

# COUNTY GOVERNMENT OF WEST POKOT

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P.O BOX 222-30600  
KAPENGURIA  
29<sup>th</sup> August 2022

## Department of Finance & Economic Planning

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### BUDGET CIRCULAR NO. 1 (2022)

**TO: ALL COUNTY EXECUTIVE COMMITTEE MEMBERS  
ALL ACCOUNTING OFFICERS**

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**GUIDELINES FOR THE PREPARATION OF THE MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF) BUDGET FOR THE PERIOD 2023/2024 – 2025/2026 AND IMPLEMENTATION OF THE FY 2022/2023 BUDGET**

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### PURPOSE OF THE CIRCULAR

This Circular is issued pursuant to Section 36 (2) of the Public Finance Management Act, 2012 and Section 40(1) of Public Finance Management (county governments) Regulations, 2015 and is intended to provide clear instructions on the processes and procedures for preparing the 2023/2024– 2025/2026 MTEF Budget as well as guidance for implementation of the budget for FY 2022/2023. The guidelines apply to all county departments, county assembly and agencies at the county level.

Part A of this Circular will focus on preparation of the 2023/2024 – 2025/2026 MTEF Budget while Part B gives overall guide in the management and implementation of FY 2022/2023 Budget.

**PART A: 2023/2024-2025/2026 MTEF BUDGET PREPARATION**  
**GUIDELINES**

**BACKGROUND**

The FY 2023/2024 – 2025/2026 MTEF budget will be anchored on the county government's economic and transformation agenda to be enshrined in the County Integrated Development Plan (2022-2027), the fourth Medium Term Plan of Kenya Vision 2030 and The Five Pillars of the Governor's Manifesto.

1. The 2023/2024 – 2025/2026 MTEF Budget will cover the following broad strategic areas;
  - a) Investing in quality Education through development and improvement of ECDE centres, rehabilitation and equipping of youth polytechnics and technical institutions, infrastructure support for primary schools and secondary schools and provision of bursary to needy secondary and tertiary institutions students.
  - b) Investing in quality, affordable and accessible health care services. Including preparedness to mitigate emerging health issues
  - c) Fast-tracking integrated urban development.
  - d) Infrastructure development through opening new roads and bridges maintaining the existing ones, development and continuous improvement of water resources, water supplies and sewerage systems
  - e) Investing in agricultural and livestock productivity transformation, value chain development and market linkages.
  - f) Investing in community social development through social programmes, projects and safety nets, peace programmes and climate change adaptation and mitigations.
  - g) Promoting trade, investment, value addition and industrial development including development of cottage industries.
  - h) Strengthening devolution and introducing reforms on the need for good governance, transparency and accountability for better service delivery and economic development.

## THE GUIDELINES

- i) The following will guide the preparation of 2023/2024 – 2025/2026 MTEF budget proposals.

### I. Medium Term Development Strategy

2. The priorities outlined in the CIDP (2022-2027), the Third Medium Term Plan of Kenya Vision 2030 will guide the development of sector priorities, policies, plans and monitoring and evaluation processes for 2023/2024 – 2025/2026 MTEF budget with a view of achieving economic transformation for a shared prosperity.
3. In preparing the 2023/2024-2025/2026 MTEF Budget, County departments will be required to prioritize allocation towards the achievement of the 'Big Four Plan'. This will build on the progress made as we confront the perennial challenges of unemployment, poverty and inequality that the economy continues to face.
4. To create fiscal space and guarantee appropriate phasing out of expenditure programmes, Sector Working Groups will be required to conduct a thorough review of all proposed county departmental Budgets for FY2023/2024 to ensure that they are not only directed towards improving productivity but also aligned to the achievement of the objectives of the "Big Four" plan either directly as 'drivers' or indirectly as 'enablers'.

