

REPUBLIC OF KENYA



ISIOLO COUNTY GOVERNMENT

COUNTY TREASURY

Date: 21st August 2018

COUNTY TREASURY CIRCULAR NO: 1/2018

TO:

**ALL COUNTY EXECUTIVE COMMITTEE MEMBERS
ALL COUNTY CHIEF OFFICERS/ACCOUNTING OFFICERS
THE CLERK –ISIOLO COUNTY ASSEMBLY
THE SECRETARY -COUNTY PUBLIC SERVICE BOARD**

**GUIDELINES FOR THE PREPARATION OF THE MEDIUM TERM EXPENDITURE
FRAMEWORK (MTEF) BUDGET FOR THE PERIOD 2019/20 – 2021/22**

INTRODUCTION

According to Public Finance Management Act 2012, Section 128:

- (1) The County Executive committee member for Finance shall manage the budget process for the County.
- (2) Not later than the 30th August in each year, the County Executive Member for finance shall issue a circular setting out guidelines to be followed by all of the County Government`s entities in the budget process.

A. Purpose

1. These guidelines provide clear instructions on the processes and procedures for preparing the 2019/20 – 2021/2022 MTEF Budget proposals for Isiolo County government entities in accordance to the Public Financial Management Act (PFMA) 2012. The guidelines are intended to:
 - i. Advise on the policy framework underpinning the Budget for the 2019/20 – 2021/2022 MTEF period;
 - ii. Institutional structures to guide budget making process
 - iii. The procedures for the review and projections of the revenue and expenditure;
 - iv. Provide guidance on the form and content of the budget proposals and the cost of the programmes to be funded ;
 - v. Prioritization process of programmes
 - vi. Emphasize the constitutional timelines and requirements as indicated in the attached budget calendar;
 - vii. The framework for public participation in the budget making process; and
 - viii. In addition to the provision of section 36 of the PFMA, 2012, section 12(e) requires county treasury to ensure transparent financial management and standard financial reporting as

contemplated by articles 226 of the constitution. Preparation of the budget using the standard format provides the basic framework for transparent fiscal management, and the performance reporting by all sectors.

B. Background

2. Budget preparation and subsequent implementation is geared towards improving the livelihood of the people of Isiolo through improved incomes and social welfare. This is only possible if we reflect on the productivity of the public sector and our ability to implement decisions and policies more effectively. As a county we have to show greater commitment to ensuring that the citizenry receive better services from all the County government institutions. This is only possible if we invest in broad based programmes that are aimed at increasing economic growth and poverty reduction.
3. The aim of the 2019/20 – 2021/2022 Medium Term Expenditure Framework Budget for the County is to strike an appropriate balance between support for growth and continued fiscal discipline while providing room for the implementation of devolution as enshrined in the constitution. Specifically, the 2019/20 budget will aim at achieving efficiency and improving the productivity of expenditure while at the same time ensuring that adequate resources are available for operations and maintenance, and implementation of our development agenda.
4. In this regard, public spending should not be seen as an end in itself but the basis for achieving development objectives outlined in the County Integrated Development plan, 2018-2022 and the County's annual development plan for financial year 2019/20. The focus of the MTEF 2019/20 – 2021/2022 will therefore be on programmes aimed at providing enabling environment for private sector to thrive by preserving stable macroeconomic stability towards achieving high levels of investment in economic and social infrastructure, which promote rapid economic growth, support employment and broaden economic activity.
5. As we scale up implementing the 2018-2022 CIDP, the county government is aware of its limited fiscal space and will continue to leverage on the private sector partnership. The aim of the medium term frame work is therefore to strike a balance support for growth and continued fiscal discipline while providing the implementation of the 2018-2020

C. THE GUIDELINES

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

I. Medium Term Development Strategies

7. The priorities outlined in the Second Medium Term Plan of Kenya Vision 2030 and the Isiolo County Integrated Development Plan, 2018-2022 will guide the development of sector priorities.
8. When preparing the budget proposals, County government entities are expected to focus on the County priorities contained in the County Integrated Development Plan, 2018-2022 and the County Annual Development Plan, for financial 2019/20. County government entities should ensure that budget proposals give priority to the following:
 - a) Programmes/projects that address the national priorities and objectives of the Vision 2030 and the second Medium Term Plan;
 - b) Programmes/projects that address the County priorities and objectives of the Isiolo County Integrated Development Plan, 2018-2022 and the County Annual Development Plan, for financial year 2019/20;
 - c) Programmes/projects that invest in priority areas that support social development, poverty reduction, economic growth and transformation; and
 - d) Adequate provision for mandatory expenditures.
9. County government entities are expected to ensure that proposed programmes and projects are in line with the objectives of the 2018-2022 CIDP and Vision 2030. Specifically, the County government entities will be expected to:
 - i. Review County objectives and strategies in line with the overall goals outlined in the Vision 2030;

