

## **Budget Expenditure Priorities**

# Expenditure Priorities & Budget Process

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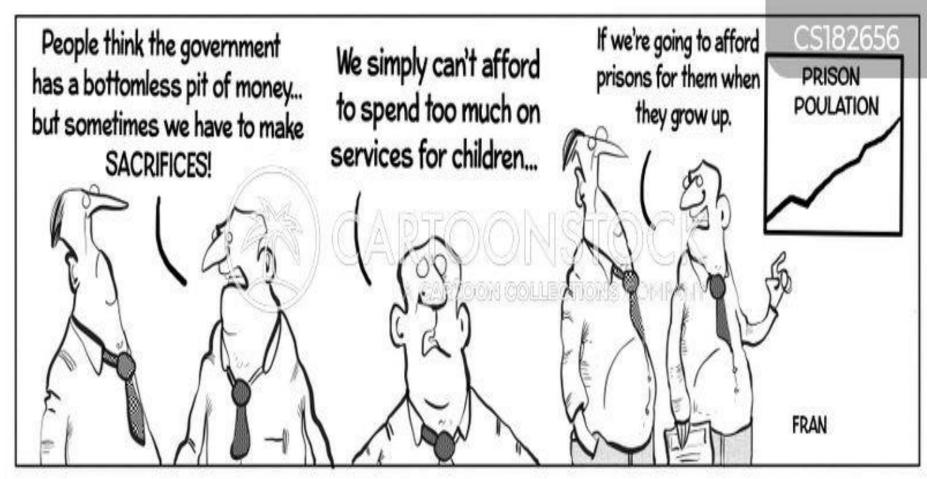
## **Session Objectives**



- □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

## 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 -22/2**



- ☐ 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 interences – protecting legacy vs positioning for the next administration

#### 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. 31st, 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

## **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

# Finally.....









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