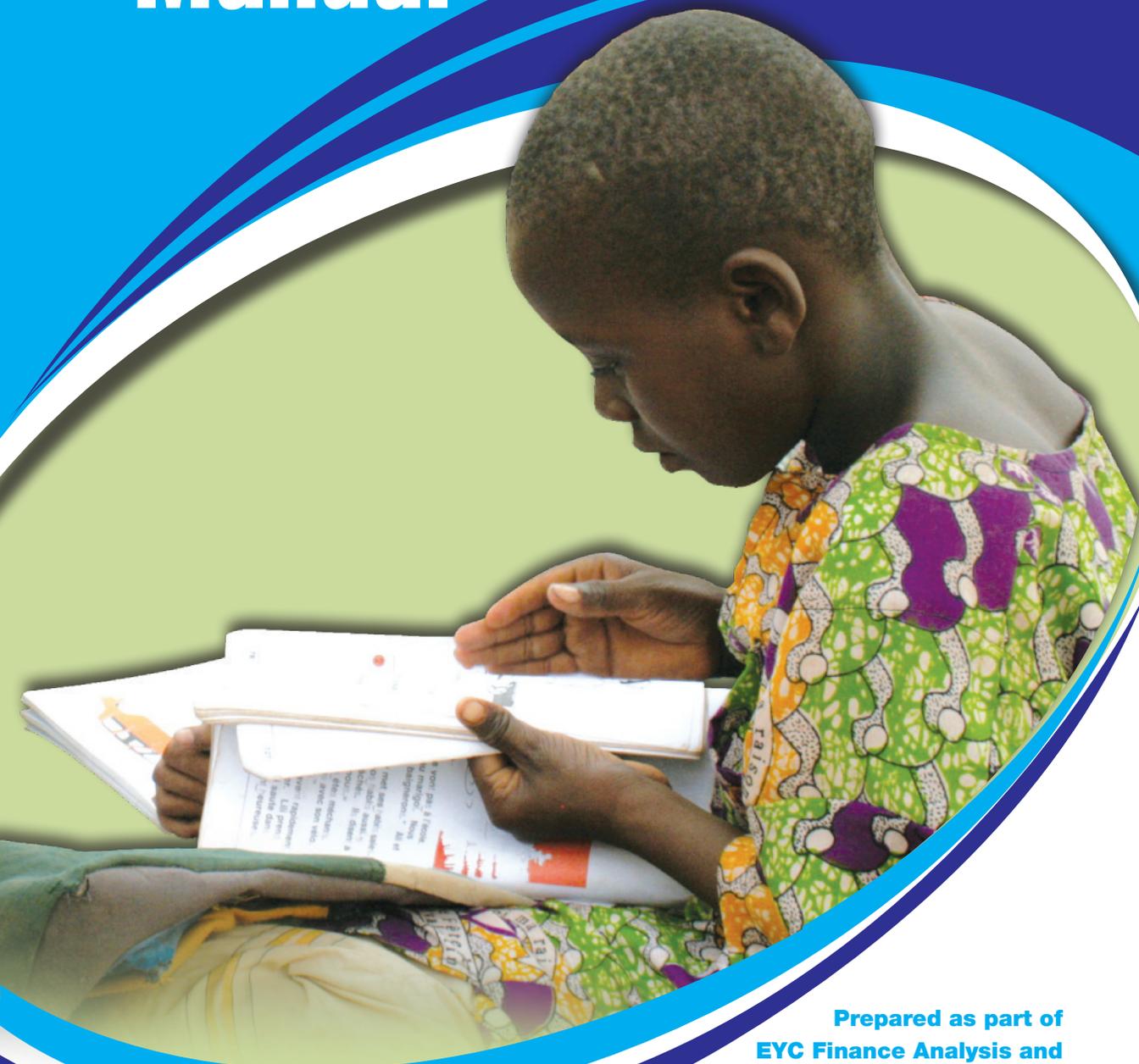


# Budget Tracking Manual

For Education Civil  
Society Organisation

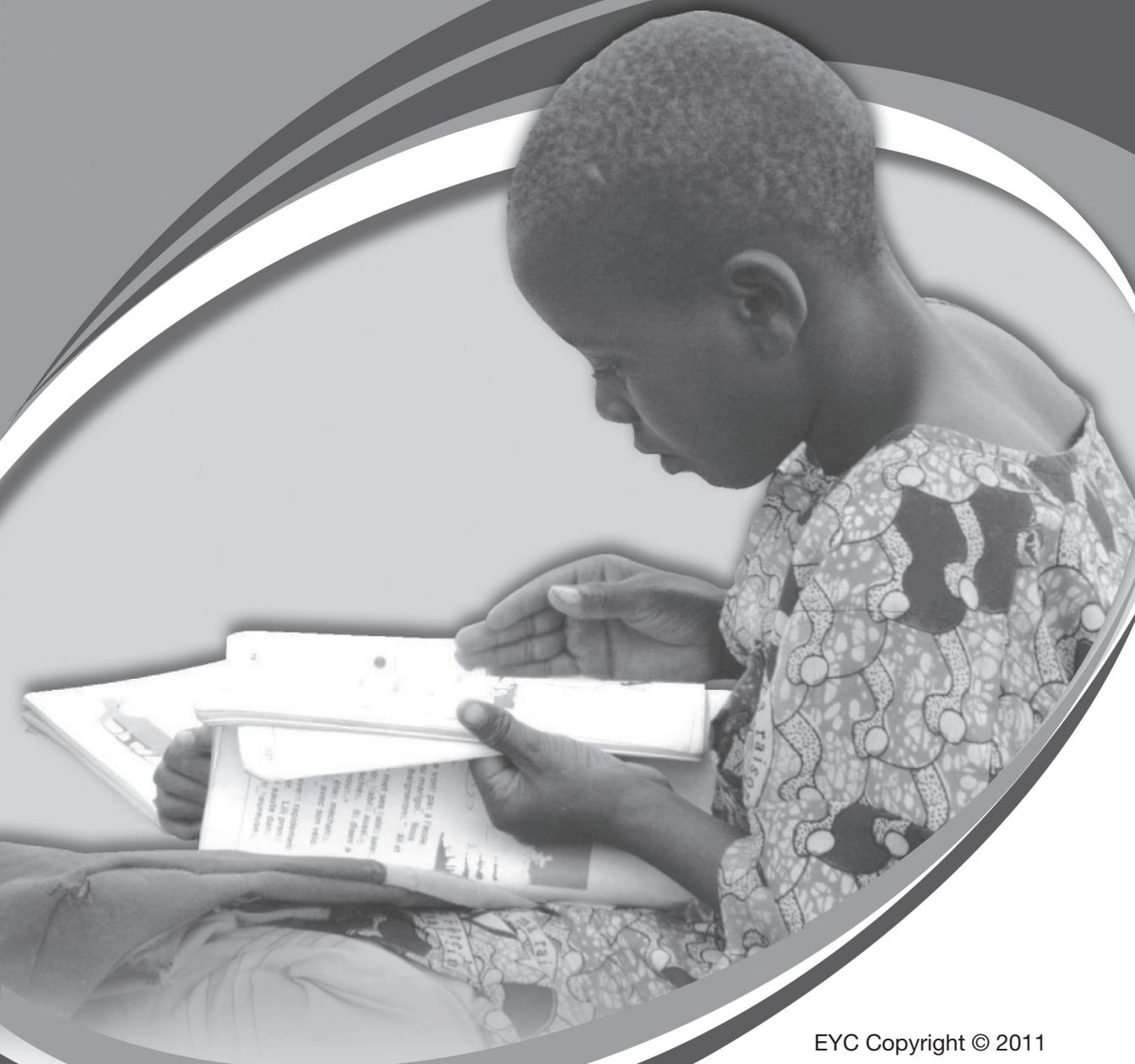


Prepared as part of  
**EYC Finance Analysis and  
Budget Tracking Project** with  
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Society Education Fund**



# Budget Tracking Manual

For Education Civil  
Society Organisation





## Acknowledgement



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**Joseph Mutamba**  
**EYC National Coordinator**



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## Common Concepts in Budgeting



**Budget:** A financial plan that identifies sources of revenue and allocates expenditures to various sectors of the economy

**Annual Budget:** A constitutional requirement outlining governments' policies and financial plans for the fiscal year in question

**Annual Estimates:** Expenditures and revenue proposals for the financial year presented to parliament for approval by the minister for finance

**Expenditure Estimates:** Expenditure proposals by the government for a particular financial year. They include both the estimates for recurrent and development estimates, which form the Appropriation Bill

**Appropriations Bill:** All expenditure proposals for the government in a particular financial year for normal services, payment of salaries and other operating expenditures for each ministry in recurrent and development terms as presented to the National Assembly

**Appropriations Act:** Appropriation Bill approved by Parliament

**Finance Bill:** Contains proposed revenue measures in terms of tax rates, fees and charges presented by the Minister for Finance to Parliament in a particular financial year

**Finance Act:** Contains the revenue measures in the Finance Bill approved by Parliament

**Supplementary Estimates or Revised Estimates:** Mainly comprises of the proposed expenditure reallocation and adjustments within votes and any extra expenditure that must be incurred outside the previously debated estimates. After parliamentary approval they are called approved supplementary estimates



**Budget Speech:** A financial policy statement of the government presented to the national assembly by the Minister for Finance on or before 20th June every year

**Structure of the Budget:** Is a layout of expenditure components comprising either recurrent or development/capital expenditures

**Financial Statements:** A document showing the government's cash flow position for both expenditure and