



**THE REPUBLIC OF KENYA**  
**THE COUNTY GOVERNMENT OF LAMU**  
**OFFICE OF THE COUNTY EXECUTIVE COMMITTEE MEMBER**  
**FINANCE, STRATEGY AND ECONOMIC PLANNING**



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LAMU COUNTY TREASURY  
P.O. Box 74-80500  
LAMU  
Date: 15<sup>th</sup> JULY 2016

**REF: LCG/CECMF/2016/099**

**County Treasury Circular No: 1-2016/17**

**To : CHIEF OFFICERS -LAMU COUNTY GOVERNMENT**  
**:SECRETARY -COUNTY PUBLIC SERVICE BOARD**  
**:CLERK - COUNTY ASSEMBLY OF LAMU**

**RE: GUIDELINES FOR PREPARATION OF MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF) BUDGET FOR THE PERIOD 2017/2018 -2019/2020.**

**A. PURPOSE**

1. The purpose of this circular is to inform and guide County departments on the preparation of the Budget for the period 2017/18. It also provides essential guidelines on the preparation of emphasis on efficiency, effectiveness and transparency of county public spending. These guidelines are issued as per the requirement of section 128 of Public Finance Management Act 2012.

The guidelines provide information on the following:

- a) schedule for preparation of the budget, specifying the key dates by which the various processes are to be completed;
- b) the methodology for the review and projection of revenues and expenditures;
- c) key policy areas and issues to be taken into considerations while preparing the budget;
- d) the procedures to be followed by members of the public who wish to participate in the budget process;

- e) the format in which information and documents relating to the budget are to be submitted; the information to be in conformity with standard budget classification systems as prescribed by regulations;

## **B. BACKGROUND**

2. **We have just concluded implementation of the FY 2015/16 Budget and embarked on the implementation of the FY 2016/17 Budget .The Budget of FY 2017/18 and The Medium Term that these guidelines refer to, will be prepared under restructured calendar. This is due to the fact that the general election will be held on august 2017. As result of this the calendar for preparation of the FY 2017/18 and medium term Budget has been aligned to this date to avoid delays that could emanate from elections related activities.**
3. The county will continue reorienting expenditure towards those priority programmes outlined in County's Fiscal Strategy Paper 2016 and as identified in public consultative forums. These County priority areas are;
  - a) Investing in agricultural transformation and food security, including opening up of new land under irrigation in order to expand food supply, reduce food prices so as to bring down the cost of living, support expansion of agro-processing industries and spur export growth and support other sectors such as manufacturing and tourism;
  - b) Investing in quality and accessible healthcare services and quality education as well as social safety net to reduce burden on the households and complement and sustain our long term growth and development
  - c) Scaling up investments in key infrastructure such transport water supplies to reduce cost of doing business and make our products cheaper and competitive in the domestic, national and international markets
  - d) Investing in Provision of Quality Education
  - e) Up scaling on the ongoing land planning, surveying and demarcation
  - f) Investing in Youth, women and people with disabilities

4. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development.
5. Sector Working Groups should critically evaluate proposals for funding to ensure they support the priorities as outlined in the Annual Development Plan (ADP).
6. Accounting officers should note that it is under the Sector Working Groups where proposals for funding are agreed upon. In this regard, spending on programmes including on-going programmes should be fully prioritized and allocated resources for completion within the departmental ceilings.

