

# COUNTY GOVERNMENT OF BUNGOMA



## COUNTY EXECUTIVE COMMITTEE MEMBER MINISTRY OF FINANCE AND ECONOMIC PLANNING

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### TREASURY CIRCULAR NO.5 OF 2024

- All Accounting Officers;
  - Finance
  - Economic Planning
  - Trade, Energy & Industrialization
  - Health & Sanitation
  - Agriculture, Irrigation & veterinary
  - Livestock and Fisheries
  - Cooperative Development
  - Governor's office
  - County Assembly of Bungoma
  - County Public Service Board
  - County Secretary's Office
  - County Attorney's Office
  - Roads, Transport, Infrastructure & Public Works
  - Gender & Culture
  - Youths & Sports
  - Lands
  - Housing, Urban/Physical Planning and Municipalities
  - Water, Natural Resources
  - Tourism, Climate Change
  - Public Service Management & Administration
  - Education & Vocational Training
  - Municipality of Kimilili
  - Municipality of Bungoma &
  - Other Bungoma County Government Entities

### GUIDELINES FOR PREPARATION OF THE FY 2025/26 AND THE MEDIUM-TERM BUDGET.

#### I. INTRODUCTION

1. In accordance with the provisions of Article 220 of the Constitution and Section 128(2) of the Public Finance Management Act, 2012 where the budget making process is expected to

commence not later than 30th August of the preceding financial Year. This requires the County Executive Committee member for Finance and Economic Planning to issue a circular outlining the guidelines on the budget process to be followed by County Departments and Agencies (CDAs).

- **Purpose**

2. The purpose of the Circular is to provide guidance on the processes, procedures and timelines to be followed by CDAs when preparing the FY 2025/26 and the Medium-Term Budget Estimates. The Circular outlines the following:
  - i. Background to the FY 2025/26 and the Medium-Term Budget;
  - ii. Policy Priorities for the FY 2025/26 and the Medium-Term Budget;
  - iii. Timelines and requirements for key activities in the budget preparation process;
  - iv. Institutional framework to guide the budget preparation process;
  - v. Form and content of budget;
  - vi. Programme Performance Reviews (PPRs);
  - vii. Prioritization process and costing of programmes and projects; and
  - viii. Framework outlining procedures and the way stakeholders and the public will participate in providing inputs to the budget process.
3. The Circular becomes effective from the date of issuance and applies to all County Departments and Agencies (CDAs), Municipalities and the County Assembly.

- **Background**

4. The FY 2025/26 and the Medium-Term Budget is being formulated against a global economy that has stabilized with growth projected to drop slightly to 3.2 percent in 2024 from 3.3 percent in 2023 before recovering to 3.3 percent in 2025. In the advanced economies, growth is projected at 1.7 percent in 2023 and 2024 before rebounding to 1.8 percent in 2025 reflecting a slowdown in growth in the USA.
5. On the domestic scene, economic growth has remained strong and resilient. Growth continues to be supported by strong agricultural and manufacturing activities underpinned by favourable weather conditions, strong service sector, stable macro-economic environment, on going public infrastructural investment and sustained business confidence. The growth is expected to rise gradually to 5.5 percent in 2025 from 5.6 percent in 2023 supported by the rebound in the Agriculture sector and the continued strength and resilience of the service sector.
6. Since the on-set of devolution, The National Treasury has fallen short on achieving 100 percent transfer of equitable revenues to counties. This lack of sufficient funds to the counties means that the counties cannot spend on planned development projects, which ultimately creates funding crisis that end up in large pending bills, stifling local economies and killing opportunities for investment and job creation.
7. Given the limited resources that the economy is likely to generate under the prevailing circumstances, County Departments and Agencies are required to ensure that priorities are

accommodated within the resource envelope and ensure that the focus is on the implementation of the strategic priorities outlined in the CIDP III (2023-2027)

- **Assumption underpinning FY 2025/26 and medium-term fiscal framework**

8. The Medium-Term Fiscal Framework supporting the budget will be anchored on the following assumptions:

- (i) **Revenue and Tax Reforms:** Revenue performance will be underpinned by the on-going reforms in revenue administration reforms, which will be geared towards tax base expansion, strengthening compliance and enforcement functions. The tax base expansion programmes will be implemented through enhancing compliance from the informal sector, simplifying tax processes, enhancing taxpayer education, and strategic collaboration and partnerships for revenue mobilization. The compliance and enforcement function aims to ensure a holistic approach through centralized command and timely utilization of smart intelligence, which will be paramount in enhancing tax compliance and curbing corruption, fraud, and tax evasion. The local revenue has been decentralised from Finance and Economic Planning to the relevant CDAs and collectors of revenue appointed by the receiver of revenue.
- (ii) **Expenditure Rationalization:** The Government will continue to restrict growth in recurrent spending and double its effort in domestic resource mobilization. The Government has also been cutting down on non-priority expenditures such as hospitality, training, travel and freezing of employment in non-priority sectors in order to manage the public wage bill and therefore the cash flow ceilings will continue to apply.
- (iii) **Management of pending bills, commitments, and statutory deductions:** All entities are advised to provide a clear disclosure of pending bills, commitments and statutory deductions in arrears while preparing their budget estimates and prioritise them as first charge. County Treasury will continue to enforce compliance on this matter in line with section 105 of PFM Act 2015 on powers of County Treasury.
- (iv) **Deficit Financing:** Given the commitment to contain expenditures and revenue recovery measures put in place, fiscal deficit inclusive of grants is projected to decline and this will reduce the pending bills in the CDAs.
- (v) Real GDP is projected to grow at 5.4% in 2024 and over the medium-term;
- (vi) Inflation is expected to be maintained within the target range of  $\pm 2.5\%$  of 5%;
- (vii) Total Revenue for the County will be expected to improve gradually to reach Kshs. 15.86 billion in FY 2025/26 representing an increase of 1.7% from the FY 2024/25 target of 15.58 billion.

## II. SPECIFIC GUIDELINES

9. The following are the specific guidelines to be followed in the preparation of the FY 2025/26 and Medium-Term Budget proposals to ensure efficiency in planning.

***(i) Timelines and requirements for key activities in the budget process***

10. In view of the Constitution, Public Finance Management Act, 2012 and its attendant regulations, (CAP 412A) provisions for the budget process involves preparation of key policy documents for approval by Cabinet and County Assembly. In this regard, the following policy documents will require to be prepared and approved within stipulated timeframes:

- Annual Development Plan (ADP);
- The Budget Review and Outlook Paper (BROP);
- Sector Working Group Budget Proposals/ Medium Term Expenditure Framework Report (MTEF);
- The County Fiscal Strategy Paper (CFSP);
- Debt Management Strategy Paper;
- Annual Cash Flow Projections;
- Programme Based Budgets and supporting details;
- The Annual Appropriation Bill; and
- The Finance Bill.

11. Accounting Officers are required to strictly undertake the outlined activities in the Budget Calendar within the set timeframes as provided in **Annex 1** of this Circular.

***(ii) Institutional framework to guide the budget process***

12. In line with the UN-Classification of the Functions of Government (COFOG), CDAs performing closely related functions have been mapped to form a Sector Working Group (SWG). The SWGs will remain as follows:

- (i) Agriculture, Rural and Urban Development (ARUD);
- (ii) Energy, Infrastructure and ICT (EI&ICT);
- (iii) General Economic and Commercial Affairs (GECA);
- (iv) Health;
- (v) Education;
- (vi) Governance, Justice, Law & Order (GJLO);
- (vii) Public Administration & International Relations (PAIR);
- (viii) National Security;

- (ix) Social Protection, Culture and Recreation; and
- (x) Environmental Protection, Water and Natural Resources

13. The mapping of CDAs into Sectors is provided in **Annex 2** of this Circular. Respective Sector Working Groups (SWGs) shall be responsible for prioritization and formulation of sector budget proposals. The structure and composition of SWGs is provided in **Annex 3(A)** and the terms of reference are provided in **Annex 3 (B)** of this Circular.

14. The Sector working groups have been organized in line with the functions of the Government and have been mapped into six functions of government and nine MTEF sectors. For purposes of preparation of the FY 2025/26 and the medium-term budget priorities, the respective Accounting Officers shall be the Chairpersons of their sector working groups as provided for in the current organization of the County Government of Bungoma, as indicated in annex **(3 C)**; and for budget reports compilation, the County Treasury shall use the standard COFOG and MTEF sector compositions.

15. Accounting Officers are reminded that the Sector Working Groups are the only recognized avenue for resource bidding. The County Treasury will not accept requests for funding outside the Sector Working Group process. CDAs are therefore required to fully participate in the relevant Sector processes and bid for resources within the available ceilings.