receipts during a financial year and organized in terms of recurrent and development accounts

**Budget Tracking:** The process of public expenditure monitoring, scrutiny, and follow-up to ensure efficiency and effectiveness of expenditures

**Recurrent Expenditure:** Expenditure used for operations and maintenance (O&M). This includes expenditures such as salaries, fuel, stationary etc

**Development Expenditure:** Expenditures used on development programmes and projects such as building schools, equipping laboratories or libraries among others. Most of the donor funds are development expenditures.

**Total Budgetary Expenditure:** Comprises of expenditures in the recurrent and development, together referred to as "ministerial expenditure" and consists of withdrawal from consolidated fund services by the treasury and appropriation in aid (AIA) generated by ministries.

**Consolidated Fund Services:** Payments made from the exchequer which includes debt servicing (including interest and principal); pensions and salaries for certain constitutional offices; and subscription to international organizations.

**Expenditure (Printed) Estimates:** These are the expenditure proposals covering both recurrent and development estimates for the budget year

**Fiscal Year:** Also referred to as the financial year, is the period covering a complete financial plan (12 months). The Kenya fiscal year begins in July and ends in June of the following calendar year



**Planning and Budgetary Cycle:** Is a process that begins with the preparations of national policies and medium term plans by ministries (a process coordinated by Ministry of Planning and Vision 2030), forecasting of total public resource envelop, resource allocations to various sectors and bidding of resources by ministries, setting the ministerial ceilings, preparations of ministerial public expenditure reviews, budget proposals, approval of the proposals by treasury, finalization of the budget proposals sharing with parliament and cabinet.

**Resource Envelop:** Refers to the absolute maximum amount of resources available to the various sectors.

**Resource Allocation:** Equitable distribution of budgetary resources to the various sectors and ministries for implementing of the budgeted activities.

**Resource Disbursement:** Release of the budgetary funds to various sectors and ministries for implementation of budgeted activities

**Ministerial Ceilings:** Is the maximum amount of resources that a ministry can budget for in its proposals to treasury.