### **C. SPECIFIC GUIDELINES**

#### **(a) Departmental Public Expenditure Review (DPER).**

7. In the past, we have noted with concern that no department has been preparing DPER. DPER recommendations are very important in informing the subsequent budgets. Assessment of past performance is crucial to strategic planning and preparation of expenditure estimates for the 2017/2018 FY budget. The overall objective of the DPER is to inform the budget process by providing an in-depth analysis of budget performance in the past so as to inform the future budget decisions. It is a critical self assessment of each department on challenges, weaknesses and successes while charting the way forward to improve performance.
8. The DPER process will continue to provide useful information to the ensuing budget by assessing whether departments adhere to their stated policies and whether value for money have been achieved in previous budget allocations, which programmes/projects are on-going/finalized, new and urgent policy priorities. **Accounting Officers are urged to immediately finalize the preparation of the 2015/16 DPER using the format provided in Annex I of this Circular. This input will be used in the preparation of the COUNTY BUDGET REVIEW OUTLOOK PAPER SLATED FOR LATE AUGUST 2016**
9. The Departmental Public Expenditure Review recommendations are key in the preparation of subsequent County Government budgets. Assessment of past performance is crucial in strategic planning and preparation of expenditures estimates for the 2017/18 FY. The overall objective of the DPER is to inform the Budget process by providing an in depth analysis of budget performance in the past so as to inform the future budget decisions. It is a critical self-assessment of

each department on challenges, weaknesses and successes while charting the way forward to improve performance.

10. The DPER process will continue to provide useful information on the ensuing of 2017/18 budget by assessing whether the departments adhere to their stated priorities and whether value for money have been achieved in previous budget allocations, which programmes/ projects are on- going/ finalized, new and urgent policy priorities.

**(b) Programme Based Budgeting (PBB)**

11. Each department will be required to present detailed programmes with clearly defined outcomes, outputs and performance indicators. In designing programmes, Accounting Officers should ensure that the structure corresponds to main lines of service delivery and mandate performed by the department/sector.
12. Please ensure that in designing programmes, each and every function or activity undertaken by your department is included in relevant programmes. There should be no cross cutting activities of functions which are not assigned to respective programmes.
13. Ensure that a programme is created to cater for common services such as general administration and planning services which are not programme specific in nature. The format for presentation of Programme Based Budgets is indicated in **Annex II**.

**(c) Prioritization and Allocation of Resources**

14. The County Government will continue with its spirit of prudence in expenditure management with a view of funding only core services and reducing costs through the elimination of wastages and inefficiencies.
15. In order to achieve the targets envisaged in the ADP for 2017, it is important that adequate resources are availed to support projects/programmes outlined in the ADP. This calls for establishment of clear criteria for allocating resources amongst priority programmes. The following criteria will serve as a guide for allocating:
  - ✓ **Provision for mandatory expenditures such as salaries, rent, utilities etc.**
  - ✓ **Resources required for sustaining or completing on-going programmes in each department.**
  - ✓ **Linkage of the projects/ programmes with ADP objectives.**

- ✓ Degree to which a projects/programme addresses core poverty interventions.
- ✓ Degree to which the project/ programme is addressing the core mandate of the department.
- ✓ Linkage with other projects/programmes
- ✓ Cost effectiveness and sustainability of the projects/programmes

16. Key policy documents to be considered when preparing the budget will be;

- ✓ The Kenya Vision 2030
- ✓ Medium Term Plan 2013-2017
- ✓ County Integrated Development Plan 2013-2017
- ✓ Division Of Revenue Bill 2017
- ✓ County Allocation Revenue Act 2017
- ✓ The Various Acts relating to procurement and financial management.

17. The accounting officer shall analyse the budget proposals from the sector working groups to ensure that they are realistic, accurate and economical, before forwarding the proposal to the executive committee member in charge of the department. For the County assembly, the Clerk to the Assembly will do the forwarding after discussions with County Assembly Members.

#### 18. PERSONNEL COSTS

All personnel cost where applicable must be budgeted in full as gross-salaries. The total amount budgeted for personnel should be consistent with the personnel costs as indicated in the staff Bio data and Human Resource records. The submitted budget expenditures on personnel should include only those personnel positions previously approved and not filled. For any recommended promotions or new employment, approval is required from the County Public Service Board or County Assembly Service Board as the case maybe. Budgetary provisions should be linked to the expected date from which the new Person will be in post as guided by the date of planned hiring .The date and applicable salary will be as per the county public service board or county assembly service board .

## 19. OPERATIONAL COSTS

The operational cost should be properly rationalized based on work plans/ programmes for each year independent of the previous. A reasonable amount not exceeding 1% of the total Departmental budget may be set aside for training to build capacity in the county workforce.