- **County Sector Working Group**

16. The combined Sector Working Groups will form the County Sector Working Group, which will deliberate on budget proposals and policies developed by CDAs. County SWG will hold quarterly meetings to review budget implementation status and challenges experienced. It will be chaired by CECM Finance and Economic planning. The composition and terms of reference for County SWGs is indicated in **Annex 4(A) and 4(B)**.

***(iii) Form and content of the Budget***

- **Programme-Based Budget (PBB)**

17. The budget will continue to be presented by vote and programme in line with Section 130 (2) (b) of the Public Finance Management Act, 2012. SWGs are therefore required to review programmes and align them to the mandates of the respective CDAs. **Where a new programme is proposed, approval must be obtained from the County Treasury.**

18. In designing new programmes, the structure should match the main lines of service delivery in the CDAs. During the review of programmes, SWGs should ensure that:

- (i) Programme Outcomes and Outputs, are Specific, Measurable, Achievable, Realistic, and Time bound and derived from Government Strategies;
- (ii) Performance indicators and targets are for outcomes and outputs; and are results oriented, Clear, Relevant, Economic, Adequate, and Monitorable (CREAM);

- (iii) Programme targets are those that CDAs can reasonably influence their achievement;
- (iv) Delivery units with no clear outputs, performance indicators and targets are rationalized and funding reduced; accordingly, and
- (v) Crosscutting functions are assigned to respective programmes.

19. Each programme should be confined to a single CDA, and all functions should fall within respective programmes. There should be no duplication of programme or programme names across CDAs. In situations where a CDA has more than one programme, an additional programme should be created for the purpose of covering the costs associated with management, administration, planning and support services which cannot be attributed to a single programme. The format for presentation of the Programme Based Budget is provided in **Annex 5A** of this Circular.

- ***Fiscal Consolidation Policy***

20. The county government will continue to pursue a fiscal consolidation policy with an overall aim of reducing the fiscal deficit and debt accumulation. This will be supported by enhanced revenue mobilization, re-prioritization and rationalization of expenditures. This will ultimately reduce public debt and create fiscal space over the medium term to finance priority county programmes and social spending. SWGs are required to prepare medium term budgets by allocating available resources to projects and programmes with high impact on growth.

- ***Developing ‘Rolling’ Three-Year Medium-Term Budget Estimates***

21. In a “Rolling” Medium-Term Budget Plan, the first-year estimate forms the starting point for the next financial year’s budget estimates. Under this approach, budget resources will continue to be appropriated on an annual basis, but the budget planning process will include estimates of expenditure and revenue for the two forward/outer years.

22. Accounting Officers should note that the ceilings for Personnel Emolument and Development in the outer years will remain binding in accordance to the Public Finance Management Regulations, 2015. SWGs should therefore align the FY 2025/26 and Medium-Term resource allocation to this requirement.

- ***CIDP III and Bottom-Up Economic Transformation Agenda for Economic Recovery And Improved Livelihoods priorities***

23. The FY 2025/26 and the Medium-Term Budget will be anchored on the CIDP III, implementation and sustainability of the Bottom-up Economic Transformation Agenda (BETA). The Government will continue to implement policy reforms and program interventions to reduce the cost of living and improve livelihoods.

24. The critical focus here is that of ensuring poverty reduction after a series of negative shocks that is the underlying critical factor, while at the same time fostering a sustainable inclusive

economic transformation through the Bottom-Up Economic Transformation Agenda. This is meant to reverse the economic recession and ignite economic recovery.

25. This Development Agenda recognizes the importance of managing the cost of living through well-functioning markets to enhance productivity, availability and affordability of goods and services for all citizens. This is geared towards economic turnaround and inclusive growth and aims to increase investments in at least five sectors envisaged to have the largest impact on the economy as well as household welfare. These include:

- i) Agricultural Transformation;
- ii) Micro, Small and Medium Enterprise (MSME)
- iii) Housing and Settlement
- iv) Health Care and
- v) Digital Superhighway and Creative Industry

26. In preparing the FY 2025/26 and the Medium-Term Budget, SWGs will therefore be required to undertake a thorough review of proposed CDAs Budgets and prioritize allocations towards the achievement and sustainability of the CIDP III and BETA priorities.

***(iv) Programme Performance Reviews (PPRs)***

27. Accounting Officers are required to undertake PPRs in line with the guidelines. CDAs are expected to undertake a detailed assessment of the progress achieved towards realization of the targeted outcomes and outputs after the implementation of the Medium-Term Budgets for FY 2021/22 to FY 2023/24. The assessment should entail analysing the previous budgetary allocations, actual expenditure (financial performance) and achievement of actual outputs and outcomes (performance of non-financial indicators).

28. The report should provide progress of both domestically and externally financed projects within a programme. In addition, the review should focus on efficiency and effectiveness towards the achievement of programme outcomes. Previous Programme Performance, outstanding commitment, implementation experiences and lessons learnt should form the basis for guiding expenditure allocations in the Medium-Term Budget.

29. CDAs will only be allowed to bid for resources in their respective sectors after finalization of the PPRs. CDAs will be required to present PPR reports prior to discussing the funding requirements. The guidelines and formats for undertaking Programme Performance Reviews are provided in **Annex 6 (A-D)** of this Circular.

• ***Medium-Term Development Strategy***

30. The FY 2025/26, Medium-Term priorities and corresponding resources will be outlined in the County Budget Review Outlook Paper (CBROP) 2024, the County MTEF reports as well as the

County Fiscal Strategy Paper (CFSP) 2025. These documents will guide the development of sector priorities, policies, plans and monitoring and evaluation processes for FY 2025/26 and the Medium-Term Budget.

***(v) Entrenching Zero Based Budgeting (ZBB) in PBB***

31. The County Government is operating under constrained fiscal environment. In view of this the Government has adopted Zero Based Budgeting (ZBB) approach to guide the prioritization and allocation of the scarce resources to projects and programmes. Under this approach, budgeting process will focus on allocating limited resources based on programme efficiency and requirement rather than incremental budgeting which is based on history. Consequently, all expenditure on programmes to be included in the FY 2025/26 Budget must be justified afresh for the forthcoming financial year and over the medium-term.
32. SWGs are therefore required to re-evaluate all the existing programmes using appropriate costing methodologies outlined in this Circular while coming up with the preliminary baseline requirements. In this regard, the principles of efficiency, effectiveness and economy of public spending shall strictly be enforced by ensuring low-priority expenditures give way to high-priority service-delivery programmes. SWGs should eliminate wasteful expenditures and pursue priorities which are aimed at safeguarding livelihoods, creating jobs, reviving businesses and economic recovery.

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

33. The Government will continue to pursue priorities which are aimed at safeguarding livelihoods, creating jobs, reviving businesses and economic recovery. In addition, provision of core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies will be prioritized. Realization of these objectives will have implications in the budget ceilings to be provided in the CBROP 2024. The following will serve as the criteria to guide prioritization and final allocation of resources:
  - i. The programme performance review findings for the ongoing programmes
  - ii. Linkage of the programme with the objectives of the CIDP 2023 - 2027 and MTP IV.
  - iii. Completion of on-going projects, stalled projects and payment of verified pending bill;
  - iv. Degree to which a programme addresses core poverty and job creation interventions;
  - v. Degree to which the programme is addressing the core mandate of the CDAs;
  - vi. The extent to which programmes are addressing all-inclusive growth and development based on sustainability, resiliency, green growth and empowerment;
  - vii. Programmes that support mitigation and adaptation of climate change;
  - viii. Cost effectiveness, efficiency and sustainability of the programme;
  - ix. Immediate response to the requirements of the implementation of the County functions and The Constitution;
  - x. Requirements for furtherance and implementation of the Constitution.



34. Based on these broad guidelines, each sector is expected to develop and document the criteria for resource allocation within the sector. Further, SWGs shall undertake a reprioritization exercise to take into account the following:
- i. Removal of the one-off expenditure for the baseline;
  - ii. Identify the programmes/projects that are of low priority and come up with savings which should be directed to high priority programmes;
  - iii. Introduce a mechanism of efficiency savings to ensure that funds are directed to service delivery, rather than non-essential spending;
  - iv. Detailed explanation for rescheduling of projects where it has been done. CDAs should also indicate the savings and financial implications of rescheduling projects and activities; and
  - v. The county CDAs whose proposed expenditure and investment programmes are to be financed from the budget of the National Government parent ministry or development partners; and
  - vi. Proposals are accommodated within the respective Sector ceilings.

