



# STRATEGIC PLANNING AND BUDGETING:

- Linkages in Policy, Planning and Budgeting
  - Budgeting and Budgetary Control

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# Outline



1. Getting to know OCOB
2. Budgeting Process & Road Map
3. Institutions in the Budgeting Process
4. Linkages and Budgetary Control
5. Enhancing Effectiveness
6. Conclusion



# GETTING TO KNOW OCOB

# Getting to know OCOB



1. Oversight role (Article 228 (4))
2. Controlling role (Article 228 (5))
3. Reporting role (Article 228 (6))
4. Advisory role (Article 225 (7))
5. Investigation role (Article 252 (1) (a))
6. Arbitration/mediation role (Article 252 (1) (b))
7. Public Sensitization role (Article 35 & PFMA, S 39 (8))
8. Enforce budget ceilings (Section 5 of COB Act 2016)

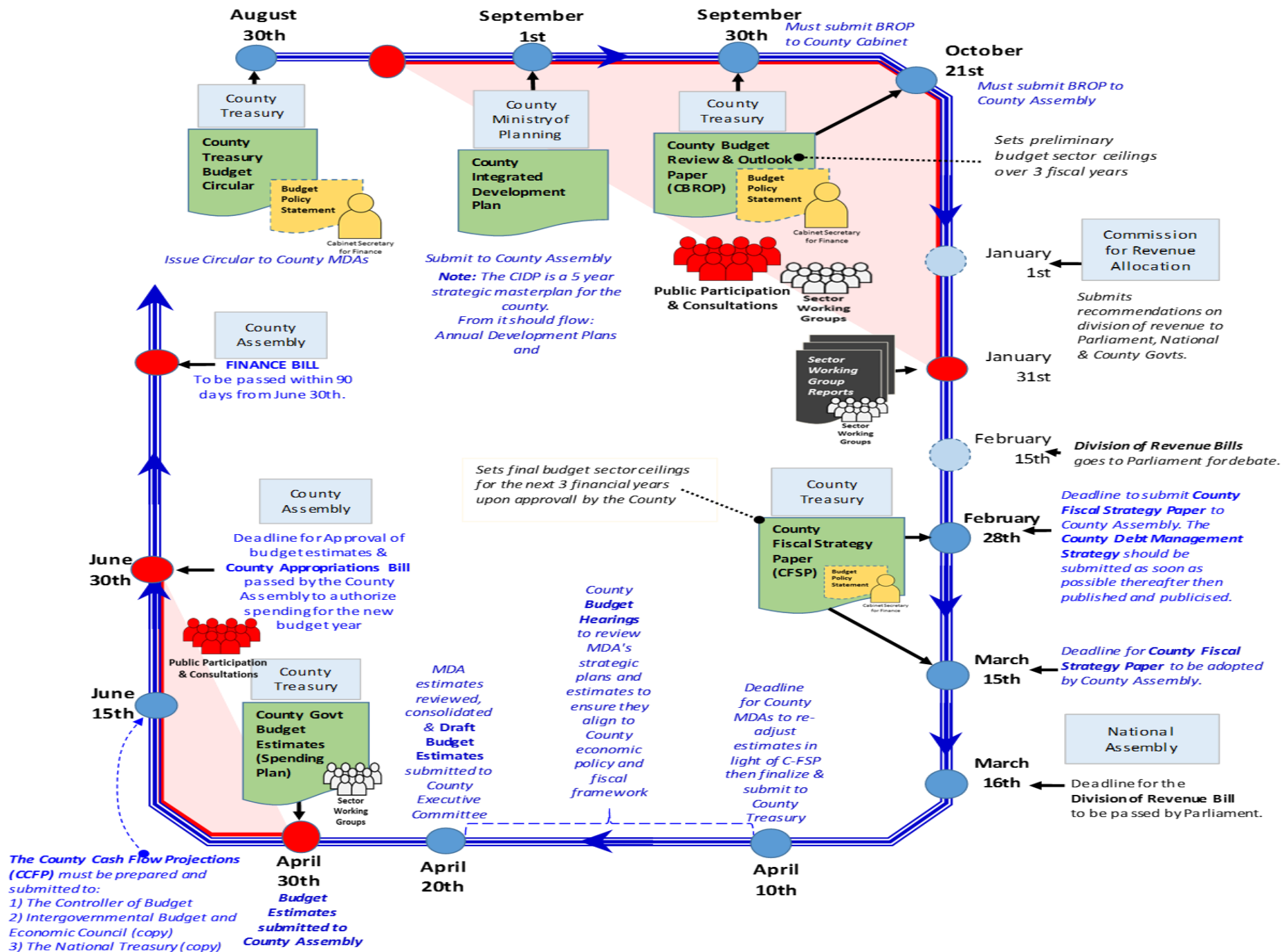
# **BUDGETING PROCESS & ROAD MAP**

# Strategic Planning & Budgeting



- Any business or Government needs to have both a **strategic plan** and a **budget**. The **strategic plan** lays out the direction and goals of businesses and guidelines for actions to achieve those goals, while the **budget** looks at the money needed to support achieving those goals.
- Budgeting plays a vital role in the **strategic planning** of organizations by ensuring that appropriate financial and operational activities are performed efficiently.
- **Budgeting is the strongest part of financial management**

# The County Budget Process & Road Map



# Planning, Policy, Budget Documents



- ✓ Vision 2030 – the long term development plan (the country's blueprint)
- ✓ Medium Term Plan 2018-2022 – 5 year implementation plan
- ✓ Sectoral Policies
- ✓ Sustainable Development Goals (SGDs)
- ✓ Budget Policy Statement
- ✓ County Integrated Development Plans (Section 104, CGA, 2012).
- ✓ Annual Development Plans (Section 126 (4) PFMA, 2012)
- ✓ County Budget Review and Outlook Paper (C-BROP) (Section 118, PFMA).
- ✓ County Fiscal Strategy Paper (C-FSP) (Section 117, PFMA)
- ✓ County Budget Estimates & National Government Estimates



# **INSTITUTIONS IN THE BUDGETING PROCESS**

# Budgeting Cycle



## Formulation

National /County Treasuries  
Cabinet Secretary for Finance  
County Executive Committee  
County Budget and Economic  
Forum  
CRA  
Public

## Approval

National/County Assembly  
President/Governor

## Implementation

Controller of Budget  