## 20. Capital Expenditure.

Capital expenditure proposals should only contain capital projects that involve the Creation or rehabilitation of infrastructure, such as new roads, schools, and markets etc. The purchase of operational assets such as computers and motor vehicles are not to be accounted as development.

21. In developing budgets for capital projects a thorough review of service delivery commitments and priorities as set out in County Integrated Development Plan should be the guiding principle for each project. The likely outcomes and impacts over the medium term should be clearly highlighted alongside the cost proposals. Capital expenditure approved through previous years' budgets, but not yet completed should form a first charge in the coming year's budget.

22. Departments are required to undertake a prioritization exercise which must address the following:

- a) **Identification of "one-off" expenditure** This refers to amounts for "one-off projects" or activities where spending is supposed to take place over a defined period say one financial year.
- b) **Slow spending programmes:** Programmes that may not have met targets due to procurement problems, lack of human resources, poor planning, legal and other challenges should be identified so that the resources are directed to other priority programmes.
- c) **Efficiency savings:** The efficiency saving initiative is intended to ensure that funds are directed to key service delivery rather than nonessential spending.
- d) **Rescheduling of projects or activities:** Where implementation of projects or activities has been rescheduled, departments should provide a detailed explanation for the rescheduling. Departments should also

indicate the savings and financial implications of rescheduling projects and activities.

23. Any proposal for additional allocations of resources must be justified. The proposed additional expenditure will have to be aligned with the department and should be subject to the available fiscal space.

**(d) Capital Projects**

24. Accounting Officers should ensure that adequate funding is allocated to capital development. Proposed capital projects will be evaluated in the context of the following:

- Priority should be given to those projects that are in full compliance with the Government regulations and priorities outlined in the ADP; and
- Departments should indicate how their proposed projects will contribute to county development in terms of job creation and increased citizen's welfare.

25. The County Government recognizes that mobilizing resources required for capital investments as set in the CIDP is a major challenge. In view of the foregoing, Sector Working Groups are encouraged to identify and prioritize projects where private sector shall be engaged through Public Private Partnership (PPP) arrangements, thereby closing the gap in investment capital, technology and knowhow needed to improve the efficiency and delivery of public services in the County.

**(e) Involvement of Stakeholders**

26. Involvement of the sub-counties, wards and other stakeholders in the Sector Working Group process is very important.

27. Stakeholders are actors in the budget process with specific interests in the development of policy frameworks and could be organizations or individuals.

28. There are many reasons for including all stakeholders in the deliberations on the budget. These include among others:

- Better informed public about budgets including revenues, expenditures and challenges;

- Highlight the trade –offs associated with allocating limited resources.
- Provide important information to policy makers about the kind of goods and services that citizens value.
- To avoid situations where important issues may be overlooked or under prioritized due to poor and weak involvement.
- Minimize or eliminate instances of designing projects and programmes that do not address the concerns and priorities of people; and
- Enhanced transparency of the County Government budget making process.

29. Accounting Officers are expected to ensure that key stakeholders are consulted; Sub-County/ward requirements are prioritized and received within the specified time frame. (See Budget Calendar in **Annex III**), and incorporated within the departmental budget proposals accordingly.

**(f) Public Participation**

30. The County Government will engage the public in Budget process as per Section 125(2) of the Public Finance Management Act 2012. The County Budget and Economic Forum will be the main team during the public participation. The County will adopt the following as a mode of engagement with the public:

- Notice Boards
- Media both printed and radio
- Brochures
- Barazas
- Posters
- County website ([www.lamu.go.ke](http://www.lamu.go.ke)) whereby comments, posts will be promptly responded to inclusion in the discussion draft budget.