- ii. Review County objectives and strategies in line with the overall goals outlined in the County Integrated Development Plan, 2018-2022 and County Annual Development plan, 2018;
- iii. Identify and prioritization of the programmes , projects, activities and the necessary policy, legal and institutional reforms required to serve as drivers and enablers for achievement of the 2018-2022 CIDP;
- iv. Analyze cost implications of each proposed programmes, projects and policies for the MTEF period;
- v. Prioritize County Programmes and allocate resources appropriately in accordance with an agreed criteria and level of provision within the ceiling provided;
- vi. Justifying each proposed programme funding with supporting documentation
- vii. Coordinate activities leading to the development of County entity reports and indicative County Budget proposals.

II. Key Dates in the Budget Preparation Process

10. The budget process involves preparation of key documents to be approved by cabinet and county assembly. To finalize the budget and submit for approval the departments will be required to undertake as provided in the budget calendar 2019/20 as indicated in Annex I. Accounting Officers are required to note the timelines and initiate as required to ensure the budget is submitted to assembly as scheduled

III. Alignment of the fiscal strategy paper to the budget policy statement

11. The budget policy statement as mentioned is anchored on the County Integrated Development Plan, 2018-2022 and it's County Annual Development Plan for financial year 2019/20. It therefore articulates county policy priorities that will impact on the citizenry at all levels. To ensure consistency and focus in the implementation of these policies, the county government will align its fiscal strategy paper to the county development objectives as contained in the budget policy statement in accordance to 117(2) of the PFMA, 2012.

IV. Isiolo County Integrated Development Plan

12. The County Integrated Development Plan, 2018-2022 sets out the development priorities for Isiolo County. Accounting Officers will be expected to align their budgets to the approved County Integrated Development Plan.

V. Programme-Based Budgeting (PBB)

13. It is expected that MTEF 2019/20 – 2021/2022 budgets will be presented and approved in programmes in accordance with Section 210 (12) of the Public Financial Management Act (PFM Act) 2012.

14. In view of this, county departments are expected to define programmes with clear objectives (which usually refer to outcomes), and linked to outputs, performance indicators and targets. In designing programmes, the structure should match up to the main lines of service delivery in the County entities. Programme performance indicators should mainly be indicators of programme outputs (services provided) and outcomes (effectiveness),

15. 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 county department and all functions should fall within programmes.

16. Accounting Officers should ensure that in designing programmes, each and every function or activity undertaken by the county departments 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.

17. In cases where a County entity has 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.
18. In preparing the narrative justification portion of the programme budget (context for budget intervention), County entities 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 programme achievements for the last financial year, and a brief description of the achievements expected in the next year. A description of important issues, concerns, and summary of implementation plans should also be included. The format for presentation of PBB is indicated in Annex III.

VI. Performance Review of the Expenditure

19. 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 entity.
20. 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.
21. 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 entities. This is expected to contribute towards an efficient and effective way of allocating resources towards the realization of the objectives of County Integrated Development Plan, 2018-2022.

22. Programme performance expenditure review will be an annual exercise carried out between July and mid-September. The County entities are therefore expected to have commenced the Programme performance expenditure reviews. This entails undertaking a detailed appraisal of the composition, allocation and utilization of its expenditure during the period July 2017 to June 2018. **County entities will only be allowed to bid for resources in their respective sectors after the finalization of the review of programme expenditures.** Further a template for Programme Performance Reviews reports is provided in Annex II of this Circular.

VII. Prioritization and Allocation of Resources

23. Isiolo 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 the County Fiscal Strategy Paper, for FY 2019/20.

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

- i. Linkage of the programme with the Objectives of Medium Term Plan of Vision 2030;
- ii. Linkage of the programme with the Objectives of the County Integrated Development Plan, 2018-2022;
- iii. Linkage of the programme with the County Annual Development Plan, 2019/2020;
- iv. Degree to which a programme addresses core poverty interventions;
- v. Degree to which the programme is addressing the core mandate of the County entity;
- vi. Expected outputs and outcomes from a programme;
- vii. Linkage of a programme with other Programmes;
- viii. Cost effectiveness and sustainability of the programme;
- ix. Immediate response to the requirements of the implementation of the constitution;
and

x. Ongoing activities of the County Government flagship projects.