### II. Organization of Sector Working Groups

5. Prioritization and formulation of budget proposals will be through Sector Working Groups (SWGs). SWGs are tasked with ensuring that proposed programmes and projects are in conformity with priorities outlined in the CIDP, governor's manifesto, and reports from public participation. Sectors are organized according to classification of functions of Government but customized to devolved functions. The devolved functions have been classified to eight sectors namely;



- i. **Agriculture and Rural Development (ARD);** (Pastoral Economy, Agriculture and Irrigation)
  - ii. **Energy and Infrastructure;** (Public Works, Transport and Infrastructure)
  - iii. **General Economic and Commercial Affairs;** (Trade, Industrialization, Investment and Cooperative Development, Lands, Housing, Physical Planning and Urban Development)
  - iv. **Health;** (Health, Sanitation and Emergency Services)
  - v. **Education;** (Education and Technical Training)
  - vi. **Public Administration & Intergovernmental Relations;** (Finance and Economic Planning, Public Service Management, Office of the Governor and the County Assembly)
  - vii. **Social Protection, Culture and Recreation;** (Youths, Sports, Tourism, Gender and Social Services)
  - viii. **Environmental Protection, Water and Natural Resources;** (Water, Environment and Natural Resources)
6. The structure and terms of reference of Sector Working Groups shall be provided by Chief Officer in charge of Economic Planning to all accounting officers by 30<sup>th</sup> November 2022.

### III. Programme Performance Reviews (PPRs)

7. Programme performance review is a critical factor in successful programme budgeting. It helps in realizing the governments strategic and policy priorities and encourages accountability within government institutions. 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.
8. 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. This is expected to contribute towards an efficient and effective way of allocating resources towards the realization of the objectives of Vision 2030.

9. The reports must indicate among other things the financial and non-financial performance against the targets related to each of the Programme. Please note that such reports should also provide progress implementation details of both domestically and foreign financed projects within a program. Accounting Officers are therefore required to ensure that Quarterly Program Performance Reviews (PPRs) for FY2022/2023 budget are undertaken and completed by 10<sup>th</sup> October 2022, 10<sup>th</sup> January 2023 and 10<sup>th</sup> April 2023. The reporting template is provided in Annex 2 and 3 of this Circular.

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

10. In accordance with Section 38 (1) (b) (v) of the PFMA 2012, budgets are presented and appropriated by the County Assembly in Vote and Programme form. County Departments, Agencies and the County Assembly are expected to define programmes with clear objectives (which usually refer to outcomes), and linked to outputs, performance indicators and targets. The programmes for 2023/2024 – 2025/2026 MTEF period will be refined to align to the county government structure, composition and policy priorities. Program performance indicators should mainly be indicators of program outputs (services provided) and outcomes (effectiveness). 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 be confined within a single department and all functions should fall within the programmes identified. Service delivery units with no clear outputs, key performance indicators and targets should not be considered for funding.

11. Accounting Officers should ensure that in designing programmes, each function or activity undertaken 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 departments.

12. In cases where county departments and agencies have more than one programme, an additional programme should be created to cater for management and administration overhead costs which cannot be attributed to only one programme. Such a programme should be confined to 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.

13. In preparing the narrative justification portion of the programme budget (context for budget intervention), county departments and agencies are required to include a description of the main services (outputs) provided by the programme, a statement of the programme's overarching objective, a brief discussion of cumulative programme achievements over the previous MTEF period, and a brief description of the achievements expected in the next year. A description of critical issues, concerns, and summary of implementation plans should also be included.

## **VI. Prioritization, Allocation of Resources and Budget Proposals for the Medium Term**

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

- Linkage of the programme with the objectives and priority programmes/interventions in the CIDP (2022 – 2027), and public participation;



- Degree to which a programme addresses core poverty intervention;
- Degree to which the programme is addressing the core mandate of the departments;
- Expected outputs and outcomes from a programme;
- Linkage of a programme with other Programmes;
- Cost effectiveness and sustainability of the programme;
- Adherence to the implementation of the constitution in relation to the mandates of the County Government.