**Authority to Incur Expenditure (AIE):** Authority or permission granted by permanent secretaries to heads of departments, provincial and district/county education officer to spend money allocated to their functions on behalf of the ministry.

**Exchequer Account:** A bank account maintained for the government at Central Bank of Kenya from where all withdrawals and deposits in the name of the Government are managed.

**Vote Book:** A record of all financial transactions of a ministry detailing the balances available from each of the budget heads. Each page in the vote book represents an item in the printed estimates.

**Medium Term Expenditure Framework:** Budgetary system that seeks to link policy making, planning and budgeting. It entails preparations of three year rolling budgets that are drawn from annual and five year development plans.



**Vote on Account:** Is the authorization for the appropriation of funds required for the purposes of meeting expenditures necessary to carry out government programs or and services till the time that the Appropriations and Finance Act becomes operational. This vote does not exceed half of the total sums included in the budget estimates for the year laid before parliament.

**Project:** A set of activities with a fixed timeframe

**Programme:** A set of projects designed and linked together in order to deliver the overall goal of a ministry

## Abbreviations



AIE	Authority to Incur Expenditure
EYC	Elimu Yetu Coalition
PETS	Public Expenditure Tracking Survey
EFA	Education for All
MDG	Millennium Development Goals
FPE	Free Primary Education
FSE	Free Secondary Education
CSOs	Civil Society Organizations
SMCs	School Management Committees
PTAs	Parents Teachers Associations
NGOs	Non Governmental Organizations
MTP	Medium Term Plan
PBB	Programme Based Budgeting
MTEF	Medium Term Expenditure Framework
KESSP	Kenya Education Sector Support Programme
ECD	Early Childhood Development
CDF	Constituency Development Fund
SWG	Sector Working Group
BSD	Budget Supplies Department
CBK	Central Bank of Kenya
KRA	Kenya Revenue Authority
BOPA	Budget Outlook Paper
BSP	Budget Strategy Paper
MPER	Ministerial Public Expenditure Review
MOE	Ministry of Education
KIE	Kenya Institute of Education
TSC	Teachers Service Commission
KESI	Kenya Education Staff Institute
KNEC	Kenya National Examination Council
MPND	Ministry of Planning and National Development
AIA	Appropriations in Aid
GoK	Government of Kenya
CFS	Consolidated Fund Services
DEOs	District Education Officers

## 1.0 Contextual Background



The power of the state to shape poor people's lives for good or for worse is nowhere more immediate and far-reaching than in education since the school is one of the most visible and important state institutions in any village or settlement. However, spending in education has for a long time been inequitable and inefficient; learning outcomes dismal; schools have not been responsive to community needs; education management has been inept, centralized and in some cases outrightly corrupt.

Lacking the capacity, information and wherewithal to demand anything better, poor parents simply take children out of school or do not enroll them at all. Citizens with better earnings abandon the public education system in favour of private schooling. The end result is that the quality of basic education deteriorates further and gaps in enrolment, achievement and completion get entrenched. The inadequate capacity of mainstream civil society, local community groups and education authorities to exercise control and oversight over education plans and budgets continues to mar our efforts towards attainment of quality education goals. Building the requisite capacity remains one of the most significant challenges of our times, facing both the Government and CSO coalitions.

The purpose of CSOs budget tracking is to have a holistic picture of how public resources directly or indirectly affect people, especially the poorest and marginalized in key areas such as education. The importance of tracking budgets is borne out of the recognition that even if funds are allocated to meet certain education policy targets, weak expenditure and programme management frameworks can mean that money does not always reach the intended beneficiaries. This is why it is important for interventions to be implemented that target building capacity among local communities and civil society organizations in a way that makes them better informed and so as to monitor how budgets in the education sector are allocated and spent. The process of tracking budgets therefore contributes to the enhancement of accountability and achievement of educational goals.



By analyzing education financing, local communities can understand policy priorities and the factors that influence education expenditure. Budget tracking can be used by civil society organizations to lobby governments to prioritize education in public spending. Additionally, the process of capacity building at the local level strengthens the ability of the poor and marginalized to get involved and advocate for their right to education.

The education sector budget often represents the largest component of public expenditure in Kenya, as has been rightfully identified by Elimu Yetu Coalition (EYC) in many forums; but are these funds spent on the intended purposes? Does leakage of significant parts of allocated resources pose a serious threat to achieving the intended educational outcomes? Are the existing budgeting processes transparent enough? Does parliament play its oversight and surveillance role in the budgetary process? These are some of the issues that need to be examined and understood in tracking the allocations of resources to education.

Transparency is an important means of achieving participation and democratic control of budgetary processes - it allows an engaged and informed citizenry to have input into the budget process, and to monitor whether policies and political commitments have indeed been translated into action. For instance, Parents who do not know that the government has released funds for teaching & learning materials for their children and funds for infrastructure are less likely to hold education officials accountable than those who are informed.

Budget tracking is therefore an important and critical tool for communities and civil society organizations to hold international donors, governments, local education officials and schools accountable in accordance with policy commitments and development plans. In particular, education budget tracking provides communities and civil society organizations with the evidence to:

Improve transparency and accountability in education systems

Improve quality of education service provision

Influence decision-making processes and targeted outcomes

Enhance public awareness on the education budget.

