

COUNTY GOVERNMENT OF NAKURU

MINISTRY OF FINANCE AND ECONOMIC PLANNING

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Ministry of Finance and Economic Planning
Nakuru County,
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Ref.No. NKRC/CEC.F/BUDGET/Vol.I/2019

1st April, 2019

COUNTY TREASURY CIRCULAR NO.3/2019

TO: ALL ACCOUNTING OFFICERS,
NAKURU COUNTY

RE: GUIDELINES FOR FINALIZATION OF 2019/2020 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, 2018 Ref.No. NKRC/CEC.F/BUDGET/Vol.IV on preparation of medium-term budget for period 2019/20-2021/22.

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 2019/2020 and the Medium Term that these guidelines refer to will be on the basis of the 2015 PFM Regulation. 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 2019/20 and Medium term should focus on expansion of its physical and social infrastructure, 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 2019/2020 budget and Medium-Term Estimates.

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 towards the realization of UHC.
- Revival of pyrethrum, 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 presentation is as provided in Circular Ref.No. NKRC/CEC.F/BUDGET/Vol.IV dated 30th August, 2018.

7) The programme for the Medium Term will largely remain as presented in 2018/19 budget. In designing a new programme the structure should match the key areas of service delivery by the respective Department or Entity.

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

9) Accounting Officers should ensure that all functions or activities undertaken by Departments 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 respective programmes.
- 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.

Prioritization and Allocation of Resources to Programme

10) 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 Executive's flagship projects and intervention.
- Linkage of the programme with objectives in the blue print/manifesto and the objective to 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 adopted County Fiscal Strategy Paper of 2019 that contains the indicative sector ceilings.

Recurrent Expenditure

12) Sector Working Groups 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 current 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 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 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 in the CIDP and Medium-Term Development Plan. Projects should therefore be based on a comprehensive needs assessment and must have a time frame for completion and realization of the desired result. 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 III.

Revenue Estimates

15) All expected 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 involvement of other stakeholders in the Medium-Term Budget process is essential and is a Constitutional requirement. In relation to the above, ministries 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.

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 programme and detailed budget item level respectively. 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.

Budget Calendar

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 and approval of budget.

Submission and Accuracy of Budget Estimates

19) After the approval of the County Fiscal Strategy Paper 2019 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 shall submit their readjusted budget proposals for FY 2019/2020-2021/2022 which are in conformity to the CFSP ceilings to their respective County Executive Committee Member or Head of Entity by **10th April, 2019** for approval and thereafter submit the final Departmental budget estimates to the County Treasury **on or before 11th April, 2019**. 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.



DR. PETER KETYENYA

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 2019/20 MTEF BUDGET PROCESS

	ACTIVITY	RESPONSIBILITY	DEADLINE
10	Preparation and approval of Final Departments' Programme Budgets		
10.1	Issue Final Guidelines on preparation of 2019/20 County Budget	County Treasury	1 st April, 2019
10.2	Submission of Budget proposals to County Executives	Line Departments	10 th April, 2019
10.3	Submission of Departmental Budget Estimates to County Treasury	Line Departments	11 th April, 2019
10.4	Review and Consolidation of the Budget Estimates	County Treasury	12 th -24 th April, 2019
10.5	Submission of County Budget Estimates to County Executive Committee	County Treasury	25 th April, 2019
10.6	Submission of Original Budget Estimates for County Government to County Assembly	County Treasury	30 th April, 2019
10.7	Preparation of Departmental Annual Cashflow	Line Departments	10 th -12 th June, 2019
10.8	Submission of Annual Cashflow to County Treasury	Line Departments	13 th June, 2019
10.9	Submission of County Annual Cashflow to Controller of Budget	County Treasury	14 th June, 2019
	Budget Statement	County Treasury	25 th June, 2019
	Appropriation Bill Passed	County Assembly	30 th June, 2019

ANNEX II

PROJECT DETAILS

FY 2019/20 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 2019 (b)	Outstanding Project Cost as at 30th June 2019 (a)-(b)	Allocation for 2019/20 Budget		Projection 2020/21		Projection 2021/22	
					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													

INDICATIVE CFSP CEILINGS FOR FY2019/2020-2021/2022

VOTE NO	VOTE TITLE	COMPENSATION TO EMPLOYEES	USE OF GOODS AND SERVICES	TOTAL RECURRENT EXPENDITURE	DEVELOPMENT EXPENDITURE	TOTAL	Percent of the Total Budget
01	Office of the Governor and Deputy Governor	76,616,729	189,207,530	265,824,259	96,605,318	362,429,577	2.4%
02	County Treasury	478,364,584	382,400,291	860,764,875	1,862,185,864	2,722,950,739	17.7%
03	County Public Service Board	30,627,300	26,432,025	57,059,325	909,553	57,968,878	0.4%
04	Public Service, Training and Devolution	516,137,555	203,255,733	719,393,288	49,245,765	768,639,053	5.0%
05	Health Services	3,400,164,243	1,667,225,318	5,067,389,561	543,285,338	5,610,674,899	36.4%
06	Trade, Industry, Marketing and Tourism	69,662,179	67,867,388	137,529,567	150,737,295	288,266,862	1.9%
07	Infrastructure	123,472,923	219,655,884	343,128,807	470,181,764	813,310,571	5.3%
08	Education, Vocational Training, ICT and E-Government	131,921,867	300,483,368	432,405,234	140,595,703	573,000,937	3.7%
09	Agriculture, Livestock and Fisheries	373,731,797	64,057,764	437,789,561	440,492,173	878,281,734	5.7%
10	Lands, Physical Planning and Housing	98,607,188	41,560,965	140,168,153	1,231,477,675	1,371,645,828	8.9%
11	Youth, Culture, Gender, Sports and Social Services.	111,478,562	133,796,551	245,275,113	82,585,925	327,861,038	2.1%
12	Water, Environment, Energy and Natural Resources	191,205,865	94,136,371	285,342,236	130,956,688	416,298,924	2.7%
13	County Assembly	366,191,167	661,808,833	1,028,000,000	180,282,875	1,208,282,875	7.8%
	TOTAL	5,968,181,959	4,051,888,021	10,020,069,979	5,379,541,936	15,399,611,915	100%
	Percent of Total Budget	38.8%	26.3%	65%	34.93%	100.0%	