15. Based on the broad guidelines, each sector is expected to develop and document the criteria for resource allocation. Further, Sector Working Groups shall undertake a reprioritization exercise which must address the following:

- The sector working group should thoroughly analyse the base line expenditure and remove all the once off expenditure for the previous years;
- The sector working groups should identify the programmes/projects that are of low priority to realize savings which should be directed to high priority programmes that promote social-economic development;
- The sector working groups 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;
- The sector working groups are also expected to provide a detailed explanation for the rescheduling of projects in case the rescheduling has been done. County departments and Agencies should also state the savings and financial implications of rescheduling projects and activities; and
- County agencies whose proposed expenditure and investment programmes are to be financed from the Budget of the parent department should indicate so and SWGs should ensure that their proposals are

accommodated within the respective sector ceilings. These agencies include the County Public Service Board and Kapenguria Municipality

16. Accounting officers are directed to ensure that development expenditure allocation is not lower than 30 per cent of total county revenue and that total allocation for personnel emoluments does not exceed 35 per cent of total county revenue.
17. County Departments and Agencies have in the past paid little attention to the two outer years of the MTEF Period. Sectors are urged to project the budget proposals for the outer years and ensure they are within the ceilings provided, since this will form the base for the subsequent MTEF budget.

#### **VIII. Public Participation and Stakeholder Involvement**

18. Public participation and involvement of other stakeholders in the MTEF budget process is an essential and a constitutional requirement.
19. Sectors working groups should identify its critical stakeholders and engage them in programme prioritization. Such engagements should be documented for reference purposes. Further, Sector Working Groups should ensure that the County Executive Committee Members in the relevant sectors are briefed and approve the sector budget proposals before they are submitted to the County Treasury.

#### **IX. Preparation and Submission of Budget Proposals**

20. Sector Chairpersons are requested to ensure that all activities of Sector Working Groups are completed on scheduled timelines, including the drafting of Sector Budget Proposals. The proposals should be ready for submission to the County Treasury not later than **6<sup>th</sup> January 2023**.

#### **X. Budget Calendar**

21. Accounting Officers are required to strictly adhere to the timelines provided to ensure timely preparation and implementation of the budget. The Budget Calendar is found in Annex 1 of this Circular.



## **PART B: FY 2022/2023 BUDGET IMPLEMENTATION GUIDE**

### **I. Budget Implementation Issues**

22. Accounting Officers are required to ensure the following measures are adhered to;

- i. Timely commencement of the procurement process especially preparation of Bills of Quantities to ensure that funds meant for this fiscal year are utilized before 30<sup>th</sup> June 2023.
- ii. Strengthen project supervision to ensure adherence to set standards according to the bill of quantities.
- iii. Departments should ensure Monitoring and evaluation is done regularly to ensure that projects meet the objectives, to promote effectiveness and efficiency in the budget process.
- iv. All projects should have signages showing the funding agency, contractor and the expected completion time and other valuable information.
- v. All conditional grants and donor funds must be utilized and accounted for as per the donor guidelines and regulations and all reports should be prepared on time to avoid any issues with the donors.

### **II. Commitment Control**

23. Accounting Officers are required to strictly ensure that no commitments are entered without adequate budgetary provision. In addition, Accounting Officers should ensure that unauthorized, irregular and wasteful expenditure are avoided, and corrective steps are taken where such expenditure has been incurred including disciplinary action against any public officer who has committed an act of financial impropriety.

### **III. Reallocation of funds**

24. Accounting officers should familiarize themselves with the provision of section 43 (1), (2) and (3) of Public Finance Management act, 2012 on reallocation of funds. Reallocation should only be allowed to cater for urgent and unforeseen expenditures that may arise during budget implementation.

However, such reallocation should not result in the alteration of the original priorities in the program. Under no circumstance should re-allocations account for more than 10 percent of the total expenditure approved for programme or sub-vote for a given fiscal year. Accounting officers should also note that reallocation must not be from core poverty interventions and capital expenditures.

#### **IV. Supplementary/Additional funds**

25. The procedure for providing additional funding is spelt out in Article 223 of the constitution and section 44 of the Public Finance Management Act, 2012. The budget for FY 2022/2023 has been formulated under tight fiscal frame work and consequently Accounting Officers should avoid applying for supplementary funding outside the budget framework approved by the County Assembly. Funding of any additional budgetary request must be done within the overall fiscal framework which will entail rationalizing the budget to realize savings.