National /County Treasuries  
National/ County  
government entities

## Monitoring, Reporting and Accounting

Controller of Budget  
Auditor General  
National/County Assemblies  
National/ County Treasuries  
Public

# Budget Formulation



- **Section 125 (1)** indicates stages of the budget process for the county governments in any financial year:
  - Developing a **CIDP** which should include both long term and medium term planning;
  - Preparing a **County Fiscal Strategy Paper** (CFSP) which specifies the broad strategic priorities and policy goals i.e. plans for raising and spending money over the medium term
  - Making an overall estimation of the county government's revenues and expenditures;
  - Preparing budget estimates and submitting them to the county assembly;

# Approval Stage



- Approving of the estimates by the county assembly;
- Enacting an appropriation law and any other laws required to implement the county government's budget, e.g. Approval of Fund Regulations.
- Assent and warrant by the Governor.
- **Public participation** is mandatory in the budget-making process.

# Budget Execution



- County government entities prepare annual cash flow forecasts which are submitted to county treasuries with copies to Controller of Budget by June 15.
- County government entities requisition for funds
- County Treasuries make requisitions to the COB for the withdrawal of funds from the CRF (PFM Act, Section 109 (6))

# Budget Execution Cont'd



- County government entities utilize the funds according to their budgets and work plans
- County government entities submit quarterly reports on financial and non-financial performance - revenue and expenditure reports to the COB and county treasury.

# Budget Monitoring



- Involves the collection and analysis of data about budget activities.
- The data should allow budget implementers to keep track of budget activities to determine whether budget objectives are being achieved and make whatever changes that are necessary to improve budget performance.
- The main purpose of monitoring is to ensure efficient and effective program/project implementation.
- It provides timely information on the work planned and done to all the stakeholders.
- The Primary concern of monitoring is the delivery process of ensuring that inputs, through activities, are transformed into outputs and outcomes.