Challenge education policies and budgets

Advocate for increased and efficient use of resources



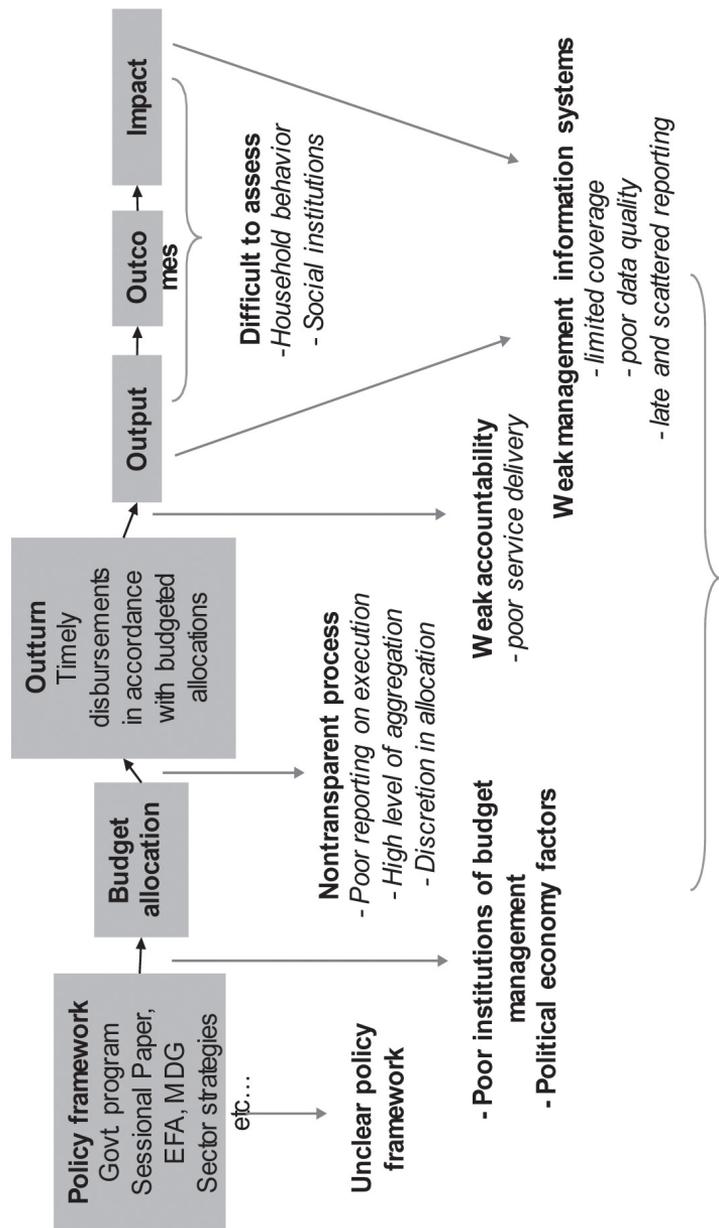
## 1.1 Conceptual Basis of Budget Tracking

The concept of public budget tracking emanates from the citizens concerns that government service delivery and stated public policy implementation are at times not appropriately aligned to the funds allocated for the purpose. The design of the budget and the institutional arrangements to transmit those funds to the users may encounter leakages and misappropriation along the way as has been the case in Kenya where FPE funds have been found to have been fraudulently used by government officials at the ministry of education.

Budget tracking is an exercise that utilizes empirical tools for governance and accountability analysis. In budget tracking, the existing flow of public funds from national level (treasury) at the ministry of finance to sector specific ministries such as education and further to final users who are primary and secondary schools requires deeper analysis. The essence of tracking education public funds is to audit the existing system and isolate areas where malfeasance and leakages could be taking place. Public Expenditure Tracking Surveys (PETS) are therefore designed to help organizations outside of government to carry out effective advocacy work aimed at ensuring a direct correlation between increased funding and improved learning outcomes in our public schools. It is as such a tool for promoting improved governance and accountability in the use of public funds for the benefit of the citizens.



# Conceptual Basis of Budget Tracking



## PUBLIC EXPENDITURE TRACKING AND SERVICE DELIVERY SURVEYS





## 1.2 Rationale of Public Expenditure Tracking Surveys (PETS)

Generally, PETs serve a wide purpose that includes improving quality of education, reducing leakage of education funds as has been the case in Uganda which reduced leakage from 80-20%, informing state intervention in improving management of schools and provision of education services etc. The PETS in education sector help to dispute the belief that as long as national budgets gradually increase their overall allocations to education sector, the national education goals as derived from Sessional Paper of 2005, EFA framework and MDG will automatically be achieved in due course. It moves the analysis from macro level to micro level and helps final beneficiaries realize the reasons why there is very little trickle down of resources from national level. It is an empowering tool for citizens if well implemented as it increases the depth and power of their lobbying/advocacy based on reliable evidence.

The need for new tools to analyze public spending and service delivery beyond traditional sources like budget reports, income and appropriation statements from implementing agencies is based on the following facts;  
Evidence of limited impact of public spending on growth and human development outcomes

Demand for evidence on efficiency and quality in service delivery

Lack of reliable data in countries with poor governance and institutions

New approach to developmental aid assessment especially fiduciary and accountability concerns

## 1.3 Overall Objectives of the Manual

The EYC manual aims at providing insight into the national budget process and has been developed to facilitate and empower stakeholders with the necessary capacity to monitor the budgetary process. The intended purpose of this manual is to equip practitioners outside of government with knowledge and skills that will allow them to ensure efficient utilization



of budgets in the pursuit of education for all (EFA) and also use the same to inform their evidence based policy advocacy campaigns. Specifically, the objectives of the manual are:

- a) To sensitize stakeholders at the national and district or county level to appreciate the planning and budgeting, resource allocation and disbursement, implementation and impact assessment processes
- b) To sensitize stakeholders to understand and appreciate their role and participate actively in the whole process of budgeting and utilization of resources in the education sector
- c) To empower stakeholders with the necessary capacity for tracking the whole process of budgeting, disbursement and utilization of public funds in order to ensure that resources allocated for education projects and programmes by the Government, Local Authorities, NGOs, Private Foundations and Communities have been utilized as intended.