31. The procedures to be followed by members of the public who wish to participate in the budget process are either;

- a) Can direct their mails to the County Secretary - P.O. Box 74 -80500 Lamu**
- b) Can email to [treasury@lamu.go.ke](mailto:treasury@lamu.go.ke)**
- c) Can attend our meetings to be scheduled and announced in the media late 2016.**



32. Submitted budget proposals should be accompanied by a work plans for capital expenditures highlighting on the activities to be undertaken for each project. It should be noted that no reallocation will be made between programmes or votes exceeding 10% of the approved annual budgetary allocation without written approval of the County Treasury.
33. Any donor funded project proposal, requiring counter funding from the County treasury shall be notified to the Executive Member in charge of Finance as soon as the information become available to the Head of the department. Such information should be forwarded through the executive member in charge of the relevant department.

**(g) Sector Working Groups**

34. Accounting Officers are reminded that the Sector Working Groups are the only recognized avenue for bidding for resources. The composition and terms of reference for Sector Working Groups are as indicated. (See **Annex IV**).

**(h) Conclusion**

25. Finally, Accounting Officers are requested to ensure strict adherence to these guidelines and to bring the contents of this Circular to the attention of all officers working under them. It's anticipated that you will all make your budgetary plans within the rules and regulation as communicated through this circular. All departments shall comply with the guidelines and, in particular, shall adhere to the key dates specified in the schedule referred to in annex III. This will not only ensure that we are in compliance with the law but also that the residents of Lamu County continue enjoying better services in a more cost effective way.

**ATWAA SALIM.**

**CECM –Finance, Strategy and Economic Planning.**

**CC**

**H.E the Governor**

**H.E the D/Governor**

**COUNTY SECRETARY**

**Speaker of the County Assembly**

**All Executive Committee Members**

**ANNEX I: REPORT FORMAT FOR DEPARTMENTAL PUBLIC EXPENDITURE REVIEW (DPER)**

**Executive Summary**

Under this section departments are required to provide a brief summary of the key issues in the report. It should highlight the major issues discussed in each section of the report.

**1.0 Introduction**

**This section should** discuss the overall objective of undertaking expenditure review; state any challenges which may hinder effectiveness of expenditure reviews; show the link between the expenditure review and achievement of the County priorities through the budget; provide a brief explanation of the methodology used to undertake the review; and provide an overview of the various sections of the report and their relevance.

**2.0 The Department Programmes**

This section should state Mission and Vision of the department in relation to its mandate; review the programmes of the department in relation to its mandate and the Vision as stated above; review the expenditures of the department, review the performance of the programmes in relation to the flagship projects as provided in the CIDP.

**2.1 Expenditure Performance**

Indicate broad outputs in relation to the intended output in the previous financial year. The review should be summarized as provided in the format below

Programme/Sub Programme	Intended Output	Output Achieved	Remarks
Programme Name:-----			
Programme Outcome.....			
Sub-Programme 1:			
Sub-Programme 2:			
Sub-Programme 3:			

Discuss the implementation of the capital projects .The review should focus on the set targets as spelt out in the departmental work plan. The table below may be used to summarize the information

Project Name	Original contract sum to completion	Expected sum to completion	Original date of completion	Expected date of completion	2015/16 target	2015/16 achievement	Remarks

**State any challenges experienced in implementation of the budget during the years under review (2014/15– 2015/16).**

**Expenditure Analysis for the Period 2014/15- 2015/16**

Discuss the trends in allocation of total expenditure over the period stated above. Summarize these allocations as provided in Table 2.1 below Discuss the absorption of the expenditure allocations by comparing the budgeted expenditures (approved estimates) with the actual expenditures (these expenditures should be based on the past financial years. Analyze expenditures as indicated in tables 2.1 – 2.7 and clearly explain the observed trends.