# Budgeting Monitoring....what does OCOB do?



- OCOB monitors implementation of both recurrent and development budgets
  - Expenditures – OCOB analyzes expenditures from quarterly and annual reports, and reports to the National/County Assemblies and the Senate
  - Development projects – OCOB undertakes physical monitoring of selected projects/programmes
- During monitoring of funds any sign of mismanagement of funds is brought to the attention of other investigating agencies for further investigation.



# Institutions in the Budgeting Process



- **Formulation**

- The National Treasury Estimates
- National Assembly
- Senate
- CRA
- County Treasuries
- The Public
- Prepare the BROP, BPS, Budget
- Approves the DRB, CARB, Estimates
- Approves the DRB, CARB
- Vertical & Horizontal revenue sharing formula
- Prepare the CIDPs, ADPs, CFSPs, Budget Estimates
- Participation and priority areas

- **Approval**

- National/County Assemblies
- Presidency/Governor's Office Holder
- Discuss the Budget estimates
- Assent to Appropriations Bills

# Institutions in the Budgeting Process Cont'd.



- **Execution**

- Controller of Budget – Authorizes withdraw of the budgeted funds
  - Oversight the implementation of the budget
  - Report on the implementation of the Budgets
- National Assembly – Oversight the implementation of the budget
- Senate – Oversight the implementation of the budget
- County Treasuries – Oversight the implementation of the budget
- Spending Entities – Utilization of the approved budgets

- **Reporting & Auditing**

- Controller of Budget – Report on the implementation of the Budgets
- Auditor General- Audit the utilization of budgets

# **LINKAGES AND BUDGETARY CONTROL**

# Review of Planning and Budget Documents



- ❑ Check for compliance with the law e.g. percentage of budget allocated to recurrent vs development, PE costs.
- ❑ Reasonableness of Revenue estimates
- ❑ To check inclusion of the public views and opinions (Public participation)
- ❑ Adherence to BPS ceilings –To contain unnecessary spending
- ❑ To ensure that the planning is guided by the overarching planning framework of the Country e.g. Vision 2030, MTPs, Big Four Agenda and other applicable plans
- ❑ To provide any other relevant advice on budget process

# ENHANCING EFFECTIVENESS

# Enhancing Effectiveness



We can ensure efficient and effective budgeting process by:

- Establishing strong county treasuries to ensure proper management, control and accounting of county financial resources (PFMA 104)
- Maintaining proper books of accounts (PFMA 119(5))
- Establishing robust financial management information systems (PFMA 12(1)(e)(j))
- County governments should establish appropriate internal audit arrangements (strong internal audit departments and internal audit committees) (PFMA 155)
- The budget making process must be understood by all players.
- County Assemblies to regularly review reports from Internal Audit Committees, Auditor General and Controller of Budget and take corrective action.

# Enhancing Effectiveness Cont'd.



- Effectiveness of CBEF
- Enhancing effectiveness of the internal audit function
- Capacity Building, particularly of Treasury staff
- Effective public participation
- Effective development project monitoring units

# COVID-19 Considerations



- The pandemic has affected and will likely continue to affect world economies for years to come. Having plans, prioritizing spending, and using resources efficiently will be key for future financial stability.
- Both the National & County Government(s) have been forced to redirect/divert planned resources from various sectors and reallocate them to the Health Sector.
- A conditional grant to COVID-19 was established by the National government and development partners which was to utilized by the Counties.
- Due to these reallocations some sectors have been affected resulting to reduced personnel (due to social distancing/infections/loss of lives) and low or no absorption of development budgets.



# CONCLUSION

# Conclusion



There are many players involved in the public sector planning, budgeting and budget implementation. Effective budgeting will therefore depend on collaboration among the players. Capacity building is particularly important in ensuring success in the processes.



THANK YOU.