## 1.4 The Target Group of this Manual

This manual is a useful tool for all CSOs and other stakeholders involved in tracking the budget for the ministries involved in the implementation of education plans and budgets. In particular, the following will find it very useful;

- a) EYC Regional Chapters
- b) EYC Affiliate members involved in tracking the budget
- c) School Management Committees (SMCs)
- d) Parents Teachers Associations (PTAs)
- e) NGOs
- f) Local Leaders
- g) Community Members



## 1.5 The Structure of the Budget Tracking Manual

This manual is composed of five main sections that are intended to help CSOs working on governance and accountability in education to understand the link between sector policy frameworks and budgetary provisions on one hand and appropriations of budget to various users on the other. Currently, the main national policy that informs national priorities is Vision 2030. This is a long-term development strategy and identifies priority areas for funding. In the medium term, the vision 2030 goals have been translated into 5 year medium term plans (MTPs). These MTPs incorporate sector specific goals and objectives and have been translated into the flagship projects. The focus of linking policy and budget requires that existing policies are translated into programmes first before budget requisition is carried out. This new approach is being referred to as Programme Based Budget (PBB). Education sector has a list of policies that have been translated into programmes (the flagship projects). These have been developed following various policy recommendations by stakeholders. The following is the sequence of the policy and budgeting frameworks;

### **a) The Sector Policy Framework (Planning)**

The sector policy formulation is informed by challenges facing provision of quality education to all children. It takes into account the anticipated performance outcomes of the sector in-terms of access, equity, participation, completion, transition and retention. The policy sets performance targets to ensure progressive achievement of the sector objectives such as Medium Term Plan (MTP), Sessional Paper and Strategic Plans.

### **b) The Structure and Budgeting Process (Preparation)**

The structure of the budget looks at the levels of decision and actors involved in the making of the budget while the process looks at compilation of the various sector inputs through the medium term expenditure framework (MTEF).



**c) The Budget Approval**

The approval of budget identifies the key stages and who provides the authority to proceed before the final document is tabled in parliament and receives presidential general warrant for execution.

**d) The Budget Execution**

The execution of the budget entails the release of funds to support planned activities during the government financial year.

**e) Budget Monitoring**

This entails the process of ensuring that what was released by treasury is received by the implementing ministry or beneficiary and spent for the purpose meant for.

**Question1: Can CSOs be involved in education budget tracking and what will it entail and how will it benefit your organization?**

**Guidance Notes:**

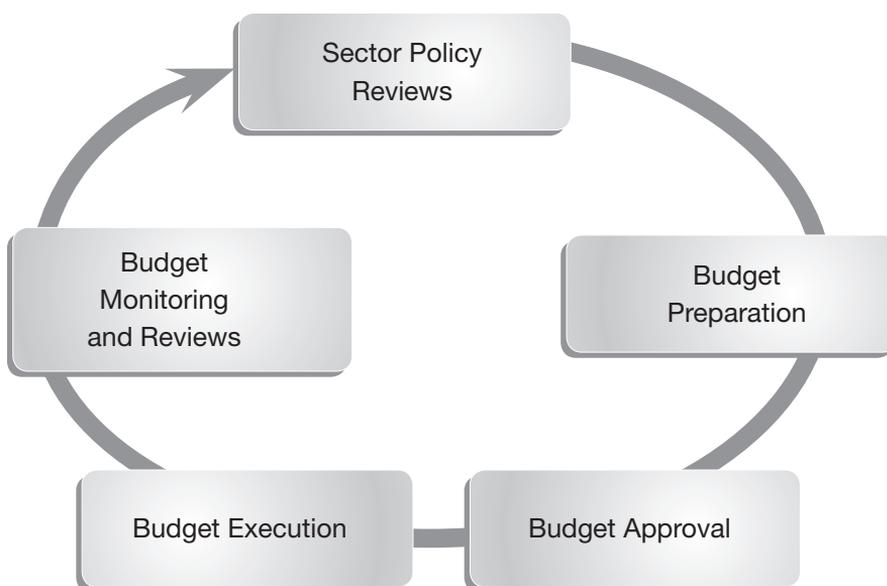
Budget tracking encompasses monitoring, scrutiny, follow up and evaluation of the budgeting process right from planning, allocation, disbursement, implementation and impact assessment. Empirical evidence has shown that allocation of funds does not always lead to disbursement or even efficient utilization of the amount disbursed. The leakage of funds from the system is either caused by misappropriation, outright fraud or over pricing of contracts among other things. It is for this reason that CSOs need to be involved in budget tracking of the resources meant for delivery of education outcomes in the country. This manual sets out to help in that engagement for those who have not been involved before and also strengthen capabilities of those already working on the budget process.



The most important point to start for beginners and those already working on the budget process is to understand the connection between the policy making process and the link to the budgeting process. The process of budgeting and policy making are intertwined and you cannot influence one in isolation of the other. The chart below illustrates that link for the user of this manual.

As in any work that requires knowledge of the government public financial management systems, budget tracking demands that an organization has the skills and logistical capacity for effective and productive engagement. CSOs should do a review of their capacity before engaging in this work so as to achieve good results.