**Table 2.1: Analysis of Department’s Total Expenditure, FY 2014/15 -FY2015/16 (KShs. Millions)**

	Revised Estimates		Actual Expenditure	
	2014/15	2015/2016	2014/15	2015/2016
Recurrent				
Development				
Total				
Rec. as % of Total				
Dev. as % of Total				

**Table 2.2: Analysis of Expenditures by Economic Classification**

	Approved Estimates		Actual expenditures	Actual expenditures
	2014/15	2015/2016	2014/15	2015/2016
Programme Name				
<b>1. Recurrent Budget</b>				
Compensation to Employees				
Use of Goods and Services				
Grants, Transfers and Subsidies				
Acquisition of Non-Financial Assets				
<b>Total Recurrent Budget</b>				
<b>2. Development Budget</b>				
Compensation to Employees				
Use of Goods and Services				
Grants, Transfers and Subsidies				
Acquisition of Non-Financial Assets				
<b>Total Development Budget</b>				
<b>Total Expenditures</b>				

**Table 2.3 Analysis of Expenditures by Programmes and Sub Programmes**

	Approved Estimates		Actual expenditures	Actual expenditures
	2014/15	2015/2016	2014/15	2015/2016
Programme Name				
<b>1. Recurrent Budget</b>				
Sub Programme 1				
Compensation to Employees				
Use of Goods and Services				
Grants, Transfers and Subsidies				
Acquisition of Non-Financial Assets				
<b>2. Development Budget</b>				
Compensation to Employees				
Use of Goods and Services				
Grants, Transfers and Subsidies				
Acquisition of Non-Financial Assets				
<b>Total Expenditure</b>				

**NB/ Repeat the above for all sub programmes of each programme**

**Table 2.4: Expenditure by Sub-Vote or By Functional Units (KShs. Million)**

	Approved Estimates		Actual expenditures	Actual expenditures
	2014/15	2015/2016	2014/15	2015/2016
<b>1.Recurrent Budget</b>				
Sub-Vote 1				
Sub-Vote 2				
Sub-Vote3				
Sub- Vote Total				
Total Recurrent				
<b>2.Development Budget</b>				
Sub-Vote 1				
Sub-Vote 2				
Sub-Vote3				
Sub- Vote n Total				
<b>3 Total Budget</b>				

## SOURCES OF FINANCES

**Table 2.5: Sources of Finances (KShs. Million)**

	Approved Estimates		Actual expenditures	Actual expenditures
	2014/15	2015/2016	2014/15	2015/2016
GOK				
Recurrent A-in-A				
Donor				
Revenue				
Loan				
Grant				
AIA				
Grant				
Loan				
Others- Specify				
Total				

***Clearly state the reasons for divergences between budget and the actual receipts***

### **2.3 Analysis of Pending Bills**

Analyze the trends in stock of pending bills according to type (recurrent and development) Provide the nature of pending bills e.g. utility, personal claim etc

Analyze the stock in pending bills as a proportion of total departmental expenditure over the period of review.

Discuss any measures undertaken or proposed to settle these pending bills.

**Table 2.7: Summary of Pending Bills by nature and Type (KShs. Million)**

Type/nature	Due to lack of liquidity		Due to lack of provision	
	2014/15	2015/2016	2014/15	2015/2016
<b>1. Recurrent</b>				
Utility				
Water				
Telephone				
Electricity				
Personal Claims				
Others-Specify				
<b>2. Development</b>				
Utility				
Telephone				
Electricity				
Water				
Personal Claims				
Others-Specify				
<b>Total Pending Bills</b>				

**Human Resources Development and Capacity Building**

Discuss key personnel changes over the past 3 years and how it has affected the performance of the department.

State any constrains to service delivery

Describe efforts being undertaken to combat HIV/AIDS, disability and gender mainstreaming issues in the department.

**Challenges**

In this section discuss any challenges experienced in reviewing the expenditures and the budget process in general

**Conclusions**

This section should provide conclusions drawn from the review

**Key Recommendations**

This section should provide recommendations to improve implementation of the budget in terms of efficiency, effectiveness, timeliness and target for better service delivery.