***(vii) Costing of Programmes***

35. A costing tool has been developed by the National treasury and integrated in the IFMIS budgeting module to support standardized costing in estimating the budget baseline. The costing tool checks consistency with the latest expenditure ceiling. The tool automatically calculates total sub-item cost per financial year, including the verified pending bills, and then sums all sub-items of a vote to the calculated baseline expenditure of the vote for each financial year (for recurrent and development expenditure). The tool compares the baseline amount with the expenditure ceiling (recurrent or development) and calculates and illustrates any gap. This allows identification of negative or positive fiscal space for the given financial year at a glance.
36. The budget baseline will comprise requirements for ongoing policy, new approved new approved policy and verified pending bills. The various costing techniques and specific guidelines on how to compute the budget baseline are provided in **Annex 7** of this circular.
37. Accounting Officers are required to ensure that costing of activities in respective programmes is in line with these guidelines and submit the budget baselines ( Recurrent requirements as per **Table 6** and Development requirements as per **table 7** of this circular) to the County treasury and IFMIS.

**(a) Recurrent Budget Estimates**

• **Personnel Emolument**

38. The County Government expenditure on compensation to employees is not expected to exceed 35 percent of the county total revenue in line with fiscal responsibility principles. To ensure the wage bill remains within the medium-term targets, all new recruitments without prior approval for funding by the County Treasury remain suspended.

39. **SWGs should not allocate resources for new recruitment, interns, casuals or upgrading unless there is prior approval from the County Treasury.** CDAs should however provide adequate resources to cater for movement from one salary scale to another. Allocation for personnel emolument must be supported by Integrated Personnel Payroll Data (IPPD). Each CDA will therefore be required to provide this information to support personnel cost.

40. SWGs should also note that adjustments of remuneration and benefits for staff in CDAs, should only be done after receiving advice from the Salaries and Remuneration Commission (SRC) and the County Public Service Board (CPSB). CDAs are reminded to first obtain written approval on availability of funds for any proposed adjustment, from the County Treasury before seeking SRC's/ CPSB's advice. This approval should be provided to the SWGs as supporting documentation.

- **Use of Goods and Services**

41. SWGs are required to critically review CDAs requirements to curtail the growth of recurrent budget especially in respect of use of goods and services. All requirements for use of goods and services should be accurately costed and justified. Each allocation should be supported by service providers' agreements, demand notes, and any documentary evidence of past trends. In addition, SWGs are also required to make adequate budgetary provision for the payment of utilities under respective CDAs.

- **Subscriptions/Contributions**

42. All subscriptions to professional bodies and organizations have been decentralised to the various CDAs which are expected to review and justify both current and proposed requirements for subscriptions/payments. The County Treasury shall spearhead the rationalization of the subscriptions/contributions and seek Cabinet's approval for inclusion of the viable ones in the County Treasury's Budget.

- **Transfers to Departments and other Government Agencies**

43. Transfers to other Government Agencies must be critically reviewed and justified while taking into account the revenue base. Where no sufficient documentation or evidence is provided, the earmarked provision should be scaled down or forfeited and any savings realized redirected to other priority programmes within or across CDAs within the Sector. Any additional requirement by an Agency should be critically reviewed and determined after a thorough scrutiny of the budget and the rationale for the additional funding, while considering its revenue base.

44. In this regard, Agencies are required to present their audited accounts and clearly indicate the projected revenue levels, and planned revenue raising measures to enable the SWGs to determine the required Exchequer support. Any revenue over and above what is agreed upon during the SWGs and confirmed by the County Treasury will require fresh review and approval before spending.

45. CDAs are also required to develop and implement measures that will allow diversification and increase in internally generated revenue, rationalization of payroll, reduction in operational and administrative costs, and leveraging on ICT in delivery of services among others with a view to minimizing or eliminating reliance on the Exchequer.

46. The SWGs are required to submit detailed itemized budgets for the Agencies as per **Table 3.7 of Annex 8.**

- ***Budgeting for Consolidated Fund Services***

47. The relevant Sector Working Group will be required to review and adequately provide for public debt service, pensions and salaries and allowances under the Consolidated Fund Services (CFS). Allocations under CFS should be accurately determined and justified with supporting documentation including payroll data for salaries and pensions.

- ***(b) Development Budget Estimates***

- ***Preparation, Appraisal and Approval of New Projects***

48. The Public Investment Management Regulations, 2022 should be applied in the preparation, appraisal and approval of all projects before they are factored in the budget and the SWGs should ensure that before a new project is considered for budget allocation for its implementation, the relevant Accounting Officer has fulfilled the following minimum prerequisites;

- i. All precedent conditions are fulfilled, including land acquisition, compensation, public/stakeholder engagement and management and other development partners' requirements;
- ii. Detailed designs are completed, and relevant approvals obtained where applicable;
- iii. Project has received necessary regulatory approvals;
- iv. Detailed resource requirements including funding sources and personnel to operationalize the project are planned for; and
- v. Project details are captured in the relevant Public Investment Management Information System.

49. SWGs should ensure that projects that have fully met the conditions above are allocated adequate funding in that financial year within the ceilings provided. Where the above preliminaries have not been met, the CDA shall only request for resources to meet these prerequisites in that financial year.

50. Financing Agreements with development partners shall only be executed for projects that have been approved and processed through the Public Investment Management Information

System. For any new project to be considered for funding, it must have been appraised and approved and pipelined by 30<sup>th</sup> June of the preceding financial year.

51. CDAs should submit information on new projects as provided in the Public Investment Management Regulations 2022 for approval by the County Treasury.

- **Ongoing and Stalled Projects**

52. The FY 2025/26 and the Medium-Term Budget will put more emphasis on completion of ongoing and stalled projects. **County departments and agencies should support the costing justification of ongoing projects by submitting standard schedules of costs such as bill of quantity documents.**

53. In particular, projects nearing completion should be funded adequately to ensure that citizens benefit from such public investments. Capital projects to be factored in the budget should include both domestically and foreign financed projects

54. SWGs are however reminded to critically review the ongoing/stalled projects to justify continued existence and resource allocation. CDAs should in this regard be required to provide adequate information to support allocation of funds to ongoing or stalled projects. This should include details on total cost, start and end date, cumulative expenditure to date, balance to completion, and amount required over the medium term, among others.

55. Accounting Officers are required to ensure that all ongoing multi-year projects are allocated adequate funds in accordance with the contract signed between Government and third parties within the projected ceilings before a new project is allocated budgetary resources.

56. In order to have uniform and comparable information on projects, SWGs are required to adopt the following operational definition of projects:

- (i) **On-going project** - A project whose implementation is underway with implementation works having commenced or contractual commitments entered into;
- (ii) **Stalled project** – a project which has stopped being implemented for whatever reason or has been receiving inadequate budget allocations which cannot facilitate meaningful progress over the medium term;
- (iii) **New project** – a pipeline project that has been prioritised for financing, but implementation works are yet to commence, and no commitments entered into; and
- (iv) **Pipeline Project;** a project that has been appraised and granted necessary approvals and uploaded in the Public Investment Management System ready for prioritisation and budget allocation.

57. SWGs are required to provide details of the approved new projects, ongoing projects and stalled projects as provided for in the PIM regulations 2022.

58. County departments and agencies must review and update the maintenance and lifecycle costs for ongoing projects provided in the project concept note (PCN). The PCN provides

information on the estimated lifecycle costs of a project. While the project is under way, these estimated costs must be reviewed and updated and incorporated into the budget baseline. Where an existing project does not have a PCN, the county department and agency should prepare the information for part 9(D) of the PCN as prescribed in the PIM Regulations for inclusion in the costing tool. The PIM Regulations require county departments and agencies to carry out routine and periodic maintenance to ensure the sustainability of completed projects. Costing should differentiate between routine and periodic maintenance. Maintenance for regular operation of the asset should be costed under the recurrent budget as an ongoing cost. Significant rehabilitation or extension works should be costed as new capital expenditure projects.

- **Projects with Counterpart Requirement**

59. SWGs should ensure that externally financed projects are in line with overall CDAs priorities and have adequate provision for County Government counterpart funding in accordance with the financing agreement. The SWGs should also ensure that performance for results projects as well as programmes with Disbursement Linked Indicators (DLIs) are properly identified with supporting financing agreement. CDAs are required to provide supporting documents for allocation of counterpart funding. The requirement and the supporting documentation for counterpart funding for each planned project in the FY 2025/26 and the Medium-Term Budget should be forwarded to the County Treasury by **30<sup>th</sup> September 2024**.

***(viii) Additional Allocation to the County***

60. Conditional grants to the County in respect of devolved functions must be reflected and accounted for within the appropriate programme and sub-programme structure under the CDAs Budget. This applies to both locally and externally funded programmes from which the activities to be undertaken in the Counties are targeted to be funded.

***(ix) Public Participation and Stakeholder Involvement***

61. Public participation and involvement of other stakeholders in the medium-term budget process is essential in promoting transparency, accountability and good governance and a constitutional requirement. As we embark on the preparation of the FY 2025/26 and the Medium-Term Budget, we should be alive to the provisions of Article 201 of the Constitution and Section 35 (2) of the PFMA, 2012 which require for public participation in all financial matters. Accounting Officers should therefore ensure that the FY 2025/26 and the Medium-Term Budget is prepared in a consultative manner, taking into consideration input from relevant key stakeholders.

