



# **Budget Expenditure Priorities**

## **Expenditure Priorities & Budget Process**

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# Session Objectives



- ☐ Rationale for public sector budgets
- ☐ Expenditure priorities 2022/2023
- ☐ Important dates & timelines
- ☐ Why bother with budgets?
- ☐ Key responsibilities in budgets

# Nature of Public Budgets



# Rationale: Public Budgets



- ❑ **Economic** - due to its allocation of scarce resources
- ❑ **Planning** - due to its act of drawing future activities in advance of time (forecasting)
- ❑ **Political** - due to its determination of who gets how much of the available resources and when
- ❑ **Social** - due to its ability to distribute benefits and costs according to community preferences

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# Purpose: Budgets



- ❑ **Minimizing uncertainty** - attempts to make the future more predictable –determines what is required, how much of it is available and when it is available
- ❑ **Policy Direction** - indicates a specific policy direction for a specific period of time which requires approval
- ❑ **Resource allocation** - the budget determines how limited resources are to be divided among the competing alternatives within an organization
- ❑ **Accountability instrument** - provides a basis for budgetary control

# Expenditure Priorities -22/23



□ The source of expenditure priorities:

- **General elections – August 2022**
- COVID-19 Economic Recovery Strategy (ERS)
- The Vision 2030 –MTP III
- The BIG 4 Agenda – Food & nutritional security, UHC, Affordable Housing & Manufacturing (**expected final year until next election**)
- Sector priorities
- Departmental Annual Work Plans (AWP)
- **2022 Campaign ‘goodies’**

□ This being an election year, expect a lot of political interferences – **protecting legacy vs positioning for the next administration**

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# 2022/23 Priorities



- ❑ **Capital budgets (Development Vote)** -are directed towards proposed expenditures for new or large projects and normally require special financing
  - No new projects except those with executive approval from the office of the president
  - Emphasize of ongoing or stalled projects
  - Incase of co-financed projects, ensure GoK funds are available before prioritizing
  - Conditional grants to Counties must be factored in the appropriate programme and/or sub-programme
- ❑ **Operating budgets (Recurrent Vote)** -directed towards achieving short- term operational goals & recurring expenditures

# 2022/23 Budget Timelines



- The MTEF Circular – **July 20<sup>th</sup>**
- SWG Launch & Performance Reviews – **Jul 27<sup>th</sup> – Aug. 12**
- **Macro & Sector working groups – Aug. 9 – Oct. 19**
- The fiscal framework: Budget Policy Statement (BPS)/County Fiscal Strategy Paper – **Nov. 30<sup>th</sup> /Nov. 12<sup>th</sup>**
- Debt Management Strategy Paper – **Nov. 30<sup>th</sup>**
- The Budget Estimates submitted – **Jan. 31<sup>st</sup>, 2022**
- Finance Bill submitted – **Jan. 31<sup>st</sup>, 2022**
- Legislative review & Public participation (Sector committees & Budget Appropriation Committee (BAC)) – **Feb. 2022**
- Appropriation & Finance Bills passed – **Mar. 31<sup>st</sup>, 2022**
- **Submission of Vote on Account – April 15<sup>th</sup>, 2022**



# Key Actors



- **Executive preparation and formulation** - estimate preparation by CMDA including reviews by Treasury
- **Legislative authorization/approval** - approval of the budget (Parliament/CAs)
- **Execution and control** - CMDAs start spending, monitoring and control
- **Audit and evaluation** - preparation of final accounts

# Some Unwritten Rules



- ❑ Negotiations -Sector Working Groups
- ❑ The Dynamics at Treasury
- ❑ Lobbying –Parliamentary Committees
- ❑ The invisible hand of the desk officers & CFOs

# Why bother?



- ☐ Budget provide policy direction of the government for the relevant fiscal year
- ☐ As the single largest consumer in the economy, gov't spending programmes impact resource allocation & distribution within the economy
- ☐ Allocation of funds determine nature & quality of public goods & services to be offered by the gov't
- ☐ Gov't spending programmes influence private investment decisions
- ☐ Budgets spells out the fiscal policy - taxes

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# Key Responsibilities



- ❑ **Accounting Officers (AO)** – all primary responsibility in budget preparation, execution & reporting
- ❑ **AIE Holders** – responsible for expenditures assigned to them by the AO
- ❑ **Legislators** – authorize expenditures & oversight spending
- ❑ **Treasury** – coordinates & administrates preparation of budgets and spending of authorized funds
- ❑ **Internal Auditors** – assure efficacy of internal controls & risk management
- ❑ **Controller of Budget** – approve expenditures, monitor budget implementation & compliance
- ❑ **Auditor General (AG)** – independent evaluation of application of public resources (**Prudence, compliance & value for money**)
- ❑ **Citizens & Civil Society** – participates in priority setting & oversight

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# Finally.....



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