## ANNEX 2: FORMAT FOR PRESENTATION OF PROGRAMME BASED BUDGET

Part A: Vision

Part B: Mission

Part C: Performance Overview & Background for Programme(s) funding

This section is supposed to be a review of MTEF budgets for the period 2015/16-2017/18 and should briefly discuss the following:

- Departmental performance review including major achievements for the period ;Expenditure trends;
- Constraints and challenges in budget implementation and how they are being addressed; and
- Major services/outputs to be provided in MTEF period 2015/16-2017/18 (the context within which the budget is required)

PART D: Strategic Objectives of the Programmes

Programme		Objective
P1	General Administration, Planning and Support Services	
P2	XXXX	
	XXXX	

## E. Summary of Expenditure by Programmes (Kshs.)

PROGRAMME		2017/2018 Estimates	Projected Estimates	
			2018/2019	2019/2020
P1	General Administration, Planning and Support Services			

P2	XXXX		
Sub Programme (SP)			
SP2.1			
SP2.2			
SP2.3			
P3	XXX		
Sub Programme (SP)			
SP3.1	XXXX		
SP3.2	XXXX		
Total for VOTE			

## F. Summary of Expenditure by Economic Classification (Kshs.)

programme		Estimates 2017/2018	Projected Estimates	
			2018/2019	2019/2020
P1	<b>General Administration, Planning and Support Services</b>			
	Recurrent Expenditure			
	Development Expenditure			
P2	<b>XXX</b>			
	Recurrent Expenditure			
	Development Expenditure			
<b>Sub Programme (SP)</b>				
SP2.1	XXX			
	Recurrent Expenditure			
	Development Expenditure			
SP2.2 XXX	Recurrent Expenditure			
	Development Expenditure			
SP2.3 XXX	Recurrent Expenditure			
	Development Expenditure			
SP2.4 XXX	Recurrent Expenditure			
	Development			



	Expenditure			
<b>P3</b>	<b>XXX</b>			
	Recurrent Expenditure			
	Development Expenditure			
<b>Sub Programme (SP)</b>				
<b>SP3.1</b>	<b>XXX</b>			
	Recurrent Expenditure			
	Development Expenditure			
<b>SP3.2 XXX</b>	Recurrent Expenditure			
	Development Expenditure			
<b>SP3.3 XXX</b>	Recurrent Expenditure			
	Development Expenditure			
<b>SP4.4 XXX</b>	Recurrent Expenditure			
	Development Expenditure			
Total				

## H: Details of Staff Establishment by Organization Structure (Delivery Units)

S/NO	DELIVERY UNIT	DESIGNATION	JOB GROUP	Job In post	2017/18	2018/19	2019/20
1.							
2.							
3.							
4.							
5.							
6.							
7.							

## I: Summary of Programme Outputs and Performance Indicators

**for 2016/2017- 2018/2019**

Name	Program Outcome	Expected Outputs	Medium Term Performance Indicators and Targets
1. General Administration, Planning and support services			
2. XXX			
3. XXX			
4. XXX			
5. XXX			
5. XXX			

**J: Summary of the Programme Outputs and Performance Indicators**

Code	Key Outputs	Key Performance Indicators	Targets
<b>P1: Administration, Planning and Support Services</b>			
<b>Sp1: Administration, Planning and Support Services</b>			
<b>Outcome: XXXX</b>			
<b>Delivery Units</b>	XXX		
1)			
2)			
<b>Sp2: XXXX</b>			
<b>Outcome: XXXX</b>			
<b>Delivery Units</b>	XXX		
1)			
2)			
<b>Sp2: XXXX</b>			
<b>Outcome: XXXX</b>			
<b>Delivery Units</b>	XXX		
1)			
2)			
<b>Sp2: XXXX</b>			
<b>Outcome: XXXX</b>			

<b>Delivery Units</b>	XXX		
3)			
4)			
5)			

**Note:**

**Programme Based Budget**

Accounting Officers should note that in line with Public Financial Management Act, 2012 the budget to be submitted will be in form of programmes. The program budget differs from the traditional line-item approach to preparing, reviewing, and presenting the budget. Rather than focusing on what a community buys (personnel, commodities, etc.), a program budget focuses on the expected results of services and activities that you carry out (improve the efficiency, effectiveness and equity). The principle advantage of PBB is that it helps to ensure that the budget clearly reflects the county priorities, by making the purposes for which funds are being allocated more transparent together with the service levels anticipated for these activities. The development of programme based budgeting also helps to improve decision making by providing better information on how well county services meet the needs of its citizens. The line item principle of allocations to types of inputs does not disappear under PBB. Rather, the line item classifications become less detailed, giving departments some flexibility to shift funds between detailed input categories. At the broad level, however, input controls remain, and in this sense the PBB and line item budgeting approaches may be seen as complimentary.

