,452	2,922,240,092
4563	County Public Service Board	33,661,028	45,733,762	79,394,790	6,000,000	85,394,790
4565	Health Services	3,778,940,387	1,213,803,926	4,992,744,313	761,042,261	5,753,786,574
4566	Trade, Industry, Marketing and Tourism	69,465,835	85,012,165	154,477,999	117,680,892	272,158,891
4567	Infrastructure	148,057,021	177,628,021	325,685,042	430,726,346	756,411,388
4569	Agriculture, Livestock and Fisheries	419,788,511	113,141,334	532,929,845	115,492,173	648,422,018
4570	Land, Physical Planning and Housing	100,266,520	40,169,758	140,436,278	149,188,885	289,625,163
4572	Water, Environment, Energy and Natural Resources	235,101,636	57,857,014	292,958,650	126,956,688	419,915,338
4574	Public Service, Training and Devolution	507,561,052	186,392,356	693,953,408	47,500,000	741,453,408
4575	Education, Vocational training, ICT and E-Government	281,826,728	290,342,557	572,169,285	168,948,895	741,118,180
4576	Youth, Culture, Gender, Sports and Social Services.	125,826,266	128,632,254	254,458,520	97,585,925	352,044,445
4577	Nakuru Municipality	2,319,802	18,800,198	21,120,000	-	21,120,000
4578	Naivasha Municipality	2,319,802	18,000,000	20,319,802	-	20,319,802
4573	County Assembly	462,196,575	521,022,661	983,219,236	150,000,000	1,133,219,236
	TOTAL	6,753,495,338	3,397,719,261	10,151,214,599	4,350,920,517	14,502,135,116

ANNEX IV

RECURRENT & DEVELOPMENT EXPENDITURE CEILINGS FOR THE PERIOD 2020/2021-2022/2023

VOTE	Source of Funding	CFSP 2020 CEILINGS		TOTAL
		RECURRENT	DEVELOPMENT	
4561: Office of the Governor and Deputy Governor	Gross Allocation	294,905,792	50,000,000	344,905,792
	CRA Equitable & Local Revenue	294,905,792	50,000,000	344,905,792
4562: County Treasury	Gross Allocation	792,441,640	2,129,798,452	2,922,240,092
	CRA Equitable & Local Revenue	792,441,640	171,000,000	963,441,640
	Debt Resolution		300,000,000	300,000,000
	Ward Development		1,400,000,000	1,400,000,000
	Other Loans & Grants CRA		258,798,452	258,798,452
4563: County Public Service Board	Gross Allocation	79,394,790	6,000,000	85,394,790
	CRA Equitable & Local Revenue	79,394,790	6,000,000	85,394,790
4665: Health	Gross Allocation	4,992,744,313	761,042,261	5,753,786,574
	CRA Equitable & Local Revenue	3,928,148,216	112,336,169	4,040,484,385
	AIA	852,000,000	248,000,000	1,100,000,000
	Conditional Grants	212,596,097	400,706,092	613,302,189
4566: Trade, Industry, Marketing and Tourism	Gross Allocation	154,477,999	117,680,892	272,158,891
	CRA Equitable & Local Revenue	154,477,999	117,680,892	272,158,891
4567: Infrastructure	Gross Allocation	325,685,042	430,726,346	756,411,388
	CRA Equitable & Local Revenue	325,685,042	140,181,765	465,866,807
	Conditional Grant		290,544,581	290,544,581
4569: Agriculture, Livestock and Fisheries	Gross Allocation	532,929,845	115,492,173	648,422,018
	CRA Equitable & Local Revenue	532,929,845	115,492,173	648,422,018
	Conditional Grant		-	-
4570: Land, Physical Planning and Housing	Gross Allocation	140,436,278	149,188,885	289,625,163
	CRA Equitable & Local Revenue	140,436,278	149,188,885	289,625,163
	Conditional Grant			-
4572: Water, Environment, Energy and Natural Resources	Gross Allocation	292,958,650	126,956,688	419,915,338
	CRA Equitable & Local Revenue	292,958,650	126,956,688	419,915,338
4574: Public Service, Training and Devolution	Gross Allocation	693,953,408	47,500,000	741,453,408
	CRA Equitable & Local Revenue	693,953,408	47,500,000	741,453,408
4575: Education, Vocational Training, ICT and E-Government	Gross Allocation	572,169,285	168,948,895	741,118,180
	CRA Equitable & Local Revenue	572,169,285	102,659,001	674,828,286
	Conditional Grant		66,289,894	66,289,894

VOTE	Source of Funding	CFSP 2020 CEILINGS		TOTAL
		RECURRENT	DEVELOPMENT	
4576: Youth, Culture, Sports and Social Services.	Gross Allocation	254,458,520	97,585,925	352,044,445
	CRA Equitable & Local Revenue	254,458,520	97,585,925	352,044,445
4577: Nakuru Municipality	Gross Allocation	21,120,000	-	21,120,000
	CRA Equitable & Local Revenue	21,120,000	-	21,120,000
	Conditional Grant			-
4578: Naivasha Municipality	Gross Allocation	20,319,802	-	20,319,802
	CRA Equitable & Local Revenue	20,319,802	-	20,319,802
	Conditional Grant			-
4573: County Assembly	Gross Allocation	983,219,236	150,000,000	1,133,219,236
	CRA Equitable & Local Revenue	983,219,236	150,000,000	1,133,219,236
SUB TOTAL		10,151,214,599	4,350,920,517	14,502,135,116