THE KEY STAGES AND DATES IN THE BUDGET PROCESS IN KENYA

The budget process in Kenya is an important part of government planning and decision-making. In itself, the budget-making process in Kenya is a comprehensive process. It begins in August of the current financial year to December of the next financial year.

A financial year (or fiscal year, or sometimes a budget year) is the period that governments use for accounting and budget purposes and financial reporting. It varies between countries.

A full financial year in Kenya begins on 1st July of the current calendar year. It ends on 30th June of the coming year.

A financial quarter in the financial year in Kenya comprises of three months. Thus, there is the:

- First Quarter that begins from 1st July to 30th September;
- Second Quarter that begins from 1st October to 31st December;
- Third Quarter that begins on 1st January to 31st March; and
- Fourth Quarter that begins from 1st April to 30th June.

The budget process in Kenya allows the public to present their views on the budget at various stages. The public presents their needs depending on the level of government.

The overall purpose of the budget is to end poverty. The budget planning process in Kenya allows the national and county governments to prioritize the needs of the people. The process also allows them to align the needs of government policy.

The Constitution and the Public Finance Management Act act as the guide for the budget process in Kenya. This process takes place at both the national government and the county governments.

Stages of the budget process in Kenya

The four major stages of the budget process in Kenya are as follows:

Formulation

The Executive arms of both the national and county governments are in charge of the formulation stage. Some of the processes that should take place at this stage include:

- integrated development planning process which shall include both long-term and medium-term planning;
- planning and determining financial and economic policies and priorities over the medium term;
- preparing overall estimates in the form of the Budget Policy Statement of national government revenues and expenditures, and overall estimates in the form of the County Fiscal Strategy Paper for the county governments;
- preparing the budget estimates.
The public should also participate in the formulation stage through public participation.

The county budget documents that are under this stage are the Budget Circular, the Annual Development Plan, the County Budget Review and Outlook Paper, the County Fiscal Strategy Paper and the Budget Estimates.

**Approval**

Parliament and the 47 County Assemblies are in charge of the approval stage at the national and the county level. At the approval stage, some of the key events that should take place are:

- Parliament adopting the Budget Policy Statement and the County Assemblies adopting their respective County Fiscal Strategy Paper, as a basis for future deliberations;
- Amending and approving the budget estimates after the national or county Executive (specifically the Treasury) tables them before Parliament or the County Assembly.
- Enacting the Appropriation Bill and any other Bills required to implement the budgetary proposals.

The Appropriation Bills (also known as the Approved Budgets) and the Finance Acts are the budget documents for both levels of government that belong to this stage.

**Implementation**

The Executive at the national and the county level is in charge of the implementation stage. At this stage, the Executive implements the budget proposals passed by Parliament or the County Assemblies.

(Parliamentary) Oversight also takes place at this stage. It involves:

- evaluating and accounting for, the national and county governments’ budgeted revenues and expenditures; and
- reviewing and reporting on those budgeted revenues and expenditures every three months.

Therefore, the quarterly budget implementation reports by the Controller of Budget are the documents that belong to this stage. The national and county governments should also come up with quarterly budget implementation reports which belong to this stage.

**Audit**

This is usually the last stage of the budget process. At this stage, the Kenya National Audit Office (KENAO, or the Office of the Auditor General) audits and reports on the accounts of both the national and the county governments.

The audit report should confirm whether (or not) both levels of government spent public money lawfully and in an effective way.
KENAO should table the reports before Parliament or the relevant county assembly. Within three months after receiving an audit report, Parliament or the county assembly should debate and consider the report and take appropriate action.

Thus, the Auditor General’s reports for both levels of government are the documents that belong to this stage.

The key dates for the budget process in Kenya

1st Quarter (1st July to 30th September)

**August 30:** This date marks the beginning of the budget process in Kenya. On this date, the National Treasury and the County Treasury issue circulars to their respective departments. The circulars contain:

- the guidelines for the budget process for the coming financial year; and
- the procedures to follow to involve the public in the budget process (public participation).

The National and County Treasuries should also make the circulars available to the public.

**September 1:** On this day, the County Planning Departments should table the Annual Development Plans (ADPs) in their respective Assemblies. They should then make the ADPs public within seven days after tabling them before the Assembly. The national government does not produce an Annual Development Plan. It relies on the Vision 2030 national long-term development blueprint. There is no specific date by which the County Assembly should approve the ADPs.

**September 1 to February 15:** The National Treasury and the County Treasuries should conduct sector hearings during this period. The sector hearings allow the public and other stakeholders to give their views at the sectoral level (e.g. security, health, agriculture, education, etc.). These views are necessary to enable the:

- National Treasury to prepare National Budget Policy Statement; and
- County Treasuries to prepare the County Fiscal Strategy Paper.

**September 30:** The National Treasury and the County Treasuries should produce their respective Budget Review and Outlook Papers by this date.

**30th September:** This is the deadline for the National Assembly and the County Assembly to consider and approve the Finance Bill. The Bill is for the current financial year beginning on 1st July. Both Assemblies should consider and approve the Bill with or without amendments.