## Overview of Budget Cycle





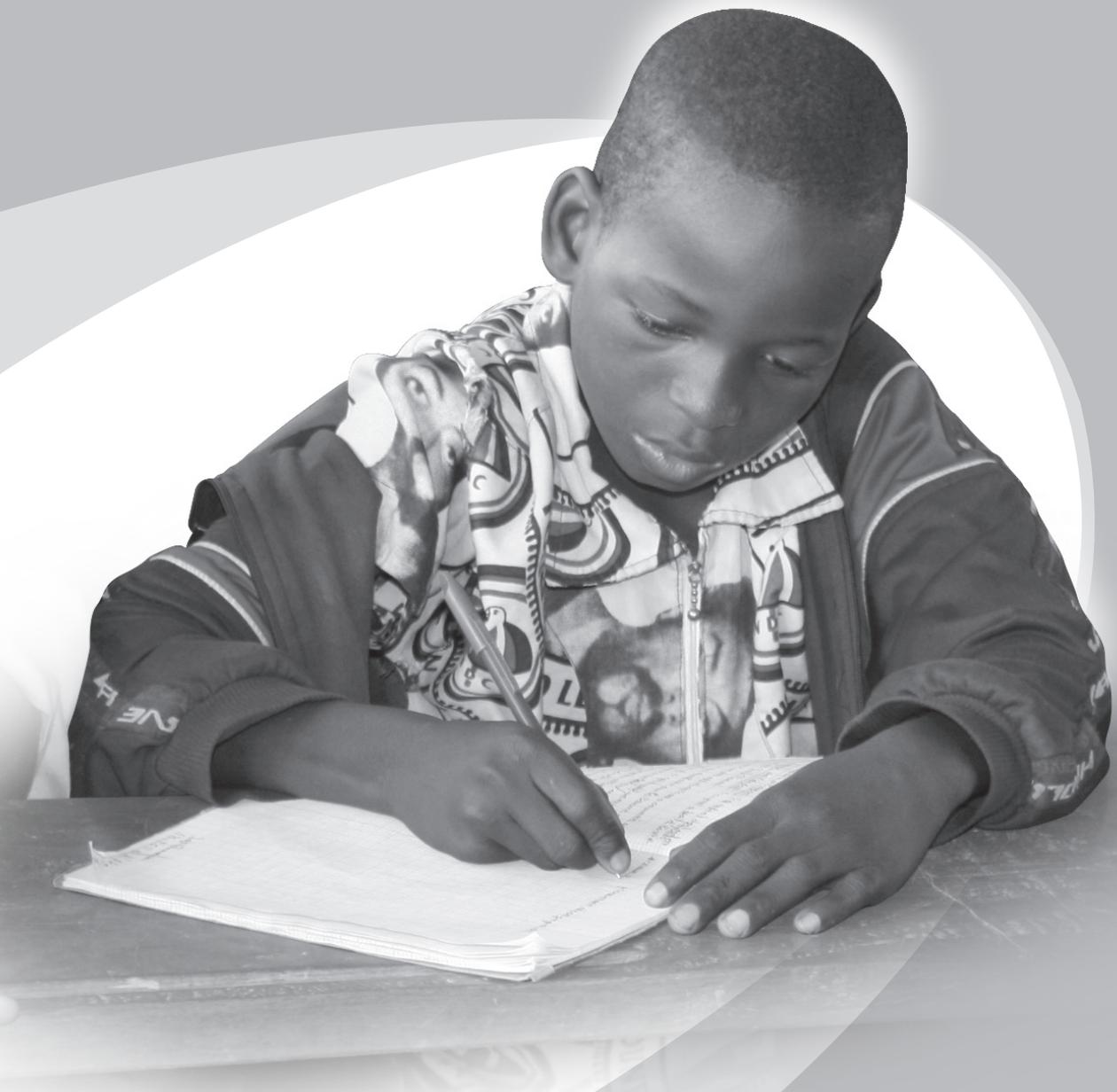
## Exercise 1: Getting started on budget tracking work

- a) Are you already involved in budget work? If not what areas of the budget is useful to your current programme work or advocacy? If it is a standalone activity, it requires its own budget from your organization but if it is an integral part of a broader programme then it feeds into the bigger picture
- b) Do you have a clear understanding of the budgeting process? This deals with skills and capacity to follow the budget process and track monies through the system of a devolved government
- c) Who have you been engaging or targeting with your advocacy campaigns? If it is the first time to be involved in budget tracking then you need to establish contacts and know what information is available and where to get it.
- d) Is there need to improve your work by making it more evidence based? This is very relevant for those CSOs which are already in budget advocacy work as it helps you to develop a more structured system of collecting additional evidence to inform your work

## Summary Notes

By using this manual, the user will be enabled to acquire skills and knowledge to do the following;

- a) Track the budget
- b) Determine its adequacy
- c) Determine the National, Local and County priorities
- d) Determine effectiveness and efficiency in the use of public resources
- e) Make brief statements about your findings in relation to budget of Schools, Counties or National government



## MODULE I

# Policy Formulation & Planning

## 2.0 Education Policy Frameworks and Guidelines



### Objective of the Section

- a) To help the user understand the policy frameworks in education being implemented by the government*
- b) To help them develop an understanding of the link between policies and programmes*
- c) To help user understand that programmes lead to outputs and outcomes based on which we judge the government commitment and performance*
- d) To help the user develop ability to compare outcomes and resource allocation as a way of determining efficiency*

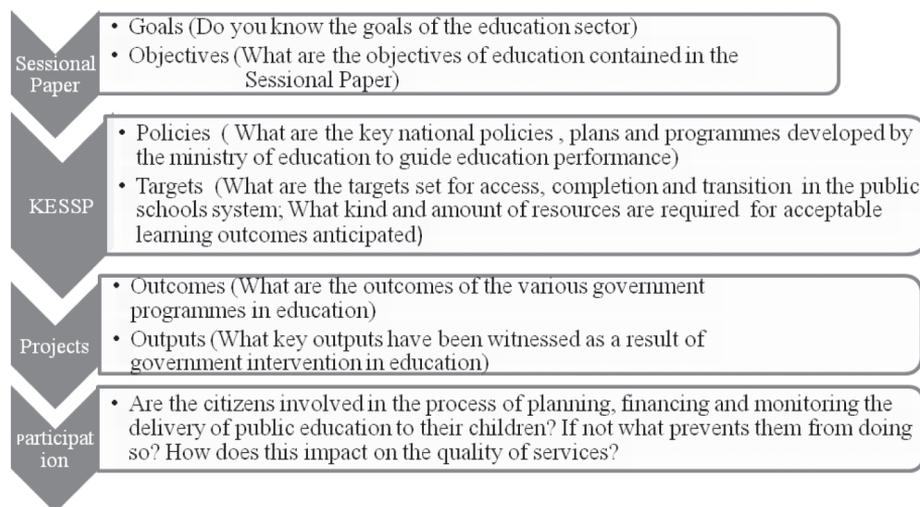
**Question 2: What are the key goals, policies, objectives and programmes being implemented in education sector currently?**