#### **V. CONCLUSION**

26. Finally, Accounting Officers are required to ensure strict adherence to these guidelines and to bring the contents of this Circular to the attention of all Officers working under them.

  
RUTH KISABIT

CECM- FINANCE AND ECONOMIC PLANNING

Copy to: H.E. Simon Kachapin Kitalei  
**Governor West Pokot County**  
H.E. Robert Achaule Komole  
**Deputy Governor**  
Hon. Catherine C. Mukenyang  
**Speaker, County Assembly**

**ANNEX 1: FY2023/24 AND MEDIUM-TERM BUDGET CALENDAR**

<b>WEST POKOT COUNTY BUDGET CALENDAR FOR THE FY 2022/2023</b>			
	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>	<b>TIME FRAME</b>
<b>1</b>	<b>Budget Performance Review</b>		
1.1	Prepare and Issue County Treasury Circular	CECM Finance & Economic Planning	30 <sup>th</sup> August 2022
1.2	Drafting of CBROP	CECM Finance & Economic Planning	1 <sup>st</sup> September -23 <sup>rd</sup> September 2022
1.2	Submission of Draft CBROP to County Executive Committee	CECM Finance & Economic Planning	27 <sup>th</sup> September 2022
1.3	Submission of Approved CBROP to County Assembly for approval	CECM Finance & Economic Planning	13 <sup>th</sup> October 2022
<b>2</b>	<b>Strategic Planning</b>		
2.1	Preparation of Annual Development Plan for FY 2023/2024	CECM Finance & Economic Planning	2 <sup>nd</sup> August -29 <sup>th</sup> August 2022
2.2	Submission of Annual Development Plan for FY 2023/2024 to County Executive Committee	CECM Finance & Economic Planning	31 <sup>st</sup> August 2022
2.3	Submission of Annual Development Plan for FY 2022/2023 to County Assembly for approval	CECM Finance & Economic Planning	1 <sup>st</sup> September 2022
<b>3</b>	<b>Review of MTEF Budget Proposals:</b>		
3.1	Review and Estimation of Resource Envelope and Determination of Policy Priorities	Macro-Working Group	22 <sup>nd</sup> August 2022
3.2	Preparation of 2023/2024 County Wage Bill	Head of Human Resources & Head of Budget	7 <sup>th</sup> -11 <sup>th</sup> November 2022
3.3	Convene Sector Working Group Meetings and Preparation of Sector Reports and Draft Budget Estimates	Chief Officers & Head of Planning, Directors	7 <sup>th</sup> December 2022– 5 <sup>th</sup> January 2023
3.4	Sector Hearing on Sector Budget proposals	Chief Officers, County Assembly Clerk County Assembly Sectoral	1 <sup>st</sup> – 7 <sup>th</sup> February 2023