62. SWGs should identify their critical stakeholders including development partners, private sector, community-based organization, local community leaders, among others and engage them in programme prioritization. All engagements of stakeholders should be documented. SWGs should confirm the extent to which CDAs Budget Proposals have inputs from stakeholders.

63. Accounting Officers are reminded that the SWGs remain central in guiding the prioritization and resource allocation for planned programmes/projects. CDAs are therefore required to fully participate in the relevant Sector Working Group and bid for resources within the available ceilings.

***(x) Budgeting and reporting on Climate Change***

64. Climate change has been identified as one of the fiscal risks with a potential to adversely affect the macro-economic outlook. Considering the country's vulnerability to the impacts of climate change, it is imperative to prioritize climate actions. To ensure climate change is mainstreamed, the County Treasury has supported MDAs in establishing climate change units.

65. The general objective of Climate change is to enhance the County's capacity to mitigate and adapt to the impacts of climate change and build community resilience using a participatory approach with the listed Specific Objectives

- i. To increase food and nutrition security by enhancing productivity and resilience of the agricultural systems.
- ii. To increase overall County forest cover to over 20% of total land area
- iii. To mainstream climate change adaptation into the health sector; increase the resilience of human settlements, including sustainable waste management.
- iv. To ensure an electricity supply mix that is renewable energy, resilient to climate change and promotes energy efficiency;
- v. To build capacity development in the water sector; application of solar energy in water supply and mobilizing resources to enhance access to clean water as well as conservation of water catchment areas
- vi. To ensure that infrastructure resources are protected from the climate change hazards

66. To ensure development of a standardized climate change coding structure for use in the planning, budgeting, monitoring, and reporting of public climate change expenditures, CDAs will be required to identify climate change and environment related allocations during this process and provide quarterly expenditure reports. The National Treasury will provide further detailed guidelines on tagging and coding of climate change related expenditures in due course

***(xi) Gender Responsive Budgeting (GRB) and Child Sensitive Budgeting***

67. In line with Article 21 (3) and Article 27 of the Constitution, the government of Kenya is strongly committed to protecting and promoting the agenda of gender equity and equality in Kenyan society. In this regard, mainstreaming of Gender considerations in the Budget process is critical in ensuring that gender inequalities are factored into development policies and plans across the various sectors and those resources are allocated towards addressing these inequalities.

68. The children age groups include infants, under 5, primary school going age (6-13 years), secondary school age going (14-17 years), the youth (15-29 years), the female reproductive age

(15-49), the labour force (15-64 years) and the aged population. These age groups have a great bearing on the major public and private sector investment decisions and hence the economic growth of the County.

69. In this regard, Departments and Agencies are urged to incorporate child-sensitive budgeting criteria, ensuring that the allocation of resources prioritizes the needs and rights of children as mandated by Article 53 of the Constitution and the United Nations Convention on the Rights of the Child (UNCRC). This approach aligns with global best practices and regional commitments in sub-Saharan Africa to promote equitable, transparent, and sustainable public spending.
70. CDAs will therefore be required to identify interventions in the FY 2025/26 and the Medium-Term Budget addressing gender inequalities children needs and rights for tagging to enhance tracking and reporting. Detailed guideline will be issued on this matter in due course.

### III. BUDGETING PROCESS

71. The Constitution and the Public Finance Management Act, 2012 have outlined specific timelines in the budget making process. Accounting officers are required to strictly adhere to the timelines provided in order to ensure timeliness in the preparation and approval of the MTEF budget for the period 2025/26 – 2026/27. The County Treasury will aid individual Departments including capacity building upon request.

### IV. PREPARATION AND SUBMISSION OF BUDGET PROPOSALS

72. Sector Chairpersons are requested to ensure that all activities of SWGs including the drafting of Sector Budget Proposals are completed on scheduled timelines. The proposals should be ready for submission to the County Treasury not later than **16<sup>th</sup> March, 2025** in line with the format indicated in Annex 8.

### V. CONCLUSION

73. Finally, Accounting Officers are required to ensure strict adherence to the 2025/26 and the Medium Term Budget Guidelines and ensure that the content of this Circular is brought to the attention of all Officers working under them including the Agencies.

Signed:



**CPA CHRISPINUS BARASA**  
**CECM, FINANCE & ECONOMIC PLANNING.**

Copy to: H.E. the Governor  
Speaker of County Assembly  
County Secretary  
All CECMs

## ANNEX 1: BUDGET CALENDAR FOR THE FY 2025/26 AND THE MEDIUM-TERM BUDGET

ACTIVITY	RESPONSIBILITY	DEADLINE
1.Develop and issue MTEF guidelines	County Treasury	30-Aug-24
2. Launch of Sector Working Groups/ County Sector Working Group	County Treasury	30-Aug-24
<b>3.Programme performance and strategic reviews</b>		
Review and update of Strategic Plans	County Treasury	1-July-24
Review of programmes, outputs, and outcomes	“	
Review of Expenditure	“	15-July-24
Review and approval of projects for FY 2024/25 and medium term		15-Aug-24
Progress report on CIDP implementation	“	10-Sep-24
<b>4.Annual Development plan</b>	<b>Sector Working Group</b>	
Convene sector working groups	County Treasury	10-July-24
Submission of draft ADP document	SWGs	10-Aug-24
Compilation/ consolidation of the sector documents	County Treasury	15-Aug-24
Draft Annual development plan report	County Treasury	18-Aug-24
Consultative meeting on draft ADP Report	County Sector Working Group	21-Aug-24
Submission of draft annual development plan to cabinet	County Treasury	28-Aug-24
Submission of annual development plan to the county assembly	County Treasury	1-Sept-24
<b>5.Finance Bill</b>	<b>Sector Working Group</b>	
Convene sector working groups	County Treasury	8 -sep-24
Draft Finance Bill report	County Treasury	21-sep-24
Consultative meeting on draft Finance Bill Report	County Sector Working Group	22-sep-24
Submission of draft finance bill to cabinet	County Treasury	23-Sep-24
Convene public participation	County Treasury	23-sep-24
Approval of finance bill by county assembly	County Assembly	30- Sep-24
<b>6.County Budget Review and Outlook Paper (CBROP)</b>	<b>CDAs</b>	
Estimation of resource envelope	County Treasury	24-Aug-24
Determination of policy priorities	County Treasury	24-Aug-24
Preliminary resource allocation to sectors	County Treasury	24-Aug-24
Convene sector working groups	County Treasury	25-Aug-24
Submission of draft Budget Review and Outlook Paper (BROP) document	Budget office	31-Aug-24
Compilation/ consolidation of the sector documents	Budget office	1-Sep-24
Budget technical team review of the draft CBROP report	Budget office	7-Sep-24
Consultative meeting on draft CBROP Report	County Sector Working Group	20-Sep-24
Submission of BROP to cabinet/CEC	County Treasury	11-Oct-24
Submit Approval BROP to County Assembly	“	21-Oct-24
<b>7.Preparation of MTEF budget proposals</b>	<b>CDAs</b>	
Draft Sector documents	Sector Working Group	7-Nov-24



<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>	<b>DEADLINE</b>
Submission of Reports to Treasury	Sector Working Group	17-Nov-24
Compilation/ consolidation of the sector documents	Budget office	27-Nov-24
Budget technical team review of the draft MTEF report	County Treasury	15-Dec-24
Convene Public Participation	“	26-Jan-24
Review and incorporation of Stakeholder inputs in the sector budget proposals and report writing	“	8-Feb-24
Submission of Reports to Treasury	Sector Working Group Chair	15-Feb-24
Consultative meeting with CECMs/Cos on sector Budget Proposals	County Treasury	17-Feb-24
<b>9.Draft Fiscal strategy paper</b>	<b>CDAs</b>	
Draft CFSP	County Treasury	22-Dec-24
Technical review and finalization of the CFSP	County Treasury	19 Jan- 25
Convene Public Participation	“	26-Jan-25
Submission of CFSP to cabinet for approval	County Treasury	17-Feb-25
Submission of CFSP to County Assembly for approval	County Treasury	23-Feb-25
Approval of CFSP	County Assembly	8- Mar-25
Submission of the Debt management strategy paper	County Treasury	23-Feb-25
<b>10.Preparation and Approval of Final CDAs Programme Budgets</b>		
Develop and issue final guidelines on preparation of 2025/26 MTEF Budget Estimates	County Treasury	5- March-25
Submission of Budget Proposals to Treasury	CDAs	16- March-25
Review of Draft Budget Proposals	County Treasury	19-March-25
Consolidation of the Draft Budget Estimates	County Treasury	25-April-25
Consultative meeting on draft Budget Estimates Report	County Sector Working Group	5-April-25
Submission of draft budget estimates to the cabinet	County Budget Office	10- April-25
Submission of Draft Budget Estimates to County Assembly	County Budget Office	30-April-25
Review of Draft Budget Estimates with the County Assembly	Budget team/ committee	15-May-25
Report on Draft Budget Estimates from County Assembly	Budget team/ committee	30-May-25
Consolidation of the Final Budget Estimates and report writing with the County Assembly	Budget team/ committee	15-Jun-25
Submission of Appropriation Bill to County Assembly	County Budget Office	“
<b>Budget Statement Approval</b>	<b>County Assembly</b>	<b>15-Jun-25</b>
<b>Consideration and Passage of Appropriation Bill</b>	<b>County Assembly</b>	<b>29-Jun-25</b>
Gazettement and publishing of the approved budget	County Treasury	4-Jul-25
Posting and uploading of the approved budget into the IFMIS -plan to budget module	County Treasury	10-Jul-25

