

**MANDERA COUNTY GOVERNMENT**



**MANDERA COUNTY TREASURY**

**REF NO. MCG/01/2018**

**Date: 30<sup>th</sup> August, 2018**

**TREASURY CIRCULAR NO.1/2015**

**TO: ALL COUNTY ACCOUNTING OFFICERS**

**BUDGET GUIDELINES FOR PREPARATION OF 2019/2020 FINANCIAL YEAR BUDGET**

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**A. PURPOSE**

1. Section 128(2) of PFM Act 2012 requires CEC finance to issue circular setting out guidelines to be followed by all county government entities in the budget making process by 30<sup>th</sup> August of every year. This Circular therefore guides County Government Ministries and departments in preparation of their 2019/2020 budgets, Medium Term Expenditure Framework (MTEF) and key dates for its delivery. The budget estimates from ministries and departments are to be prepared within ceilings to be provided by the county treasury in February 2019. The purpose of these guidelines are to:

- i. Provide a policy framework for the 2019/2020 – 2021/2022 MTEF period;
- ii. Provide guidance on the form and content of the budget proposals and the cost of the programmes to be funded
- iii. Emphasize the statutory timelines and requirements indicated in the attached budget timeline.

## **B. CONTEXT OF 2019/2020 BUDGET PREPARATION**

Budget for the next MTEF will be geared towards stimulating county economic growth, reducing poverty, enhancing food security and supporting livelihoods of the poor and the most vulnerable in our society. Ministries should therefore give emphasis to:

- Creation of key infrastructural facilities and public works necessary for stimulating countywide economic growth.
- Water and food security
- Enhanced good governance, transparency and accountability in the delivery of public goods and service.
- Promotion of social economic development and stability
- Promotion of trade and commerce to spur economic growth and development
- Promotion of environmental protection and proper and prudent use of land resources
- Completion of all ongoing projects and payment of all pending liabilities to solve the ever present public complaints in the county's payment systems.

## **C. THE GUIDELINES**

2. The following will guide the preparation of 2019/20– 2021/2022 MTEF County budget.

### **I. Medium Term Development Strategy**

3. The county will adopt a policy of expenditure rationalization with view to funding core services and reducing costs through elimination of wastages, inefficiencies and duplication of project funding.

4. Ministries and departments should consider the following key when allocating resources:

- a) As a requirement in law, adequate resources should be made available to fund projects identified in ADP, CFSP, Sector working group reports and the public participation reports.
- b) Give priority to Programmes/projects that address the objectives of the County Integrated Development Plans and the Annual Development Plans.
- c) Give preference to Programmes/projects that address priority areas that support social development and economic growth and transformation
- d) Ensure adequate provision for non-discretionary expenditures like personnel costs

5. County government entities are expected to ensure that proposed programmes and projects are in line with the County Integrated Development plan. Specifically, the County government entities will be expected to:

- i. Review County objectives and strategies in line with the overall goals outlined in the County Integrated Development Plans and annual development plans;
- ii. Identify the programmes and the necessary policy, legal and institutional reforms required;
- iii. Analyze cost implications of the proposed programmes, projects and policies for the MTEF period;
- iv. Prioritize County Programmes and allocate resources appropriately in accordance with an agreed criteria and justification for the prioritization;
- v. Coordinate activities leading to the development of County entity reports and indicative

## **II. County Integrated Development Plan**

6. The county government has already developed its County Integrated Development Plan (CIDP) which sets out the development priorities for the county. Accounting Officers are expected to familiarize themselves with it and align their budgets to the approved County Integrated Development Plan.

## **III. Programme -Based Budgeting (PBB)**

In line with PFM Act 2012, the county will inculcate the concept of program based budget system to guarantee the efficiency and value for money for county projects.

7. Programme performance targets should be specific, measurable, achievable, realistic, and time bound. 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 Ministry or department and all functions should fall within programmes.

8. Accounting Officers should ensure that in designing programmes, each and every function or activity undertaken by the county is included in relevant programmes. In particular, care should be taken to ensure that:

- i. There are no crosscutting activities or functions which are not assigned to respective programmes;
- ii. Each programme has a distinctive name that reflects the overall objective of a programme; and
- iii. There is no duplication of programme names used by other County entities.