2nd Quarter (1st October-31st December)

**October 21:** The National Treasury should table national Budget Review and Outlook Paper (BROP) before the National Assembly. The County Treasuries should also table the County
Budget Review and Outlook Paper before their respective County Assemblies. This allows both Assemblies to discuss the document.

**October 31:** The deadline for County governments to publish their first quarter budget implementation reports. The reports cover the period from 1st July to 31st September of the current financial year. They should then make the reports public, usually through their respective websites.

**October 31:** This is the deadline for the Controller of Budget (CoB) to release the 1st quarter budget implementation reports. The reports are for the national government and the county governments respectively. The Office of CoB should then table these reports before the Senate and the National Assembly and make them public.

**November 15:** The National Government should publish its first-quarter budget implementation report. The report covers the period from 1st July to September 31st of the current financial year. It should then table the report before the National Assembly. Thereafter, it should make the report public, usually through the Treasury website. The National Treasury releases the national government reports under the title “Quarterly Economic & Budgetary Review” (QEBR).

**December 31:** The Auditor General or the Kenya National Audit Office (KENAO) releases the audit reports. These reports are for both the national and the county governments for the previous financial year ending on 31st June.

**3rd Quarter (1st January-30th March)**

**January 1:** The Commission for Revenue Allocation (CRA) should submit its recommendations on the vertical sharing of national revenue to the National Treasury by this date. The vertical sharing is the division of the ordinary revenue that the national government raises nationally between the national and the county governments.

**January 31:** County governments should publish and publicize their 2nd quarter budget implementation reports. The reports cover the period from 1st October to 31st December of the current financial year.

**January 31:** The deadline for the Controller of Budget to release the 2nd quarter budget implementation reports. The reports are for both the national and the county governments. The office of CoB should table the reports before Parliament and then make them public.

**February 15:** The national government publishes its 2nd quarter budget implementation report for the period from 1st October to 31st December. It should table the report before the National Assembly and then make it public.
**February 15:** The National Treasury submits four crucial documents to parliament on this date. These are the:

- National Budget Policy Statement (BPS);
- medium-term Debt Management Strategy paper;
- The Division of Revenue Bill (DoRB); and
- the County Allocation of Revenue Bill (CARB).

**February 28:** Parliament should approve the Budget Policy Statement (BPS) by this date.

**February 28:** The County Treasuries should table their respective County Fiscal Strategy Paper (CFSP) before the County Assemblies by this date.

**28th February:** The Cabinet Secretary for Finance should submit the statement on the Debt Management Strategy to the Commission on Revenue Allocation and the Intergovernmental Budget and Economic Council. The CS of Finance should then publish and publicize the statement.

**March 1:** This is the deadline for the National Treasury to publish and publicize the Budget Policy Statement after tabling it before parliament.

**March 7:** The deadline for the County Treasuries to publish and publicize their Fiscal Strategy Paper after tabling them before the County Assembly.

**14 March:** The County Assemblies should approve their respective County Fiscal Strategy Paper by this date.

**March 15:** This is the deadline for Parliament to consider the Division of Revenue and County Allocation of Revenue Bills and approve them with or without amendments.

**4th Quarter (1st April to 30th June)**

**30th April:** Deadline for the Counties to publish their third-quarter budget implementation reports.

**April 30:** Deadline for the Controller of Budget to publish and publicize the 3rd quarter budget implementation reports. The reports are for both the national and the county governments.

**April 30:** The National Treasury should submit the national budget proposal (or budget estimates) before Parliament. The Judiciary and the Parliamentary Service Commission should also submit their own independent budgets before parliament.

**30th April:** Each County Treasury should submit the county budget proposal (or budget estimates) to the County Assembly on this date. Each County Assembly clerk shall prepare, and submit to the County Assembly, the budget estimates for the County Assembly. The clerk should submit a copy of the estimates to the County Executive Committee Member for Finance.
May 1 to June 30: Some of the activities that take place during this period have no specific timelines or deadlines.

- The Budget Committees for both the National and the County governments will begin to conduct public hearings on the budget proposals/estimates.
- The Cabinet Secretary for Finance and the County Executive Member for Finance should publicize the national and county budget estimates ‘as soon as practicable’ after they table them before the national and county assembly respectively.
- The national assembly and the county assembly shall consider the national and the county government budget estimates respectively. They shall then approve them, with or without amendments, in time for the Appropriation Bill and any other laws required to implement the budget (except the Finance Bill) and pass them by 30th June in each year.
- Not later than twenty-one days after the national and the county assembly have approved the budget estimates, the National and the County Treasury shall consolidate the estimates, publish, and publicize them respectively. (Approved Budget)
- Upon approval of the budget estimates by the National Assembly and the County Assembly, the Cabinet Secretary for Finance and the County Executive Member for Finance shall prepare and submit an Appropriation Bill of the approved estimates to the National Assembly and the County Assembly respectively.

May 15: The national government should publish its 3rd quarter budget implementation report.

June 30: This is the deadline for Parliament and the County Assembly to pass their Appropriation Bills.

From June 30th, the budget process for the next year in Kenya begins afresh. You should again expect the Finance Bill and the Auditor General reports. These reports mark the end of the budget process in Kenya from the previous year. Despite that, we shall begin a new budget cycle in August going forward.