**ANNEX 2: SECTOR COMPOSITION AND WORKING GROUPS FOR THE FY 2025/26 MEDIUM-TERM BUDGET**

<b>SECTOR COMPOSITION AND SECTOR WORKING GROUPS FOR THE MTEF BUDGET 2025/26-2027/28</b>		
<b>CLASSIFICATION FUNCTIONS OF THE GOVERNMENT (COFOG)</b>	<b>MTEF SECTOR</b>	<b>COUNTY DEPARTMENTS/AGENCIES</b>
Economic Affairs	Agriculture and Livestock	Department of Agriculture
		Department of Livestock
		Department of Fisheries & Blue Economy
	Transport and Energy	Department of Infrastructure
		Department of Transport
		Department of Public Works
		Department of Energy
	Trade, Industrialization and Tourism	Department of Investment and Industry
		Department of Cooperatives
		Department of Trade
		Department of Tourism
	Lands, Housing and Physical Planning	Department of Land and Physical Planning
		Department of Housing & Urban Development
Health	Health	Department of Health & Sanitation
Education	Education	Department of Basic Education
		Department of Vocational and Technical Training
Public Sector & Safety	Administration and Intergovernmental Relations	Governor's Office
		Department of Planning and Statistics
		County Treasury
		County Assembly Service Board
		County Assembly
		County Public Service Board
		Auditor General
		County Attorney
		Department of ICT
		County Service delivery management
		Intergovernmental relations
County public service		
Recreation, Culture and Social Protection	Recreation, Culture and Social Protection (RCSP)	Department of Sports Development
		Department of Arts and Culture
		Department of Youth
		Department of Gender
Community Amenities	Environmental Protection, Water and Natural Resources (EPWNR)	Department of Environment
		Department of Water Services
		Department of Irrigation
		Department of Natural resources

### **ANNEX 3(A): STRUCTURE AND COMPOSITION OF SECTOR WORKING GROUPS**

- i. Chairperson – The Accounting Officer for the respective department
- ii. Sector Convener – Appointed by the County Treasury
- iii. Technical Working Group – Appointed by the respective Sector Working Group.
- iv. A SWG Secretariat – Appointed by the Accounting Officer to assist him in coordinating the activities of the SWG.
- v. Sector Directors;
- vi. Any other key stakeholders

### **ANNEX 3 (B): TERMS OF REFERENCE FOR SECTOR WORKING GROUPS**

SWGs are expected to ensure that proposed programmes and projects are in line with the priorities of the Vision 2030, CIDP III. Specifically, the terms of reference for SWGs will be to:

- a) Review sector strategies in line with the overall goals outlined in the Vision 2030, and the Third CIDP (2023-27);
- b) Identify the programmes and the necessary policy, legal and institutional reforms required to be undertaken;
- c) Approve list of projects to be included in the budget and level of funding;
- d) Identify programmes and projects to be funded under Public Private Partnerships (PPP) framework;
- e) Analyze the baseline funding and remove all the one-off expenditure for the previous years;
- f) Identify activities, projects and programmes that are of low priority in order to realize savings which should be directed to the Government priority projects;
- g) Allocate resources to projects that have been fully processed (i.e. feasibility studies done, with detailed designs, necessary approvals and land secured);
- h) Provide a detailed explanation for the rescheduling of projects which should include savings and financial implications of rescheduling projects and activities;
- i) Coordinate activities leading to the development of sector reports and indicative Sector Budget proposals;
- j) Identify critical stakeholders and engage them in the budget process.
- k) implementation status of programmes and projects in F/Y 2020/21 – 2022/23.
- l) Prioritize County Programmes on the basis of strategic objectives of the county, magnitude of the impact, implementation status and among other agreed criteria and justification for the prioritization;

### ANNEX 3 (C) ORGANIZATION OF THE COUNTY GOVERNMENT OF BUNGOMA

S/No	DEPARTMENT	CORRESPONDING MTEF SECTOR
1.	Agriculture, Livestock, Fisheries, and Irrigation	Agriculture and Livestock
2.	Co-operative Development	Trade, Industrialization and Tourism
3.	Tourism, Forestry and Environment	Environment, Water and Natural Resources /Trade, Industrialization and Tourism
4.	Water and Natural Resources	Environment, Water and Natural Resources
5.	Roads and Public works	Transport and Energy
6.	Education and Vocational Training	Education
7.	Health & Sanitation	Health
8.	Trade, Energy and Industrialization	Trade, Industrialization and Tourism
9.	Lands, Housing Urban and Physical Planning	Lands, Housing and Physical Planning
10.	Bungoma Municipality	Lands, Housing and Physical Planning
11.	Kimilili Municipality	Lands, Housing and Physical Planning
12.	Youth and Sports	Social Protection, Culture and Recreation
13.	Gender and Culture,	Social Protection, Culture and Recreation
14.	County Assembly	Administration and Intergovernmental Relations
15.	Finance and Economic Planning	Administration and Intergovernmental Relations
16.	County Public Service Board	Administration and Intergovernmental Relations
17.	Governor's Office	Administration and Intergovernmental Relations
18.	D/Governor's office	Administration and Intergovernmental Relations
19.	Public Administration- ICT & Records	Administration and Intergovernmental Relations
20.	Public Administration- County Secretary	Administration and Intergovernmental Relations

**ANNEX 4(A): STRUCTURE AND COMPOSITION OF COUNTY SECTOR WORKING GROUP****TEAM ONE**

- i. Chairperson – CECM Finance and Economic Planning
- ii. Sector Convener – Accounting officer – Finance and Economic Planning
- iii. County Executive Committee Members;
- iv. Accounting Officers (for County, assembly, municipalities and CPSB)
- v. Technical Working Group – CDAs Sector Working Groups;
- vi. A CSWG Secretariat – Budget office secretariat to assist the Accounting Officer in coordinating the activities of the CSWG;

**TEAM TWO**

- i. HE The Governor-chairperson assisted by CECM Finance and Economic planning
- ii. Deputy Governor, County Secretary, County Assembly Speaker, Clerk to the County Assembly.
- iii. H.E governor advisors
- iv. County Executive Committee Members;

**ANNEX 4(B): TERMS OF REFERENCE FOR COUNTY SECTOR WORKING GROUPS**

The mandate of the County Sector Working Group is to review the following:

- a) Implementation status of programmes and projects in F/Y 2020/21-2022/2023.
- b) Prioritized County Programmes on the basis of strategic objectives of the county, magnitude of the impact, implementation status and among other agreed criteria and justification for the prioritization;
- c) The Third Medium Term Plan (MTP) of Vision 2030 and the third CIDP with a view of flagship projects which fall within the county.
- d) Identified and considered national and international protocol/declarations, Acts of the parliament, policies that required to be adhered to.
- e) Identified programmes and projects that invest in key infrastructure facilities tailored to stimulate investments, create jobs and reduce poverty.
- f) Identified programmes and projects to be funded under Public Private Partnerships (PPP) and other off budget modes of financing.
- g) Activities leading to the development of sector reports and indicative Sector Budget proposals
- h) Analysed cost implications of the proposed programmes, projects and policies for the budget year 2024/25 and Medium-Term period;
- i) Identified programmes and projects under implementation by Semi-Auto County entities

The CSWG gives the way forward on proposals from the CDAs.

## ANNEX 5A: FORMAT FOR THE PREPARATION AND PRESENTATION OF THE PROGRAMME BASED BUDGETS (PBB)

SUMMARY OF THE COUNTY BUDGET 2025/2026			
MINISTRY/DEPARTMENT	RECURRENT	DEVELOPMENT	TOTALS
TOTALS			
PERCENTAGES			

### CHAPTER ONE: Background Information

#### 1.0 Background

This chapter covers a brief overview of the County Government and outlines the mandates, strategic objectives and major achievements of the respective Ministries, Departments and Agencies. It also highlights briefly the roles of the sector stakeholders.