			Committee Chairs	
<b>4</b>	<b>County Fiscal Strategy Paper and County Debt Management Strategy Paper</b>			
4.1	Release of 2023/2024 Budget Policy statement	National Treasury		15 <sup>th</sup> February 2023
4.2	Draft County Fiscal Strategy Paper and County Debt Management Strategy Paper	Head of Budget & Head of Planning		1 <sup>st</sup> – 17 <sup>th</sup> February 2023
4.3	Submission of Draft CFSP and CDMSP to County Executive for approval	CECM Finance & Economic Planning		22 <sup>nd</sup> February 2023
4.4	Submission of CFSP to County Assembly for Approval	CECM Finance & Economic Planning		25 <sup>th</sup> February 2023
4.5	Submission of County Debt Management Strategy Paper to County Assembly	CEC Finance & Economic Planning		28 <sup>th</sup> February 2023
4.6	Adoption of County Fiscal Strategy Paper	County Assembly Budget & Appropriation Committee		14 <sup>th</sup> March 2023
<b>5</b>	<b>County Public Participation</b>			
5.1	Joint Meeting MCAs, Sub County & Ward Administrators for Participatory Budgeting Training and Preparation of Public Participation Schedule & Venues	Head of Budget & Chairman Budget Appropriation Committee		12 <sup>th</sup> -16 <sup>th</sup> December 2023
5.2	Publicize Public Participation Schedule	Head of Budget & Ward Administrators		4 <sup>th</sup> -8 <sup>th</sup> January 2023
5.3	Ward Level Public Participation - All 20 Wards	Head of Budget, Head of Planning & Ward Administrators		11 <sup>th</sup> January – 20 <sup>th</sup> January 2023
<b>6</b>	<b>Preparation and Approval of Final Departmental Programme Budgets</b>			
6.1	Preparation of Draft Budget Estimates by departments	Departmental Heads & Technical Staff		2 <sup>nd</sup> March – 24 <sup>th</sup> March 2023
6.2	Submission of Draft Budget Estimates to Budget office	Departments & Head of Budget		27 <sup>th</sup> March 2023
6.3	Consolidate & Review of Draft Budget	Head of Budget		3 <sup>rd</sup> – 7 <sup>th</sup> April 2023

		Proposals		
	6.4	Submission of Consolidated Draft Budget Estimates to County Executive	CECM Finance & Economic Planning	18 <sup>th</sup> April 2023
	6.5	Submission of Budget Estimates to County Assembly	CECM Finance & Economic Planning	27 <sup>th</sup> April 2023
	6.6	Submission of Finance Bill to County Assembly	CECM Finance & Economic Planning	27 <sup>th</sup> April 2023
	6.7	Report on Budget Estimates from County Assembly	County Assembly Budget & Appropriation Committee	25 <sup>th</sup> May 2023
	6.8	Consideration of Final Budget Estimates	CEC Finance & Economic Planning	8 <sup>th</sup> June 2023
	6.9	Submission of Annual Cash Flow	Head of Accounting & Principal Finance Officer	14 <sup>th</sup> June 2023
<b>7</b>	<b>Consideration of Passage of Appropriation Bill</b>			
	7.1	Approval of Final Budget Estimates	County Assembly	22 <sup>nd</sup> June 2023
	7.2	Submission of Appropriation Bill to Assembly	CEC Finance & Economic Planning	29 <sup>th</sup> June 2023
	7.3	Passage of Appropriation Bill	County Assembly	29 <sup>th</sup> June 2023
	7.4	Passage of Finance Bill	County Assembly	29 <sup>th</sup> June 2023

## ANNEX 2: BUDGET IMPLEMENTATION REPORT TEMPLATE

### QUARTERLY PROJECT IMPLEMENTATION STATUS REPORT

Project Title	Expected duration of the project	(Location of the Project)	Source of Funds	Estimated/Budgeted Value of the Project	Total Disbursements (Ksh's.)	Actual Expenditure (Kush's.)	Status of the Project/Percentage of Completion	Challenges/Remarks
					FY 2019/20	FY 2019/20		
e.g. Constructio	1 year	Kapenguria/mangey	WPC G	23M	10M	8M	30%	-delay by contractor to



n of Kapoor's-Kape nguri a Water supply projec t	ward								move to site -heavy rainfall

### ANNEX 3: QUARTERLY PROGRAMME PERFORMANCE REPORT

Name of the Programme	Printed Gross Estimates (Ksh's.)			Exchequer Issues			Actual Expenditure			Implementation Status (% of total expenditure to approved estimates)
	Recurrent Estimates (Kshs.)	Development Estimates (Kshs.)	Total Approved Budget (Kshs.)	Recurrent Exchequer Issues (Kshs.)	Development Exchequer Issues (Kshs.)	Total Exchequer Issues (Kshs.)	Recurrent Expenditure (Kshs.)	Development Expenditure (Kshs.)	Total Expenditure (Kshs.)	
Eg water supply services	21M	106M	127M	6M	10M	16M	4M	8M	12M	12M/106M*100