25. Based on the broad guidelines, each county sector is expected to develop and document the criteria for resource allocation. Further, County sectors shall undertake a reprioritization exercise which must address the following:

- i. The county sectors should thoroughly analyze the base line expenditure and remove all the once off expenditure for the previous years;
- ii. The county sectors 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 growth;
- iii. The county sectors 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; and
- iv. The county sectors are also expected to provide a detailed explanation for the rescheduling of projects where the rescheduling has been done.

VIII. Specific Guidelines

Wages & Salaries

26. Isiolo County government is committed to implementing an affordable pay policy which will provide a harmonized and unified framework for determining pay while eradicating wage discrepancies.

27. While we appreciate the need to improve remuneration for public servants, any pay adjustments must be consistent and guided by the following principles:

- a) Pay increases should be geared towards supporting efficient delivery of public services;

- b) Pay increases should be affordable. The growth in the earnings in the public sector should be in line with what is being experienced in the economy as a whole. Any proposed salary increases should give the County Government as an employer enough flexibility to fund other development programmes;
- c) Pay increases should be fair, equitable and just across the entire public service. Selective pay awards to specific sectors in the service is not only unfair but has the potential of demotivating other staff not benefiting from the awards and justifies counter demands from the other sectors not considered;

28. The number of county public sector employees is not expected to increase except where County Treasury has given specific approval on availability of funds for new recruitments.

29. Accounting officers should not award any adjustment to salaries, remuneration and benefits. Such requests for salary and allowances reviews in the public sector should be channeled to Salaries and Remuneration Commission for guidance.

IX. Use of Goods and Services

30. Isiolo County government will undertake such austerity measures to scale down non-core operational expenditures mainly in the use of goods and services. Savings identified should be directed towards investment, maintenance and other development needs of the County. In FY 2019/20, County entities will be expected to prepare their budgets for operations and maintenance in the context of a hard budget constraint. County Treasury will critically review budget proposals and where necessary make reallocations from the less productive items in order to direct the savings toward capital investment and other priority areas.

31. Accounting Officers are required to fully provide for fixed costs and other mandatory requirements based on the trend or existing agreements. Accounting Officers are reminded that requests for additional funding beyond the provided ceiling will expose their budgets to a fresh scrutiny by County Treasury with a view to reprioritize expenditure plans to accommodate new request within the set ceiling.

X. Consultancies and Professional Services

32. While County government acknowledges the contribution of consultants and professional service providers to the delivery of public services, there are concerns over the long-term nature and cost of many of these consultancy arrangements. Moving forward, any funding factored in the budget for consultancies, contracted professional services, contracted technical services and feasibility studies, will have to be fully justified. In view of this, County entities requesting such funds will be required to provide the following to justify such expenditures:

- Details of the specific task and timeframe the consultant is expected to undertake;
- Why the task cannot be undertaken by County staff;
- Details of steps being taken by the County entities to address skills gap so as to reduce the reliance on external consultants; and
- Details (including duration and cost) of all consultancy or professional service contracts, entered into by the County entities in the last two financial years.

XI. Capital Projects

33. Completion of the on-going projects and programmes must be accorded priority. In this regard, capital expenditure must be applied towards the funding of on-going projects and programmes that are near completion and have undergone due process. County government entities should provide adequate information to support the existence of ongoing projects which should include a list of the ongoing projects with details of total cost, start and end date, cumulative expenditure to date, balance to completion, and amount required over the medium term period.

34. Any proposal for additional allocation of resources must be accompanied by a cost benefit analysis. The proposed additional or new expenditure will have to be aligned with the entity's mandate and should be subject to the available fiscal space. In addition, entities are required to furnish full information on the projects for which they require counterpart funding.

35. The Proposed capital projects will have to be evaluated in the context of the following elements:

- i. Priority for financing projects should be given to those projects that are in full compliance with the Government regulations;
- ii. Priorities as outlined in the Second Medium Term Plan of Kenya Vision 2030;
- iii. Priorities as outlined in the County Integrated Development Plan, 2018 – 2022;
- iv. County entities should indicate how their proposed projects will contribute to economic growth, job creation and increased citizen's welfare.

XII. Capital expenditures

36. It is reiterated that funding to capital projects should be based on realistic costing. Proposed capital projects should be evaluated in the context of the following;(see annex II on PBB)

- i. Preference for financing should be given to those projects which are in full compliance with the Government priorities reflected in Sector Reports and which are fully justified for financing.
- ii. Priority should be given to completion of on-going projects before embarking on new ones
- iii. County entities should indicate how the proposed projects will contribute in economic growth, job creation and increased citizen's welfare; and
- iv. Resources to projects should be strictly apportioned in accordance with the actual financial requirement over the medium term period.