#### 1.1 Summary of the Planning and Budget Process in Kenya

The Government adopted the Medium Term Expenditure Framework (MTEF) approach to budgeting in the FY 2025/2026.

#### 1.2 County Vision and Mission

##### County Vision (county vision statement)

##### County Mission (county Mission statement)

Strategic Goals/Objectives of the County

#### 1.3 Sectors and their Mandates (state the sectors mandate)

##### 1.3.1 Sector name

##### Vote No. : Vote Title

**Part A: Vision**

**Part B: Mission**

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

This section is supposed to discuss the following

- Brief description of mandate;
- expenditure trends – approved budget against the actual expenditure for the 2020/21 – 2022/23 Budget;
- Major achievements based on the planned outputs/services for 2021/22 – 2023/24 Budget;
- Constraints and challenges in budget implementation and how they will be addressed; and
- Major services/outputs to be provided in the 2025/26 – 2026/27 Medium-Term Budget

**Part D: Strategic Objectives**

In this part, list all the programmes and their strategic objectives. Please note that each programme must have only one strategic objective/outcome which must be linked with Strategic Plan and Vision 2030.

**Part E: Summary of the Programme Key Outputs, Performance Indicators and Targets for FY 2025/26 – 2026/27**

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2023/24	Actual Achievement 2023/24	Target (Baseline) 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
Name of Programme Outcome									
SP1.1									
SP1.2									
... etc.									

**Part F: Summary of Expenditure by Programmes and Sub-Programmes 2025/26– 2027/28 (KSh.)**

Programme	Approved Budget 2023/24	Actual Expenditure 2023/24	Baseline Estimates 2024/25	Estimates 2025/26	Projected Estimates	
					2026/27	2027/28
<b>Programme 1: (State the name of the programme here)<sup>1</sup></b>						
<b>Sub Programme (SP)</b>						
SP 1. 1						
SP 1. 2.						
... N						
<b>Total Expenditure of Programme 1</b>						
<b>Programme 2: (State the name of the programme here)</b>						

<sup>1</sup>NB. 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.



	Approved Budget 2023/24	Actual Expenditure 2023/24	Baseline Estimates 2024/25	Estimates 2025/26	Projected Estimates	
					2026/27	2027/28
SP 2. 1						
SP 2. 2.						
... N						
<b>Total Expenditure of Programme 2</b>						
<b>Total Expenditure of Vote -----</b>						

**Part G. Summary of Expenditure by Vote and Economic Classification<sup>2</sup> (KSh. Million)**

Code	Expenditure Classification	Approved Budget 2023/24	Actual Expenditure 2023/24	Baseline Estimates 2024/25	Estimates 2025/26	Projected Estimates	
						2026/27	2027/28
	<b>Current Expenditure</b>						
21	Compensation to Employees						
22	Use of goods and services						
24	Interest						
25	Subsidies						
26	Current Transfers Govt. Agencies						
27	Social Benefits						
28	Other Expense						
31	Non- Financial Assets						

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

32	Financial Assets						
	<b>Capital Expenditure</b>						
21	Compensation to Employees						
22	Use of goods and services						
24	Interest						
25	Subsidies						
26	Capital Transfers to Govt. Agencies						
31	Non- Financial Assets						
32	Financial Assets						
	<b>Total Expenditure of Vote</b> .....						

**Part H. Summary of Expenditure by Programme, Sub-Programme and Economic Classification (KSh. Million)**

	Expenditure Classification	Approved Budget 2023/24	Actual Expenditure 2023/24	Baseline Estimates 2024/25	Estimates 2025/26	Projected Estimates	
						2026/27	2027/28
<b>Programme 1: (State the name of the programme here)</b>							
<b>Code</b>	<b>Current Expenditure</b>						
21	Compensation to Employees						
22	Use of goods and services						
24	Interest						

	Expenditure Classification	Approved Budget 2023/24	Actual Expenditure 2023/24	Baseline Estimates 2024/25	Estimates 2025/26	Projected Estimates	
						2026/27	2027/28
25	Subsidies						
26	Current Transfers Govt. Agencies						
27	Social Benefits						
28	Other Expense						
31	Non- Financial Assets						
32	Financial Assets						
	<b>Capital Expenditure</b>						
21	Compensation to Employees						
22	Use of goods and services						
24	Interest						
25	Subsidies						
26	Capital Transfers Govt. Agencies						
27	Social Benefits						
28	Other Expense						
31	Non- Financial Assets						
32	Financial Assets						
<b>Sub-Programme 1: (State the name of the Sub-Programme here)</b>							
	<b>Current Expenditure</b>						

	Expenditure Classification	Approved Budget 2023/24	Actual Expenditure 2023/24	Baseline Estimates 2024/25	Estimates 2025/26	Projected Estimates	
						2026/27	2027/28
21	Compensation to Employees						
22	Use of goods and services						
24	Interest						
25	Subsidies						
26	Current Transfers Govt. Agencies						
27	Social Benefits						
28	Other Expense						
31	Non- Financial Assets						
32	Financial Assets						
	<b>Capital Expenditure</b>						
21	Compensation to Employees						
22	Use of goods and services						
24	Interest						
25	Subsidies						
26	Capital Transfers Govt. Agencies						
27	Social Benefits						
28	Other Expense						

	Expenditure Classification	Approved Budget 2023/24	Actual Expenditure 2023/24	Baseline Estimates 2024/25	Estimates 2025/26	Projected Estimates	
						2026/27	2027/28
31	Non- Financial Assets						
32	Financial Assets						

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

**Part I: Summary of Human Resource Requirements**

Programme Code	Programme Title	Designation/ Position Title	Authorized Establishment	In Post as at 30 <sup>th</sup> June, 2024	2024/25	2025/26	2026/27 Projection	2027/28 Projection
					Funded Positions	Positions to be Funded	Positions to be Funded	Positions to be Funded
XX1	General Admin. & Management							
XX2								
XX3								
<b>Total Funded Positions</b>								

**ANNEX 6: PROGRAMME PERFORMANCE REVIEW FY 2021/22- 2023/24**

ANNEX 6 (A) REVIEW OF SECTOR PROGRAMME PERFORMANCE 2021/22- 2023/24									
TABLE 2.1 ANNALYSIS OF PROGRAMME PLANNED TARGETS AND ACHIEVED TARGETS									
Sector Name									
Programme	Key output	Key Performance Indicators	Planned Target			Achieved target			Remarks
			2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
Sub - Programme									
XXX1									
XXX2									

NB: remarks should indicate reason for the variance between planned and achieved targets

ANNEX 6(B) ANALYSIS OF EXPENDITURE TRENDS FOR THE FY 2021/22- 2023/24								
TABLE 2.2 ANALYSIS BY CATEGORY OF EXPENDITURE: RECURRENT EXPENDITURE								
Sector Name								
Vote and vote details	Economic classification	Approved Budget			Actual Expenditure			remarks
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
XXX1	Gross							
	AIA							
	Net							
	Compensation To Employees							
	Transfers							
	Other Recurrent							

**TABLE 2.3: ANALYSIS BY CARTEGORY OF EXPENDITURE: DEVELOPMENT (KSHS.)**

Sector Name							
Vote and vote details	Economic classification	Approved Budget			Actual Expenditure		
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
XXX1	Gross						
	Loans						
	Grants						
	Local AIA						

*Briefly explain reasons for the deviation between approved and actual expenditure*

**TABLE 2.4: ANALYSIS BY CATEGORY OF EXPENDITURE: PROGRAMMES (AMOUNT IN KSHS.)**

	Approved Budget			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Programme 1:						
Sub-programme: 1						
Sub-programme: 2						
<b>TOTAL PROGRAMME</b>						
Repeat as above for programme 2, 3 etc.						
<b>TOTAL VOTE</b>						

**Table 2.5: ANALYSIS BY CARTEGORY OF EXPENDITURE: ECONOMIC CLASSIFICATION (Amount in Kshs.)**

Economic Classification	Approved Budget			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
PROGRAMME 1:						
Current Expenditure						
Compensation of employees						
Use of goods and services						
Grants and other transfers						
Other recurrent						
Capital Expenditure						
Acquisition of non-financial assets						
Capital grants to other Government Agencies						
Other Development						
<b>TOTAL PROGRAMME</b>						
Repeat as above for programme 2, 3 etc.						
<b>TOTAL VOTE</b>						

**Table 2.6: ANALYSIS OF RECURRENT BUDGET FOR SEMI-AUTONOMOUS GOVERNMENT AGENCIES (SAGA) IN Kshs.**

Vote name:						
Economic Classification	APPROVED BUDGET			ACTUAL EXPENDITURE		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Name of SAGA 1:						
GROSS						
AIA- Internally Generated Revenue						
Net- Exchequer						
Compensation of Employees						



Use of goods and services						
Other recurrent						
Repeat as above for SAGA 2, 3 etc.						
<b>TOTAL VOTE</b>						



**Annex 6C: Analysis of Performance of Capital Projects (Amount in Kshs.)**

Ministry/ department/ Agency.....

