

COUNTY GOVERNMENT OF NAKURU

MINISTRY OF FINANCE AND ECONOMIC PLANNING

County Headquarters
Email: cecfinance@nakuru.go.ke
Tel: (051) 2214142



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

Ref.No. NKRC/CEC.F/BUDGET/Vol.IV

21st December, 2017

COUNTY TREASURY CIRCULAR NO.10/2017

To All Accounting Officers,
NAKURU COUNTY

RE: GUIDELINES FOR FINALIZATION OF 2018/19 MEDIUM TERM BUDGET

A) PURPOSE

1. The purpose of this circular is to provide guidelines in furtherance to the PFM Act and Regulation 2012 and 2015 respectively and as such should be read with the guidelines issued on 30th August 2017 Ref.No.NKR.C/COF/BUDGET/VOL.IV/65.

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 time lines 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 2018/2019 and the Medium Term that these guidelines refer to will be on the basis of the 2015 PFM Regulation. In view of these, the date for submission of departmental estimate has been aligned to provision of Section 30 of the said regulations.

3. The economic and Financial Policy to be undertaken by the County Government in the Financial Year 2018/19 and Medium term should focus on the implementation of the agenda of the new executive as enumerated in its blue print. The policies aim at consolidating the progress

made in the priority areas within the existing fiscal framework. Priority will be given to programmes aim at scaling up level of investment in the Health Care, Education, and Road Infrastructure.

B) COVERAGE

The circular shall apply to all County Department and entities and in the preparation of the 2018/2019 budget and Medium Term Estimates.

SPECIFIC GUIDELINES

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

Medium Term Development Strategy

- i) The Medium Term Budget will focus on priorities outlined in new executive blue print. Specifically the Medium Term Budget will focus on the following pillars:-
- Development of both social and physical infrastructure.
 - Promotion of value addition for agricultural produce, food security and environmental conservation.
 - Promotion of equitable social economic development for county stability.
 - Investment in quality and access to free healthcare and early childhood education.

Programme Based Budgeting (PBB)

5) The appropriation of the budget shall continue to be at programmed level and accordance with PFM 2012. The format for presentation is as provided in Circular Ref.No. NKR.C/COF/BUDGET/VOL.IV/65 dated 30th August, 2017.

6) The programme for the Medium Term will largely remain as presented in 2017/18 budget. The exception however shall be the newly reorganized department of Education and ICT, the Youth Gender and Sports and Legal directorate and as such new proposals should be forwarded to the County Treasury for approval and eventual configuration of the ifmis at the National Treasury. This request should be submitted on or before 15th of January, 2018. In designing a new programme the structure should match the key areas of service delivery by the respective department or entity.

7) The programme performance indicators and target should only focus on the key output and outcome. Target set for the programme should be specific, measurable and achievable.

8) Accounting officer should ensure that all functions or activities undertaken by departments are included and relevant programme in particular area should be taken to ensure that:-

- i. There are no cross cutting activities or functions that are not assigned to respective programme.
- ii. Each programme has a unique name that, reflect an overall objective.
- iii. There is no duplication of programme name used by other department or within a department.
- iv. Department 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. Specific these include general administrator, financial service accounting, planning service, human resource management and ICT services.

Prioritization and allocation of resources to programme

8) The County Government will embark on policy of expenditure prioritization 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 new executive flagship projects and intervention.
- Linkage of the programme with objectives in the blue print/manifesto and the objective to the County Integrated Development Plan.
- 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

9) Departments are required to remain within the ceiling in the 2017 County Budget Review and Outlook Paper. This will form the basis for the budget preparation in the medium. The indicative ceiling will be firmed up or re-adjusted in the County Fiscal Strategy Paper of 2018.

Recurrent Expenditure

10) Sector Working Groups should ensure that the necessary current expenditure required for delivery of service and implementation of capital projects is provided. The following guidelines should be adhered to while allocating resources for current expenditure.

Personnel Emolument

11) Sector Working Group should provide adequate funding to cater for salaries, allowances and other approved benefit for in-post staff. Sector Working Group should not allocate resource for new recruitment and upgrading unless they have prior approval for funding from County Treasury. The personnel budget would retain position vacated through attrition in the respective budget proposal. Allocation for personnel emolument must be supported by integrated Personnel Payroll Data (IPPD) for the current financial year. It is mandatory that each department provide this to support their requirements. The format of the personnel budget is standardized and provided by County PSM HR Directorate.

12) The SWG and department should prioritize allocation of resource to project that has been fully processed to feasibility study done with detailed design necessary approval and land secured) the SWG should also pay attention to the estimated requirement for each of the stage of the project cycle. The project will be applied in budgetary process. Department should ensure that project details including the ifmis coding and project description is provided.

Capital Projects

13) The County Government is committed in executing capital project meets the county and national objective in the CIDP and Medium Term Development Plan. Project should therefore be based on a comprehensive needs assessment and must have a time frame for completion and realization of the desired result. Capital Project shall be all deliverables and activities needing meeting the above definition. A list all ongoing and proposed project should be submitted to the County Treasury using the format in Annex II and III.

Revenue Estimates

14) All expected revenue shall be incorporated in the budget for appropriation and as such no revenue shall be extra budgeted/spend outside the budget. Local revenue projections should reflect reality and be accurate based on the current economic trend and actual performance. In this respect the completion of mapping of revenue sources will inform the estimates of local revenue. The above exercise is expected to be completed by **20th February, 2018**.

Submission and Accuracy of Budget Estimates & Sector Reports.