### Guidance Notes:

- A goal is a long-term desired result that relates to the expectations of the stakeholders in education and the country at large
- An objective is a specific result expected as a result of a deliberate intervention
- A policy is a statement of intent that guides on what and how the government wants to address a particular issue of concern or a problem
- A programme is a set of interventions conducted to respond to a specific problem over a specific period of time



## Exercise 2: Linking national policies to what is visible to the community



### Summary Notes:

The education sector is currently being guided by the Sessional Paper No. 1 of 2005; A Policy Framework for Education, Training and Research. The Sessional Paper provides the overall goal in education as the achievement of EFA by 2015 in tandem with the national and international commitments. The EFA goals seek to address the following broad areas;

- Expanding and improving comprehensive early childhood care and education, especially for the most vulnerable and disadvantaged children:
- Ensuring that by 2015 all children, particularly girls, children in difficult circumstances and, those belonging to ethnic minorities, have access to, and complete free and compulsory primary education:
- Ensuring that learning needs of all young people and adults are met through equitable access to appropriate learning and life skills programmes:

- 
- d) Achieving a 50% improvement in levels of adult literacy by 2015, especially for women; equitable access to basic education and continuing education of adults:
  - e) Eliminating gender disparity in primary and secondary education by 2005, and achieving gender equality in education by 2015, with a focus on ensuring girls full and equal access and participation in quality basic education: and
  - f) Improving all aspects of the quality of education and ensuring excellence of all so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential skills.

The ministry of education has formulated a number of objectives and designed a programme to deliver these objectives in the form of Kenya Education Sector Support Programme (KESSP) phase I and II. The first phase of the programme started in 2005 and is ending in year 2010 taking on board 23 investment areas cutting across all the levels of education. The KESSP I cut across all the directorates at the ministry and therefore enhance the functions and operations of the organization. Each of the five directorates is responsible for a set of programme areas. The directorates include Quality Assurance, Basic, Secondary, Adult and Policy Co-ordination.

The education sector objectives and goals are linked to the national strategy of Vision 2030. In its social pillar, the strategy places education as one of the key enablers to actualize the vision. It has set out medium term targets for the sector in order to support attainment of the vision targets.

**Question 3: What are some of the key policy areas that require further improvement?**



### Guidance Notes:

- Take note of the following specific policy gaps that hinder full achievement of EFA as follows;
- Weak legal framework which dates back to 1968 and which does not take cognizance of the latest policy initiatives such as free primary education
- Unclear policy on mainstreaming of ECD into basic education
- Lack of a clear commitment on implementation of the policy on adult and continuing education (ACE)
- Lack of clear a policy on Non Formal Education and therefore its poor linkage with formal schooling

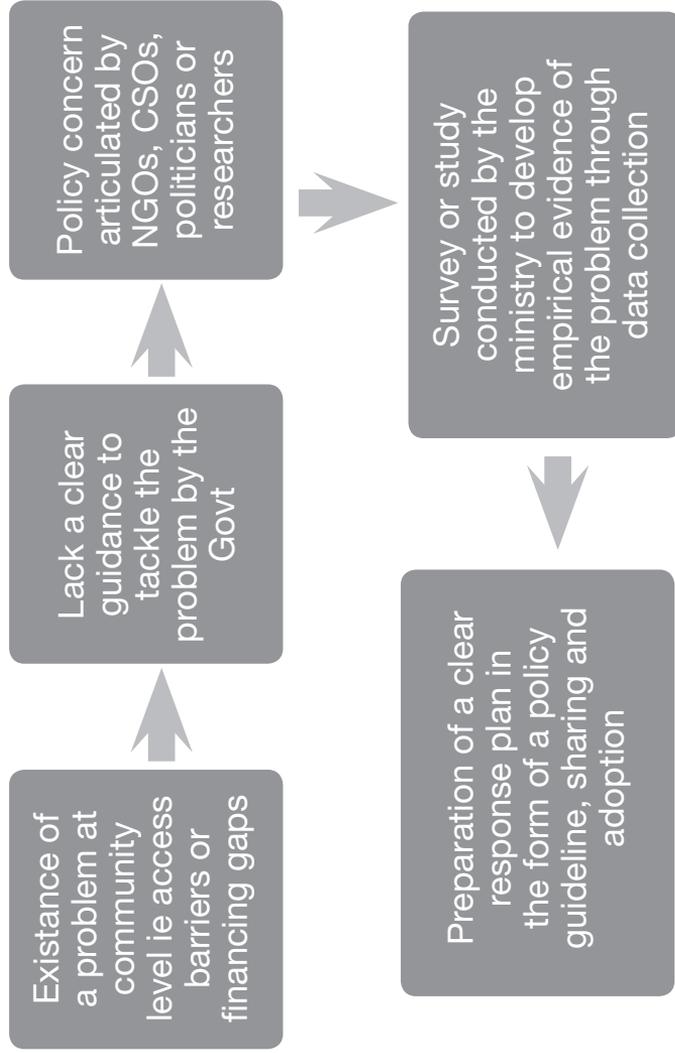
**Exercise 3:** What are some of the policy concerns that your organization or EYC regional chapter have on the current education structure at the grass roots?

**Question 4: How does the ministry of education conduct the process of policy development in the sector?**

### Guidance Notes:

The process of policy making is both a political as well as a technical undertaking. The citizens elect political readers to formulate or propagate policy positions and the Government technocrats help to translate the policy concerns into articulate statements of intent and purpose with clear guidelines on implementations framework. The chart below shows the basic stages of the process that many government departments use to develop the same.