Project code and title	Est Cost of project			Timeline		FY 2021/22				FY 2022/23				FY 2023/24				Remarks
	Total Cost of Project (a)	CGoB	Grants	start date	expected completion Date	Approved CGoB Budget	Approved Grants Budget	Cumulative expenditure as at 30th June 2021	Completion status as at 30th June 2021 (%)	Approved CGoB Budget	Approved Grants Budget	Cumulative expenditure as at 30th June 2022	Completion stage as at 30th June 2022 (%)	Approved CGoB Budget	Approved Grants Budget	Cumulative expenditure as at 30th June 2023	Completion stage as at 30th June 2023(%)	
Project 1																		

NB: under remarks column, provide a brief overview of the implementation progress including status and what the project intended to achieve

**ANNEX 6D: REVIEW OF PENDING BILLS**

**Table 2.8: Summary of Pending Bills**

Type/ Nature	Due to lack of exchequer			Due to lack of provision		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
<b>1. Recurrent</b>						
Compensation of employees						
Use of goods and services e.g utilities, domestic or foreign travel etc.						
Social benefits e.g NHIF, NSSF, Pension						
Other Expense						
<b>1. Development</b>						
Acquisition of non-financial assets						
Use of goods and services						
Other specify						
<b>Total Pending Bills</b>						

## **ANNEX 7: COSTING TECHNIQUES AND GUIDELINES FOR COMPUTING THE BUDGET BASELINE**

### **I. Costing Techniques**

1. All resource requirements should be accurately costed; CDAs will be requested to select the technique providing the most plausible calculation results from the following:
  - i. Quantity multiplied by Price;
  - ii. Trend;
  - iii. Lump sum; and
  - iv. Ad hoc/ One-offs.
- i. Quantity Multiplied by Price**
2. This method requires identifying the Quantities involved as well as the different Prices that are associated with the items. Whenever possible, CDAs are required to use this calculation method and justification should be provided if this method is not used.
- ii. Trend**
3. This should be used if quantity multiplied by price cannot be applied and extrapolates past trends based on an item's expenditure pattern of most recent years. The average past annual rate of increase or decrease is applied to outer years if there is no indication that future developments would substantially deviate from the past.
- iii. Lump Sum**
4. For very small items and to avoid calculation overload, the lump sum method may be used. This involves taking the cost for the item in the current year and keeping it nominally constant in the medium term. The second case where lump sum can be helpful is if there is no reliable indication that the current amount will increase or decrease.
- iv. Ad Hoc/ One-Offs**
5. Expenditures undertaken to address specific interventions and not usually intended to address other activities or ongoing projects. These activities/ projects should be costed by use of quantity multiplied by price.

## II. SPECIFIC GUIDELINES FOR COMPUTING THE BUDGET BASELINE

### a) prices

6. During computation of the budget baseline, CDAs are required to use current market prices. The national treasury will factor an inflation adjuster in the costing tool to reflect the effects of inflation on prices, which can significantly impact the value of money over time. This will ensure that budgeting and financial planning take into account the potential changes in prices, allowing for more accurate cost projections and informed decision making.

### b) Costing the recurrent expenditure

#### i) Compensation to employees

7. CDAs are required to fully cost for personnel emoluments using (quantity \* price). CDAs should include provision for recruitment already approved by the county treasury. It should also include provision for annual salary adjustment from one scale to the other. The increment should be as advised by SRC and set by the respective employers. This include the public service commission (PSC) and county Public Service Board.
8. Any requests for filling of vacancies and creation of additional posts or new posts should be justified in terms of organizational requirements, improvement in service delivery and /or provision of new services as provided in the existing executive order. Similarly, filling of consequential vacancies at entry grade as a result of succession management should be justified. The financial implications of such requests should be included in the budget baseline.
9. CDAs are required to submit the following in regard to compensation to employees,
  - i) The number of personnel, both permanent and contractual as at 1<sup>st</sup> July 2024 as well as personnel expected to retire by 30<sup>th</sup> June 2025, 2026 and 2027.
  - ii) The expected timing for filling approved funded positions; and
  - iii) Annual financial implication of the above.
10. The template for capturing the above information is as shown in **table 1 A** of the guidelines for costing the budget baseline. This should be captured in the IFMIS budget Module.

#### ii) Utilities and Rent

11. CDAs are required to cost for all the utilities such as electricity, water and gas including any areas that may be due. In formulating the requirements for utilities, CDAs are required to apply (quantity \*price) as the primary costing technique while clear justification should be provided where another technique is used.
12. Accounting officers are required to fully cost for rent as per the lease agreement. CDAs are also required to provide proof of the lease agreement and approvals from the state

department of public works for new office space. The template for capturing the above information is as shown in **table 2A** and should be captured in the IFMIS budgeting Module.

**iii) Other mandatory expenditures**

13. Accounting officers are required to review all the mandatory expenditures that fall under their purview and cost the requirements. CDAs are also required to determine the number of personnel whose contracts are ending and provide for the gratuities due in Financial Year 2024/25 and the medium term. The template for capturing the above information is provided in **table 2A** and should be captured in the IFMIS budgeting Module.

**iv) Operations, maintenance, and transfers not classified Agencies.**

14. Accounting officers are required to apply (quantity\*price) to cost all the expenditures for the operation and maintenance and prioritise these requirements. CDAs should also indicate the transfers not classified as Agencies. The template for capturing the above information is provided in **table 3A** and **5** and should be captured in the IFMIS budgeting Module.

**v) Appropriation In Aid (AIA)**

15. CDAs are required to provide information on actual AIA collections for the FY 2021/22 to FY 2023/24 and the projections for the FY 2025/26 and the medium term as provided in **table 4A**. This information should be captured in the IFMIS budgeting Module.

**vi) Government Agencies**

16. Departments are required to scrutinize revenue and expenditure projections for the SAGAs under their purview. Specifically, all Agencies are required to apply (quantity \* price) as the primary costing technique. Clear justification should be provided where another technique is used to cost expenditures. The formats for the submissions are as provided in Table 1B to 4B.

**C) Costing the Development Expenditure**

17. Accounting officers are required to cost requirements of the capital projects and prioritize them based on realistic implementation plans irrespective of the source of financing.

18. For ongoing projects, CDAs are required to take into account the current implementation status, actual expenditure as at 30<sup>th</sup> June 2024, outstanding expenditure as at 30<sup>th</sup> June 2024, the approved budget for FY 2025/26, revised project cost where applicable and the requirements over the medium term.

**(i) BETA priority projects**

19. CDAs are also required to cost and submit the necessary information to the county treasury for all the ongoing projects under CDIP III and BETA priorities, and presidential directives.

**(ii) Stalled projects**

20. Further, CDAs should review all the stalled projects and only cost requirements for viable projects to the county treasury.

**(iii) New projects**

21. As directed by the cabinet, the County government will be prioritizing completion of ongoing projects before embarking on new ones. However, in case of any new projects, CDAs are required to submit the proposals and projects concept note to the public investment management unit for review and approval. CDAs are also requested to explore alternative ways of financing new projects including Public Private Partnership PPP.

22. The format for submission of the capital projects is as provided in **table 7** and should be captured in the IFMIS planning module.

**III. BUDGET BASELINE SUBMISSION**

23. Accounting officers are required to submit a summary of recurrent requirements as per table 5 and Development requirements as per table 7 to the county treasury in hard and soft copies (IFMIS) by close of business 5<sup>th</sup> September 2024.