What Is a Program? A program classifies all activities in a County government by their major purpose and contribution to overall community goals and objectives. The outputs grouped together under a programme will often share not only a common intended outcome, but other common characteristics such as mode of intervention or a common client group.

**Designing programme titles**

Each programme must be defined by its title and its overarching programme objective

- programme title should be short and informative
- Programme title should make clear the types of outputs and/or outcomes which the programme aims to deliver.

### **Programme objectives**

They should be explicit and brief ideally one sentence. All the outputs (services) provided under the programme aim to achieve this. Each programme should have an objective.

### **Programme narratives**

To achieve its aim of improved expenditure prioritisation, an effective programme based budget system must bring information on the performance of programmes- that is, on their success in achieving their intended outcomes and outputs and in reaching out to various population groups together with information on their cost. This enables budget decision makers to make better judgements about whether programmes should be cut, expanded, maintained or revised.

### **Management and administration programmes**

Most programmes are based on outputs and outcomes. This is true for programmes which deliver outputs direct to the public. However, there are some programmes which are not focused on delivery of outputs to the public but instead on support activities i.e. on internal service provided by county itself. Such programmes are generally referred to as administration programmes. Such programmes constitute an exception to the rule that programme objectives should be outcome oriented. There should be one administration programme per department.

### **Sub programmes**

Programmes are broken down into sub programmes. All programme expenditure must be allocated to one or another of these sub programmes, so that the sum of all sub programme expenditure equals total programme expenditure.

NB. Programmes and sub programmes are not the same thing as projects. Most projects are time bound and intended to operate only for defined time period which is very common with capital projects. Programmes and sub programmes will generally be based on objectives and services which will endure indefinitely. This means that time bound projects should be placed under the relevant long term sub programmes and programmes.

### **Performance indicators**

They are quantitative measures which provide information on the effectiveness, efficiency and equity results of programmes. There is no difference between a performance indicator and a performance measure.

### **Performance targets**

Programme performance targets should like indicators refer mainly to outputs and outcomes and usually not to support activities or inputs e.g. primary education programme the target should be improvement in literacy levels( an outcome target) or the increase in female school attendance rate ( output target) as opposed to number of text book distributed( input target

EXAMPLE	PROGRAMME BASED BUDGETING LOGIC
PROGRAMME	PREVENTIVE HEALTH SERVICES
SUB PROGRAMME	COMMUNITY HEALTH
OUTPUT/PROJECT	MALARIA ERADITION
ACTIVITY ONE	DISTRIBUTION OF 20,000 TREATED MOSQUITO NETS TO 9,500 FAMILIES
ACTIVITY TWO	LARVAE ERADICATION- TREATMENT OF BRREDDING GROUNDS
ACTIVITY THREE	PUBLIC EDUCATION ON PREVENTIVE MEASURES
ACTIVITY FOUR	PROPHLAXIS MEDICINE
ACTIVITY FIVE	EARLY DETECTION AND RESPONSE SERVICE