XIII. Externally Funded Projects

37. With respect to donor-funded projects, only those projects for which the Isiolo County Government has already negotiated loans/grants or signed MOUs with Donors will be factored in the Budget for FY 2019/20. Accounting Officers should ensure that externally

financed projects are in line with overall county development priorities and ensure that County Government counterpart funding is adequately provided for as per the agreement. Entities will be required to provide proof for requirement of counterpart funding where this is needed.

XIV. Resource Envelope

38. The key policy document that informs the budget of the County Government is the Budget Policy Statement (BPS). This provides a framework for the County Government to manage its fiscal resources. BPS outlines the fiscal rules to assist the Government with achieving sustainable economic growth through correct management of its resources, which includes keeping ongoing expenditure in line with normal, sustainable revenues.
39. BPS 2017 will provide the framework for determining how much to spend on planned investments and programmes aimed at enhancing economic growth in line with Vision 2030 and County Integrated Development Plan, 2018- 2022.
40. In particular, the BPS will set out the sector strategies, targets, deliverables and projected cost of implementation. It provides the basis for effective monitoring of the inputs, outputs, outcomes and impact of sector performance.

XV. Public Participation and Stakeholder Involvement

41. Public participation and involvement of other stakeholders in the MTEF budget process is important and a Constitutional requirement. County Government entities are required to identify and involve the stakeholders throughout the budget preparation process, and Information of their involvement documented. 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 Executive Committee member (Finance, Economic Planning, Special Programs and ICT) - P.O. Box 36 -30600 Isiolo
 - b) Can email to: planning@isiolo.go.ke

c) Can attend our wards consultative meetings to be scheduled and announced in the media Early January 2018 to collect the views/ priorities of all the stakeholders.

D. ISIOLO COUNTY BUDGET PROCESS

42. The county budget process will be as set out in Section 125 of the PFM Act, 2012. Accounting Officers are therefore urged to familiarize themselves with the content of that section of the Act.

E. PREPARATION AND SUBMISSION OF BUDGET PROPOSALS

43. Accounting Officers are requested to ensure that all activities of County government entities are completed on scheduled timelines, including the drafting entities Budget Proposals. The proposals should be ready for submission to the County Treasury not later than 10th December 2018 in line with the format indicated in Annex 8.

44. The attached budget calendar outlines the timelines for the budget process in accordance to the requirements of the Public Financial Management Act 2012.

45. Accounting Officers are required to strictly adhere to the timelines provided in order to ensure timely preparation and implementation of the budget.

F. SECTOR WORKING GROUPS

46. Accounting Officers should note that the Functions of County Government have been mapped into departments in line with the classification of the Functions of County Government. This is consistent with the County best practice and is intended to facilitate the implementation of the new Standard Chart of Accounts (SCOA) and Programme Based Budgeting (PBB).

47. All Chief Officers should coordinate the formation of sector / department working groups in their line sectors and they shall be responsible for reviewing sector/ departmental performance, formulating individual department budget proposals, developing departmental policies and approval of programmes. Structure and composition of sector working group is as annex 2 below.

G. CONCLUSION

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

THANKING YOU IN ADVANCE



Mr. Mwenda Thiribi

CEC –Finance and Economic Planning.

CEC Finance
Isiolo County Government
P. O. Box 36
ISIOLO

COPY TO:

H. E. DR MOHAMED KUTI
GOVERNOR
ISIOLO COUNTY

DR .AHMED GALGALO

COUNTY SECRETARY

ISIOLO COUNTY

MR. ADAN JILLO
CONTROLLER OF BUDGET
ISIOLO

ANNEX 1: BUDGET CALENDAR FOR THE FINANCIAL YEAR 2019/2020 MTEF BUDGET

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

ACTIVITY	RESPONSIBILITY	DEADLINE
1. Preparation and Issuance of a circular setting out guidelines to be followed by all county government entities in the Budget process	County Treasury	30 August 2018
2. Launch of sector working groups	County Treasury	30 August 2018
3. Performance Review and Strategic Planning		
3.1 Review and update of strategic plans , previous Budget programme outputs and outcomes	Line sectors Working Groups	24 August 2018
3.2 review of programme expenditure performance and approval of projects for financial year 2019/20	Line sectors Working Groups	24 August 2018
3.3Preparation of Annual Development Plan by sectors and submission to County Treasury	Line Sectors Working Groups	27 August 2018
3.4 Preparation and approval of Annual Development Plan to County Assembly for approval	County Treasury	1 September 2018
4. Determination of Fiscal Framework		
4.1 Draft County Budget Review and Outlook Paper CBROP	County Treasury	15 September 2018
4.2 Submission of CBROP to the Executive Committee for Approval	County Treasury	30 September 2018
4.3 Submission of CBROP to the County Assembly for Approval	CEC member Finance	19 October 2018
4.4 Issue of guidelines for review of the 2018/19 County budget (supplementary budget)	County Treasury	22 October 2018
5. Preparation of MTEF Budget Proposal		
5.1Retreat to Draft Sector Reports	Line Sector Working Groups	22 October to 10 November 2018
5.2Briefing of sector Chairperson and accounting officers on draft sector reports	Line Sector Working Groups	12 th November 2018
5.3Public Sector Hearing	Line Sector Working Groups	19 th -23 rd November 2018
5.4Review and incorporation of stakeholders inputs in the sector proposals	Line Sector Working Groups	30 th - November
5.6Submission of Draft sector reports to County treasury	Sector chair persons (Cos)	10 th December 2018
5.7Consultative meeting of accounting officers, CEC Members chairperson of sector working groups on sector budget proposals	County Treasury	14 th December 2018
6. Draft County Fiscal Strategy Paper (CFSP)		
6.1 Finalise the draft County Fiscal Strategy Paper	Macro Working Group	30 th December 2018
6.2 Cabinet Retreat on finalization of the budget	Governor office	15 January 2019
6.3 Submission of County Fiscal Strategy paper (CFSP) to CEC for Approval	County Treasury	20 th February 2019
6.4 Submission of County Fiscal Strategy paper (CFSP) to County Assembly	County Treasury	28 th February 2019
6.5 Preparation and Submission of Debt Management Strategy of the County Government over the Medium Term to the County Assembly	County Treasury	28 th February 2019
7. Preparation and Approval of the Final Budget		

ACTIVITY	RESPONSIBILITY	DEADLINE
7.1 Develop and issue final guidelines on the preparation of final budget estimates to line sectors	County Treasury	15 th March 2019
7.2 Departmental Submission of budget proposals to County Treasury	Line Sectors Working Groups	30 th March 2019
7.3 Consolidation of the Final Budget Estimates	County Treasury	10 April 2019
7.4 Submission of budget budget Estimates to cabinet for approval	County Treasury	20 th April 2019
7.5 Submission of draft budget Estimates to Assembly for approval together with other documents	County Treasury	30 th April 2019
7.6 Review of budget estimates by the county assembly	County Assembly Committee	15 th April 2019
7.7 Report on draft budget by the county assembly	County Assembly Committee	20 th April 2019
7.8 Consolidation of the final budget estimates	County Treasury	30 th May 2019
7.9 Submission of appropriation bill to County Assembly	County Treasury	10 June 2019
8. Budget statement	CEC-Finance and Economic Planning	15 June 2019
8.1 Appropriation Bill passed	County Assembly	30 June 2019
8.2 Finance Bill passed	County Assembly	30 th June 2019
9. Budget implementation		
9.1 Preparation of the Annual Work plans for FY 2019/2020	Sectors	7 th May 2019
9.2 Preparation of procurement plans	Sectors	7 th June 2019
9.3 Preparation of cash flow projections	Sector	15 th June 2019

ANNEX 2: SECTOR COMPOSITION AND WORKING GROUPS FOR 2019/2020-2021/2022

Name of Sector	Ministry/ Department
Agriculture, Livestock and Fishery Development	<ul style="list-style-type: none"> - Agriculture - Livestock - Veterinary - Fishery - Irrigation
Water, Environment and Natural Resource	<ul style="list-style-type: none"> - Water and Irrigation - Environment - Energy - Natural Resource - Forestry
Health	<ul style="list-style-type: none"> - Health Services
Lands ,Roads, Infrastructure and Urban Development	<ul style="list-style-type: none"> - Lands and physical planning - Roads& Transport - Public Works - Housing and Urban Development
Tourism and Trade	<ul style="list-style-type: none"> - Trade - Cooperative - Tourism - Industrialization
Education	<ul style="list-style-type: none"> - Early learning and Basic Education - Vocational Training - Youth - Sport - Culture - Social Services - Gender
Finance ,Economic Planning and Special Programme	<ul style="list-style-type: none"> - Special programme - Finance - Economic Planning& Statistics - Revenue
Public Administration	<ul style="list-style-type: none"> - Office Of Governor - County Treasury & Planning - County Public Service - County Administration - County Public Service Board - Cohesion
County Assembly	<ul style="list-style-type: none"> - County Assembly - County assembly service Board

ANNEX 3A: STRUCTURE AND COMPOSITION OF SECTOR WORKING GROUP

1. THE SWG SHOULD COMPRISE OF THE FOLLOWING

- i. Chairperson –Accounting Officer chosen by consensus by other accounting officer within the sector;
- ii. Sector Convener - Appointed by the County Treasury;
- iii. Sector co-convener- appointed by the County Planning Department
- iv. Technical Working Group – Appointed by the Sector Working Group;
- v. A SWG Secretariat – Appointed by the individual Accounting Officer to assist the Chairperson in coordinating the activities of SWG;
- vi. Representatives from the Development Partners; and
- vii. Representatives from Civil Society and Community Based Organizations.