15) Section 30(1) A of the PFM Regulation stipulate the time frame for submission of the initial estimate to the County Treasury in the month of January. The information submitted therefore should be accurate and reliable. In this respect and pursuant to Section 33(1) each accounting officer should cause their proposed budget estimates to be examined and reported on by the internal audit of the county government before they are submitted to the county treasury. The county government department shall re-adjust the submitted estimates after the approval of the County Fiscal Strategy Paper and submitted their estimates for financial year (N + 1) (N + 2) (N + 3) on 25th March, 2016. The sector chairpersons are required to ensure that all activities of the SWG including sector report draft budget proposals are completed and submitted by 30th January, 2018 as provided in Section 30(1) A of the PFM reflect 2015. The sector report to the country treasury should include printed estimates for the current year, year (N) and two years (N + 2) (N + 3).

Public participation and stakeholder involvement

16) Public participation and involvement of other stakeholders in the Medium Term Budget process is essential and is constitutional requirement. Sub-sectors should identify their critical stakeholders outside government ministries, departments and participation/consultation should be documented for reference purposes.

SWG should ensure that the County Executive Committee Member and Head of entities in the sector are briefed and collectively approve the sector budget proposals. This is a requirement and mandatory in compliance with Section 30(6) that requires submission to the CEC Members of budget estimates.

Budget Calendar

The constitution, PFM A 2012 and PFM Regulation 2015 specify time frame for the budget making process which should be strictly adhered to. Annex 1 provides specific timeline for finalization of specific activities deliverables and responsible officers. Accounting officers are required to strictly adhere to the timeline provided to ensure timely preparation and approval of budget.

CONCLUSION

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

JOSEPH KIUNA

CEC – FINANCE AND ECONOMIC PLANNING

c.c. County Secretary & Head of Public Service

All CECs

The Clerk to the County Assembly

ANNEX I

BUDGET CALENDAR FOR FINALIZATION OF FY 2018/19 MTEF BUDGET PROCESS

ACTIVITY	RESPONSIBILITY	DEADLINE
8. Preparation and Approval of Final MDAs Budgets		
8.1 Develop and Issue final guidelines on preparation of 2018/19 MTEF Budget	County Treasury	22nd December 2017
8.2 Submission of Sector Reports and Printed Draft Estimates	Line Departments/ Entities	31 st January 2018
8.3 Public Participation on Draft CFSP	County Treasury	6-15th February 2018
Submission of CFSP to Cabinet for Approval	County Treasury	21st February 2018
8.4 Submission of CFSP to County Assembly	County Treasury	28th February 2018
8.5 Submission of adjusted Budget Estimates to County Treasury	Line Departments/ Entities	23rd March 2018
8.6 Public Participation at Ward level	Line Departments/ Entities	26th – 2nd April 2018
8.7 Review of Departmental Estimates	Macro Working Group	3rd – 6th April 2018
8.8 Submission of Departmental Estimates to CECs and County Treasury	Line Departments/ Entities	10th April 2018
8.9 Submission of Consolidated Budget estimates to County Executive Committee for approval	County Treasury	20th April 2018
Submission of Original Estimates to County Assembly	County Treasury	30th April 2018
9. Budget Statement	CEC Finance	30th June 2018
Appropriation Bill Passed	County Assembly	30th June 2018

ANNEX II

COUNTY GOVERNMENT OF NAKURU						
<u>PROJECT APPRAISAL FORM</u>						
FORM 1: CAPITAL PROJECT INFORMATION SHEET FOR THE FY.....						
CODE				dd	mm	yyyy
SERIAL NO	PRIORITY RANKING	PROJECT TITLE	LOCATION/WARD	PROJECT DURATION (YEARS)	PROJECT TYPE	
PROJECT'S CAPITAL ESTIMATES						
ITEM	COST TO DATE	FY BUDGET	PROJECTIONS FY+1	PROJECTIONS FY+2	TOTAL	
Material/ Construction						
New Equipment Cost						
External Contracting Cost						
Land Acquisition Cost						
Additional Infrastructure Cost						
Design and Supervision Cost						
Contingencies						
Total Development Costs						
PROJECT'S OPERATIONAL ESTIMATES						
ITEM	COST TO DATE	FY BUDGET	PROJECTIONS FY+1	PROJECTIONS FY+2	TOTAL	
Personnel Costs						
Annual Operating Costs						
Annual Maintenance Costs						
Annual Revenue Generated						
Total Recurrent Cost						
Total Cost Of The Project						
PROJECT'S SUMMARY CHARACTERISTICS						
SHORT DESCRIPTION						
REASONS FOR UNDERTAKING PROJECT						
REFERENCE WITH PHYSICAL DEVELOPMENT PRIORITIES						
IMPACT ON PRO-POOR						
ENVIRONMENTAL IMPACT						
DEVELOPMENT COSTS FUNDING						
O & M COSTS PROVIDED FOR (Y/N)						

ANNEX III

PROJECT DETAILS

FY 2018/19 AND MTEF PROJECTIONS

DEPARTMENT:

VOTE:

PROGRAMME:

SUB PROGRAMME:

Project Code	Project Description	Constituency	Ward	Est cost of Project or Contract Value (a)	Timeline		Actual Cumulative Expense up to 30th June 2018 (b)	Outstanding Project Cost as at 30th June 2018 (a)-(b)	Allocation for 2018/19 Budget		Projection 2019/20		Projection 2020/21	
					Start Date	Expected Completion Date			Equitable	Conditional Grant	Equitable	Conditional Grant	Equitable	Conditional Grant
xx1														
xx2														
xx3														