**Table 1A: FY 2024/25 AND MEDIUM-TERM SALARIES AND ALLOWANCES BASELINE/ REQUIREMENTS**

	2024/25										2025/26							
S/NO	Desig.	J/G	Description	Head count	Basic salary	House allowance	Transport allowance	Hardship allowance	Other allowance	Total gross salaries per annum	Head count	Basic salary	House allowance	Transport allowance	Hardship allowance	Other allowance	Total gross salaries per annum	
1	Support staff	A	Authorised															
			In- post P															
			In- post NIP															
			Appr recruitment															
	Total																	
2	Subordinate	A	Authorised															
			In- post P															
			In- post NIP															
			Appr recruitment															
	Total																	
3	xxxxxxx	A	Authorised															
			In- post P															
			In- post NIP															
			Appr recruitment															
	Total																	
	Repeat for all designations																	
	Total for the vote																	

**Table 2A: Format for the submission of mandatory requirements FY 2025/26 and the medium term**

		Actual expenditure			Approved estimates	Baseline/ requirements		
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
1	<b>Utilities</b>							
	Electricity							
	Water and sewerage charges							
	Gas expenses							
2	<b>Rental of produced assets</b>							
	Rent of vehicles							
	Payment of rents and rates - residential							
	of rents and rates -non residential							
	Hire of transport							
	Hire of equipment, plant, and machinery							
	Parking expenses							
3	<b>Insurance</b>							
	Medical insurance							
	Group personal insurance							
	Buildings insurance							
	Plant, equipment, and machinery insurance							
	Motor vehicle insurance							
	Insurance for board members							
	Insurance of exhibits							
4	Food ration							
5	Leasing of motor vehicles							
6	Contracted guards and cleaning services							
7	Security operations							
8	Subsidies – Free day secondary Education							
9	Cash transfers							
10	Assumption to office expenses							
11	Election							
12	Human wildlife conflict							
12	Others ..... provide details							

**Table 2B: Format for the submission of mandatory requirements FY 2025/26 and the medium term for SAGAs**

		Actual expenditure			Approved estimates	Baseline/ requirements		
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
1	<b>Utilities</b>							
	Electricity							
	Water and sewerage charges							
	Gas expenses							
2	<b>Rental of produced assets</b>							
	Rent of vehicles							
	Payment of rents and rates - residential							
	of rents and rates -non residential							
	Hire of transport							
	Hire of equipment, plant, and machinery							
	Parking expenses							
3	<b>Insurance</b>							
	Medical insurance							
	Group personal insurance							
	Buildings insurance							
	Plant, equipment, and machinery insurance							
	Motor vehicle insurance							
	Insurance for board members							
	Insurance of exhibits							
4	Food ration							
5	Leasing of motor vehicles							
6	Contracted guards and cleaning services							
7	Security operations							
8	Subsidies – Free day secondary Education							
9	Cash transfers							
10	Assumption to office expenses							
11	Election							
12	Human wildlife conflict							
12	Others ..... provide details							













**Table 7: PROJECTS DETAILS FOR FY 2025/26 A  
ND MEDIUM-TERM PROJECTIONS  
Ministry/ Department/ Agency  
Vote.....**

Project Code and Title	Financing			Timeline		Actual Cumulative Exp up to 30th June 2024	Outstanding Project Cost as at June 30th 2024	Project Completion % as at June 30 <sup>th</sup> 2024	Approved Budget 2024/25		Requirements for 2025/26		projection for 2026/27		projection for 2027/28		remarks	
	Est Cost of Project	CGoB	Grant	Start Date	Expected Completion Date				CGoB	Grant	CGoB	Grant	CGoB	Grant	CGoB	Grant		
Project 1																		
Project 2																		
total																		

rank projects in terms of percentage completion  
NB All Concept Notes for the projects should be submitted

**ANNEX 8: FORMAT FOR COUNTY MINISTERIAL MEDIUM TERM EXPENDITURE  
FRAMEWORK (M.T.E.F) 2025/26- 2027/28**

**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

### PROGRAMME AND PERFORMANCE REVIEW 2021/22- 2023/24

- 2.1. Review of sector Programmes performance – delivery of outputs/ KPI/targets as per the table below (Summarize as per Table 2.1)
- 2.2. Analysis of expenditure trends for the FY 2021/22– 2023/24 (Summarize as indicated in Table 2.2 to 2.6)
- 2.3. Analysis of performance of capital projects for the FY 2021/22– 2023/24 (Summarize as indicated in Table 2.7)
- 2.4. Analysis of pending bills for the FY 2021/22– 2023/24 (Summarize as indicated in Table 2.8)
- 2.5. Analysis of court awards (summarize as indicated in table 2.9)

## CHAPTER THREE

### MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD 2025/26- 2027/28

- 3.1. Prioritization of Programmes and Sub-Programmes
  - 3.1.1. Programmes and their Objectives
  - 3.1.2. Programmes, Sub-Programmes, Expected Outcomes, Outputs, and Key Performance Indicators for the Sector

**Table 3.1: Programme/Sub-Programme, Outcome, Outputs and KIPs**

Program me	Delive ry Unit	Key Outp uts	Key Performa nce Indicator s	Targe t 2023/ 24	Actual Achievem ent 2023/24	Target (Baseli ne) 2024/25	Targe t 2025/ 26	Targe t 2026/ 27	Targe t 2027/ 28
<b>Name of Programme Outcome</b>									
SP1.1									
SP1.2									
... etc.									

NB: Where applicable, KPIs and target should be gender disaggregated

- 3.1.3. Programmes by Order of Ranking
- 3.1.4. Resource allocation criteria

- 3.2. Analysis of sector and sub sector Resource Requirement versus allocation by:  
 3.2.1. Sector and sub sector recurrent requirements/ allocations

**TABLE 3.2.1 SECTOR AND SUB SECTOR RECURRENT REQUIREMENTS/ ALLOCATIONS  
 (AMOUNT IN KSHS)**

Vote details	Economic classification	Approved estimates	Requirement				Allocation		
		2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28	
<b>CDA</b>	<b>Gross</b>								
	<b>AIA</b>								
	<b>NET</b>								
	<b>Compensation to employees</b>								
	<b>Grants and Transfers</b>								
	<b>Other Recurrent</b>								
	<b>Of which</b>								
	<i>Utilities</i>								
	<i>Rent</i>								
	<i>Insurance</i>								
	<i>Subsidies</i>								
	<i>Gratuity</i>								
	<i>Contracted Guards and cleaning services</i>								
	<i>Others</i>								

- 3.2.2. Analysis of Sector and Sub-Sectors development requirements/ allocations

**Table 3.2.2: SECTOR AND SUB-SECTORS DEVELOPMENT REQUIREMENTS/ ALLOCATIONS**

**Sector.....**

**Vote .....**

Description	Approved estimates	Requirement	Allocation
-------------	--------------------	-------------	------------

	2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
Gross							
GOK							
Loans							
Grants							
Local AIA							

3.2.3. Analysis of Programmes and Sub-programmes (current and capital) resource requirements (Kshs)

**TABLE 3.2.3: ANALYSIS OF PROGRAMMES AND SUB-PROGRAMMES (CURRENT AND CAPITAL) RESOURCE REQUIREMENTS (KSHS)**

Sector.....

Vote .....

Programmes	Approved budget			Projection (requirement)								
	2024/25			2025/26			2026/27			2027/28		
	Curr ent	Capi tal	tot al	Curr ent	Capi tal	tot al	Curr ent	Capi tal	tot al	Curr ent	Capi tal	tot al
Programme No:1												
Sub – programme: 1												
Sub – programme: 2												
Total programme... ..												
Repeat as above for programme 2, 3 etc:												
<b>Total Vote</b>												

3.2.4. Analysis of Programmes and Sub-programmes (current and capital) resource Allocation

**TABLE 3.2.4: ANALYSIS OF PROGRAMMES AND SUB-PROGRAMMES (CURRENT AND CAPITAL) RESOURCE ALLOCATION (KSHS)**

Sector.....

Vote .....

Programmes	Approved budget			Allocation								
	2024/25			2025/26			2026/27			2027/28		
	Current	Capital	total	Current	Capital	total	Current	Capital	total	Current	Capital	total
Programme No:1												
Sub – programme: 1												
Sub – programme: 2												
Total programme... .....												
Repeat as above for programme 2, 3 etc:												
<b>Total Vote</b>												

3.2.5. Programmes and sub-programmes by economic classification  
Economic classification

**TABLE 3.2.5: PROGRAMMES AND SUB-PROGRAMMES BY ECONOMIC CLASSIFICATION (KSHS)**

Sector.....

Vote .....

Economic classification	Resource requirement			Allocation		
	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
<b>Programme 1:</b>						
<b>Current expenditure</b>						
Compensation of employees						
Use of goods and services						
Grants and other transfers						
Other recurrent						

<b>Capital Expenditure</b>						
Acquisition of Non – Financial Assets						
Capital Grants to Government Agencies						
Other Development						
<b>Total Programme.....</b>						
<b>Repeat as above for programme 2,3 etc</b>						
<b>Total Vote.....</b>						

### 3.2.6. Semi-Autonomous Government Agencies

**TABLE 3.2.6: ANALYSIS OF RECURRENT RESOURCE REQUIREMENT VS ALLOCATION FOR SAGAS (AMOUNT KSHS)**

Economic classification	Approved estimates	Requirement			Allocation			Remarks
	2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28	
<b>NAME OF SAGA</b>								
<b>1.....</b>								
<b>Gross</b>								
<b>AIA</b>								
<b>NET</b>								
Compensation to employees								
Grants and Transfers								
Other Recurrent								
Of which								
<i>Utilities</i>								
<i>Rent</i>								
<i>Insurance</i>								
<i>Subsidies</i>								
<i>Gratuity</i>								
Contracted Guards and cleaning services								
<i>Others</i>								
<i>Repeat as above for SAGA 2,3 etc:</i>								
<b>Total</b>								



**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 Ministry X".*