ANNEX 3B: TERMS OF REFERENCE FOR SECTOR WORKING GROUP

Specifically, the terms of reference for SWGs shall be to:

- i. Review sector objectives and strategies in line with the overall goals outlined in the County Integrated Development Plan, 2018 –2022, MTP III and Vision 2030;
- ii. Review sector budget performance in line with set sector objectives and intended targets in the County Integrated Development Plan, 2018 –2022, MTP III and Vision 2030;
- iii. Identify programmes and necessary policies, legal and institutional reforms required;
- iv. Identify list of projects to be included and funded
- v. Analyze cost implications of the proposed policies programmes, and projects for the MTEF period;
- vi. Prioritize Sector Programmes and allocate resources appropriately in accordance with agreed criteria and justification;
- vii. Identify projects to be funded under Public Private Partnerships (PPP); and thoroughly analyze the baseline expenditure and remove one off expenditures.
- viii. Identify low projects/ programmes that are low priority in order to realize savings which will be directed to implementation of the county flagship projects
- ix. Allocate resources to projects that have been fully processed(feasibility studies done, designs, necessary approvals land secured. The sector working group should pay attention to estimated requirements for each of the stages in the project cycle.
- x. Introduce mechanism of efficiency saving in their budgets through reducing operation costs and non service delivery Activities;

- xi. The SWG are expected to provide a detailed for explanation for rescheduling of projects which should include savings and financial implications of projects and activities
- xii. Coordinate activities leading to the development of sector reports and indicative sector Budget Proposals.

ANNEX 4: PROGRAMME PERFORMANCE REPORT: 2015/16- 2017/18

(Annex II here provides a guide to County Government entities on how performance assessment is to be Done/Presented.

VOTE NO							
VOTE NAME							
SECTION 1:DELIVERY OF OUTPUTS							
The section Summarizes the major achievement in the delivery of outputs during the planned period 2015/16-2017/2018.the departments to give reasons for any deviation from the planned outputs under the review period							
SECTION2:EFFICIENCY SAVINGS							
The section Explains the major steps taken by the sector in reducing budgeted costs of its outputs and improving the delivery of outputs.ie expenditure saving realised through cost cutting measures; intensifying use of ICT; Economical procurement partnership, joint partnership arrangement with other departments and partners.							
SECTION 3: INFORMATION ON PROGRAMMES							
Programme							
Title and Code							
Output	Key Performance Indicator			Actual Achievement			Remarks
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18	
Output--1							
Repeat for programme1,2,Etc							
SECTION 4: PROGRAMME MONITORING							
The section should provide a summary of the information to assess impact of government programmes including performance of financial and non indicator.							
Indicate data constraints if any and what steps are being taken /well be taken to address data deficiency							

SECTION 5: BUDGET IMPLEMENTATION FOR FY 2017/18

Programme 1:	Printed Estimates 2017/18	Approved Estimates 2017/18	Actual Expenditure 2017/18	Deviation	Remarks
Current expenditure	(A)	(B)	(C)	(D)= B-C	
Compensation of Employees					
Use of Goods and Services					
Current Grants and other Transfers					
Social Benefit					
Other Recurrent					
Capital expenditure					
Acquisition of non –financial assets					
Capital Grants and transfer to other level of government					
Other Development					
Repeat as above for departments with more programme 2.3 etc					

SECTION 6 CAPITAL PROJECTS AS AT 30TH JUNE 2018

Project 1:.....	Location	
Contract date.....	Contract completion date.....	Expected completion date
Contract cost KSH.....	Expected final cost	
Completion stage 2016/17 (%)	Completion stage 2017/18(%)	Completion stage 2018/19(%)
Budget provision 2016/17 KSH	Budget provision 2017/18	Budget provision 2018/19
Provide a brief overview of the specific needs to be addressed if the project is ongoing		
Repeat as above for projects 2,3 etc		

**ANNEX 5: FORMAT FOR PRESENTATION OF PROGRAMME-PERFORMANCE
BASED BUDGETS (PBB)**

Vote No: **Vote Title:**

Part A: **Mission**

Part B: **Vision**

Part C: **Performance Overview and Rationale for Funding**

This section is supposed to discuss the following:

Brief description of the mandate

A Brief review of MTEF period 2015/16-2017/18: i.e.