### ANNEX: III BUDGET CALENDAR FOR THE FY 2017/18 MTEF BUDGET PROCESS

ACTIVITY	RESPONSIBILITY	DEADLINE
Preparation and issuance of a circular setting out guidelines to be followed by all County Government entities in the budget process.	CEC Member for Finance	15th July 2016
Preparation and Submission of Development Plan to the County Assembly for approval	County Treasury	12th August 2016
Draft County Budget Review and Outlook Paper (CBROP)	County Treasury	26th August 2016
Submission of the County Budget Review and Outlook Paper (CBROP) to the County Executive Committee for approval	County Treasury	2nd September 2016
Submission of the County Budget Review and Outlook Paper (CBROP) to the County Assembly for approval)	County Treasury	7 days after the approval by CEC. (9th September 2016
Retreat to draft sector report	Sector working groups	4th to 23rd September 2016
Submission of draft sector report	sector working groups chairpersons CO	27th September 2016
Public participation for County Fiscal Strategy Paper (CFSP)( public hearings)	County Treasury	3rd to 7th October 2016
Draft County Fiscal Strategy Paper (CFSP)	County Treasury	24th October 2016
Submission of County Fiscal Strategy Paper (CFSP) to County Executive Committee for	County Treasury	3rd November 2016

approval		
Submission of the County Fiscal Strategy Paper (CFSP) to the County Assembly	County Treasury	10th November 2016
Preparation and submission of the debt management strategy of the County Government over the medium term to the County Assembly	County Treasury	10th November 2016
Departmental Submission of budget proposals to county Treasury	Line departments	22nd December 2016
Consolidation of the Draft Budget Estimates	County Treasury	26th January 2017
Submission of draft Budget estimates to the county assembly	County Treasury	27th January 2017
Report of draft Budget estimates from the county assembly	County Assembly	24th February 2017
Consolidation of the final Budget Estimates	County Treasury	10th March 2017
Submission of appropriation bill to the county assembly	County Treasury	15th March 2017
Budget Statement	CEC - Finance	17th March 2017
Appropriation bill passed	County Assembly	31st March 2017

#### **ANNEX IV: COMPOSITION AND TERMS OF REFERENCE FOR THE SECTOR WORKING GROUPS (SWG)**

Sector Working Groups (SWG) shall comprise of:

- i. Chairperson- One accounting Officer chosen by consensus by the other accounting officers in the sector;
- ii. Sector convenor –Appointed by County Treasury;
- iii. Technical working Group- Appointed by department in a particular sector;
- iv. SWG Secretariat- Appointed by the Accounting officers in the sector to assist the Sector Chairperson in coordinating the activities of SWG;
- v. Representatives from the development partners; and
- vi. Representatives from civil society and community based organisations.

The terms of reference for the SWG shall be:

- a) Review sector objective and strategies in line with the overall goals in vision 2030, Medium Term Development Plan (2013-2017) and the County Integrated Development Plan;
- b) Review Sector performance in line with sector objectives and intended targets;
- c) Identify the programmes and necessary policy, legal and institutional reforms required;
- d) Analyse cost implications of the proposed policies and programmes;

- e) Prioritise sector programmes and allocate resources appropriately in accordance with agreed criteria and justification;
- f) Coordinate activities leading to the development of sector reports and indicative sector budget proposals.
- g) Coordinate the departmental reviews in accordance with the guideline
- h) Identify and prioritize the programmes to be funded
- i) Identify projects to be funded under PPP and other development partners

**Roles and responsibilities of sector conveners and co-conveners**

Chief Officers are responsible for overall guidance and oversight of the Sector Working Group consultation for sound formulation of departmental policies and budget priorities. Specifically, they are expected to perform the following task:

- Assist SWGs understand and adhere to the budget preparation guideline
- Ensure the SWGs develop an action plan consistent with timelines set in the budget calendar.
- Ensure that planned SWGs programmes are anchored on the ADP and CIDP
- Ensure that SWG develop and document a prioritization and resource allocation criteria which is consistent with the overall guideline provided by the county Treasury
- Ensure that programmes are well costed and have measureable performance indicators
- Ensure ensuing policy priorities and budget is well informed by the previous performance of the departments through such instruments as
- annual progress report, budget outlook paper etc.
- Track the implementation of the SWG planned activities and bring to attention of the County Treasury the challenges facing the exercise and recommend the way forward
- Fully participate in the working group meetings with a view of ensuring that policy priorities as agreed in the SWG are funded within the available resource envelop.