#### **IV. Performance Review of the Expenditure**

9. Programme performance review is a critical factor in successful programme budgeting and requires continuous refinement of plans and budgets. In addition to that, it helps in realizing the governments strategic and policy priorities and it encourages accountability within the county government institutions.
10. The programme performance expenditure review focuses on the efficiency and effectiveness of programme expenditure and whether spending is focused on the highest priorities and therefore using the lessons learnt for making decision on future expenditure decisions.
11. The programme performance expenditure review process will be used to determine MTEF budgetary allocations by assessing whether value for money has been obtained in previous allocations, which programmes are to be given priority in terms of funding and whether it will be prudent to discontinue some projects or hand them over to other County government institutions. This is expected to contribute towards an efficient and effective way of allocating resources.
12. Programme performance expenditure review should be continuous exercise and performance review reports should be prepared from time to time.

#### **V. Prioritization and Allocation of Resources**

13. The County government will continue with its policy of expenditure prioritization with a view to funding core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies. These decisions will have implications in the budget ceilings to be provided in County Fiscal strategy paper.
14. The following criteria will serve as a guide for allocating resources:
  - Linkage of the programme with the Objectives of the medium term plan
  - Linkage of the programme with the Objectives of the County development plans.
  - Degree to which a programme addresses core poverty interventions
  - Degree to which the programme is addressing the core mandate of the County entity
  - Expected outputs and outcomes from a programme
  - Cost effectiveness and sustainability of the programme
15. County government entities shall undertake a reprioritization exercise which must address the following:
  - The County government entities should identify the programmes/projects that are of low priority and come up with savings which should be directed to high priority programmes that promote social-economic development
  - The County government entities are also required to introduce mechanism of efficiency savings in their budgets. This is intended to ensure that funds are directed to service delivery, rather than non-essential spending. Efficiency savings can be

achieved through reducing operating costs and non-service delivery activities and should be considered for all programmes;

## **VI. Further Guidelines**

### **Sector working Groups (SWG)**

16. All ministries and departments are required to establish SWGs .it is important to realize that sector working group is central to county planning and budgeting. SWGs are the only correct platforms where bidding for resources can be justified. All county entities are therefore encouraged to fully and seriously participate in their respective SWGs.

### **D. CONCLUSION**

17. Ministries and departments are strongly advised to involve sub counties, wards and other stakeholders in the preparation of their budget proposals. Sub county budget proposals should be received, considered and incorporated in the budget of relevant sectors

18. All accounting officers are reminded that the sector working group reports should be completed in time and forwarded to the county treasury for further consideration and action.

19. All Accounting Officers are requested to ensure strict adherence to this guidelines and bring the content of the document to officers working under them especially the Heads of Departments

Ibrahim B. Hassan

**COUNTY EXECUTIVE MEMBER /COUNTY TREASURY**

**Copied to:** H.E. the Governor  
H.E the Deputy Governor  
The County Secretary  
Cabinet Secretary- National Treasury  
Controller of Budget- Mander County  
Office of Auditor General  
Commission on Revenue Allocation

**Annex**

**County Budget Calendar for FY 2019/2020**

<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>	<b>DEADLINE</b>
Develop and issue County budget guidelines	County Treasury	30th August 2018
County Annual development plan submitted to county assembly	County Treasury	1st september 2018
Submission of CBROP to the County Executive Committee	"	30th September 2018
Constitution of sector working groups	Accounting Officers	1st october 2018
Convene Sector Working Groups	County treasury	15th October 2018
Circulate the Approved CBROP to Accounting Officers.	"	24th October 2018
Submit draft sector reports to County Treaury	Chairperson of SWGs	30th Nov 2018
Submission of CFSP to executive committee members for approval	Treasury	28th Feb. 2019
Submission of CFSP to County Assembly for approval.	Treasury	15th Mar. 2019
Submission of Debt management strategy to County Assembly for approval (if any)	Treasury	28th Feb. 2019
Submission of final Budget proposals to Treasury in line with CFSP	Line Ministries	1st April. 2019
Consolidation of the Draft Budget Estimates	Treasury	10th April 2019
Submission of Draft Budget Estimatesto County Executive Committee	Treasury	20th April 2019
Annual cashflow.	Treasury	15th June 2019
Debate and approval of Budget Estimates. Submission of Appropriation Bill to County Assembly	Treasury	30th June 2019
Uploading of the Approved Budget into IFMIS	Treasury	15th July 2019