- *Expenditure trends; 2015/16-2017/18 budget*
- *Major achievements for 2015/16-2017/18 budget period;*
- *Constraints and challenges in budget implementation and how they are being addressed;
and*
- *Major services/output be provided in MTEF period 2019/20-2021/22Medium term
budget*

Part D: Programme Objectives/Overall outcome

No	programme	<i>Strategic Objective</i>
1.		

(List all the programmes and their strategic objectives. Please note that each programme must have only one strategic objective/outcome)

Part E: Summary of Expenditure by Programmes, 2019/20-2021/22 (Kshs. Millions)

Programme	Approved/ Supplementary	Actual Expenditure	Baseline Estimates 2018/19	Estimates 2019/20	Projected Estimates	
	2017/18	2017/18			2020/21	2021/22
Programme 1: (State the name of the programme here)¹						
Sub Programme (SP)						
SP 1. 1						
SP 1. 2.						
... N						
Total Expenditure of Programme 1						
Programme 2: (State the name of the programme here)						
	Approved/ Supplementary	Actual Expenditure	Baseline Estimates 2018/19	Estimates 2019/20	Projected Estimates	
	2017/18	2017/18			2020/21	2021/22
SP 2. 1						
SP 2. 2.						
... N						
Total Expenditure of Programme 2						
Total Expenditure of Vote -----						

¹NB. Repeat as shown in the Table under section "E" above for all Programmes. Provide total expenditure for each programme and their summation must equal the total expenditure of the vote.

Part F. Summary of Expenditure by Vote and Economic Classification² (Kshs. Millions)

Expenditure Classification	Approved/ Supplementary	Actual Expenditure	Baseline Estimates 2018/19	Estimates 2019/20	Projected Estimates	
	2017/18	2017/18			2020/21	2021/22
Current Expenditure						
Compensation to Employees						
Use of goods and services						
Current Transfers Govt. Agencies						
Social Benefits						
Other Recurrent						
Capital Expenditure						
Acquisition of Non-Financial Assets						
Capital Transfers to Government Agencies						
Social Benefits						
Other Development						
Total Expenditure of Vote						

Part G. Summary of Expenditure by Programme, Sub-Programme and Economic Classification (Kshs. Millions)

Expenditure Classification	Approved/ revised Estimates 2018/19	Estimates 2019/20	Projected Estimates	
			2020/21	2021/22
Programme 1: (State the name of the programme here)				
Current Expenditure				
Compensation to Employees				
Use of goods and services				
Current Transfers Govt. Agencies				
Social Benefits				
Other Recurrent				
Capital Expenditure				
Acquisition of Non-Financial Assets				

² The total current expenditure and capital expenditure must be equal the total expenditure vote given in tables E, F, & G.

Expenditure Classification	Approved/revised Estimates 2018/19	Estimates 2019/20	Projected Estimates	
			2020/21	2021/22
Capital Transfers to Govt. Agencies				
Other Development				
Total Expenditure				
Sub-Programme 1: (State the name of the Sub-Programme here)				
Current Expenditure				
Compensation to Employees				
Use of goods and services				
Current Transfers Govt. Agencies				
Social Benefits				
Other Recurrent				
Capital Expenditure				
Acquisition of Non-Financial Assets				
Capital Transfers to Govt. Agencies				
Social Benefits				
Other Development				

Repeat as above in cases where a Ministry/Department has more than one programme and/or sub-programmes

Part H: Summary of the Programme Outputs and Performance Indicators for FY 2019/20

Programme	Delivery Unit	Key Outputs (KO)	Key Performance Indicators (KPIs)	Actual achievement 2017/18	Target (Baseline) 2018/19	Target 2019/20	Target 2020/21	Target 2021/22
Name of Programme 1 Outcome:								
SP1.1								
SP.2								
...								
SP.N								

Part I Details of Staff Establishment by Organization Structure (Delivery Unit)

Delivery Unit	Staff Details		Staff Establishment In F/Y2018/19		Expenditure Estimates			
					Actual 2018/19	Estimate 2019/20	Projection 2020/21	Projection 2021/22
	Position Title	Job Group	Authorised	In Position	Kshs	Kshs	Kshs	Kshs
E.g Tourism	Director	R	1	1	1,500,000	1,550,000	1,600,000	1,670,000

ANNEX 6: PROJECT CONCEPT NOTE

1. Project name					
2. Project geographic location					
3. project type /Category					
4. implementation organisation					
5. Wards Covered					
6. Project purpose (context /need of the project. Brief summary of the problem the project will address and how it relates to CIDP, BIG four and medium term plan of vision 2030)					
Brief Description of the project: Project Summary. In not more than one paragraph what project plans to achieve and how. Also summarise the outputs (expect results) and main activities that support each out. Indicate project risks and how it be addressed. Where possible describe steps for ensuring sustainability of the project					
Project Status (state whether og-going, new, stalled , in pipeline)					
Estimated Project Duration (Months)					
Estimated Cost	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22
	Ksh	Ksh	Kshs	Ksh	Ksh
Outline Economic and Social Benefits					
Outline Source of Financing					

ANNEX 7 PROJECT DETAILS FOR DETAILS FOR FY 2019/20 & MEDIUM TERM PROJECTS

VONE NO.....

VOTE NAME.....

Project No & Details	Estimated project Cost	Financing		Timelines		Status	Actual Cumulative Costs up 30 th June 2018	Outstanding Project Costs as at 30 th June 2018	Allocation for FY 2018/19		Projection for FY 2019/20		Projection for FY 2020/21		Projection for FY 2021/22	
		GOK	Partners	Start Date	End Date		Cumulative	Outstanding	GOK	Partners	GOK	Partners	GOK	Partners	GOK	Partners
	Kshs	Ksh	Ksh			Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh

ANNEX 8: SECTOR WORKING GROUP REPORT FORMAT

TABLE OF CONTENTS

(Please ensure that Headings and Subheadings are identical to those in the report)

Chapters 1 – 6 should form the main body of the report and should be divided into logical sections and subsections, using appropriate headings and numbering. Its purpose is to explain the conclusions and to justify the recommendations

EXECUTIVE SUMMARY

(Restate conclusions for each section and summarize findings and recommendations under this section)

CHAPTER ONE:

INTRODUCTION

- 1.1. Background
- 1.2. Sector Vision and Mission
- 1.3. Strategic goals/Objectives of the Sector
- 1.4. Sub-Sectors and their Mandates
- 1.5. Autonomous and Semi-Autonomous Government Agencies
- 1.6. Role of Sector Stakeholders

(The introduction should briefly describe context; identify general subject; describe the problem or issue to be reported on; define the specific objective for the report; outline the scope of the report; and comment on any limitations of the report)

CHAPTER TWO

PERFORMANCE REVIEW 2015/16 – 2017/18

- 1.7. Performance of Programmes
- 1.8. Review of Key indicators of Sector Performance
- 1.9. Expenditure Analysis
 - 1.9.1. Analysis of recurrent expenditure
 - 1.9.2. Analysis of Development Expenditure
 - 1.9.3. Analysis of Externally Funded Programmes
 - 1.9.4. Expenditure Review by Programmes
- 1.10. Review of Pending Bills
 - 1.10.1. Recurrent Pending Bills
 - 1.10.2. Development Pending Bills

CHAPTER THREE

MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD 2019/20 – 2021/22

- 1.11. Prioritization of Programmes and Sub-Programmes
 - 1.11.1. Programmes and their Objectives
 - 1.11.2. Programmes, Sub-Programmes, Expected Outcomes, Outputs, and Key Performance Indicators for the Sector
 - 1.11.3. Programmes by Order of Ranking
- 1.12. Analysis of Resource Requirement versus allocation by:

- 1.12.1. Sector(recurrent and development)
- 1.12.2. Sub-Sectors(recurrent and development)
- 1.12.3. Programmes and Sub-programmes
- 1.12.4. Semi-Autonomous Government Agencies
- 1.12.5. Economic classification
- 1.12.6. Resource Allocation criteria

CHAPTER FOUR

CROSS-SECTOR LINKAGES AND EMERGING ISSUES CHALLENGES

CHAPTER FIVE

CONCLUSION

This section should summarize the key findings of the report, as outlined in the discussion under the chapters 1-4 of the report. The Conclusions should relate specifically to the report's objectives (as set out in the introduction); identify the major issues; be arranged in order of importance; be specific, and to the point; and be a list of numbered points

CHAPTER SIX

RECOMMENDATIONS

This section should outline future actions. The Recommendations should be action orientated, and feasible; Relate logically to the Conclusions; be arranged in order of importance; and be to the point

REFERENCES

This section should list the sources referred to in the report

APPENDICES

Appendices should contain information that is too complex to include in the report. You need to direct readers to this information, as in “Appendix A provides an overview of the Budget of department X”