## The Process of Formulating Sector Specific Policies and Procedural Guidelines





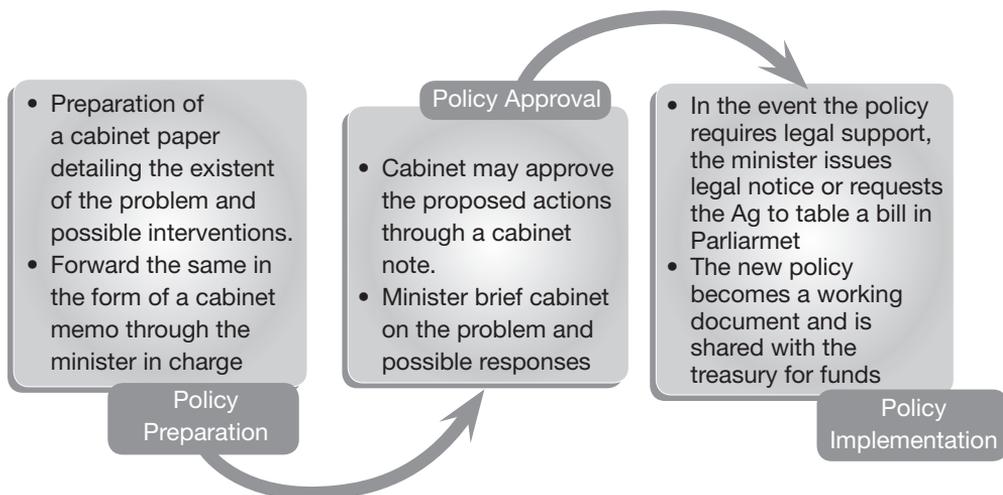
#### Exercise 4: At what point can you or your organization contribute to the policy making process from the flowchart above?

#### Summary Notes:

The sector policy making process is an internal issue once problems have been identified by stakeholders in forums, workshops and meetings. In the event that the problem will require the intervention of more than one ministry to respond and where review of existing legal framework is required, then a more comprehensive document referred to as a sessional paper is prepared by the ministry. The current sessional paper in education arose out of the 2003 Education conference which made key recommendation for transforming the provision of education in the country.

In instances that the implementation of a new policy will be restricted by the existing legal framework, the ministry requests the attorney general to draft a bill on behalf of the ministry and table the same on the floor of the parliament for discussion and adoption before implementation. The chart below represents simple policy making process in any sector.

#### Stages of Policy Adoption in Government Ministries





**Exercise 5:** Who are the best targets to lobby during the process of policy making reflected in the chart above?

**Guidance Notes:**

- Identify your allies in the CSO movement and Government departments
- Identify your potential opponents or challenges
- Design an advocacy strategy
- Commence the advocacy campaign
- Monitor responses and actions of the policy makers
- If adopted, ensure it is included in the programme based budget in the forthcoming year and onwards

**Exercise 6:** Develop a checklist of all the key policies and programmes of the ministry at the national level and deliberate the ones you are interested in tracking at either the national or local level

**Guidance Notes:**

- Free Primary Education (School Capitation Grants)
- Free Tuition Secondary Education (School Capitation Grants)
- Constituency Based Bursary Fund
- Economic Stimulus Package
- School Governance
- Teacher Recruitment and Deployment
- School Infrastructure and Development
- Constituency Development Fund (CDF) allocations to schools
- Local Authority Transfer Fund allocations

## 3.0 Preparation of the Budget



### Objectives of the Section

- *To help the user understand who are the main actors in the budget preparation process?*
- *To help the user flag out the critical stages of the process*
- *To help the user isolate the key reports of the process*

### What is a Budget?

The budget is a government document that spells out the key policy statements that reflect the highest level of political commitment and the social-economic development agenda for the country. The national budget identifies sources of revenue and allocates expenditures to the various sectors of the economy. It is the means through which a country mobilises resources and allocates them to competing needs. Simply put is a plan of raising revenue and spending the same. It is the principal mechanism through which Government translates policy intentions into actions on the ground.

**Question 5: Who is responsible for the national budget preparation and coordination in Kenya and which are the key departments involved?**

### Guidance Notes:

The new constitution has introduced new provisions in the way public resources are administered and the existing acts of parliament like the Exchequer Act will have to change to take into account of the same. The current Exchequer Act confers the duty of preparing the national budget to the minister for finance and provides for the same to be tabled on the floor of the national assembly once every year for discussion and approval. The treasury has therefore been in-charge of the budget preparation process through its budget supplies



department (BSD). The ministry of finance appoints the permanent secretaries in the line ministries as the accounting officers and demands that they coordinate the budget preparation at their level on behalf of it.

The initial budget preparation is done in consultation with the Ministry of Planning and Vision 2030 in order to link the budget process to the existing policy frameworks. The two ministries work together to prepare the medium term expenditure framework (MTEF) guidelines for the process. The treasury constitutes Sector Working Groups (SWG) before officially launching the process in the month of October every year. One of the nine SWGs is composed of a number of ministries with similar mandates of Human Resource Development (Ministry of Education, Labour, Medical Services, Public Health and Sanitation).

The Treasury, CBK, KRA and Ministry of Planning constitute the Macro Sector Working Group. They undertake the preparation of the Budget Outlook Paper (BOPA) which guides the sector ceilings and allocations before stakeholders' consultation is organized

### **Exercise 7:**

- a) Does your organization participate in the budget preparation process at national or local level?
- b) Do you wish to start participating in the budgeting process and have you identified an entry point?



### Guidance Note:

Link up with the ministry of education, identify the teams that prepare the MPER and sector report and arrange to engage them with your propositions or send a memorandum to the PS at the start of the process in September. *Caution: Prepare well as it is a technical undertaking*

Identify areas you want addressed by the government and share the same at local level with district education officers and with directors at the national level by the time the process is underway in October of every year.

If you are interested in increased resources to the education sector ensure you prepare a memorandum to treasury by October and participate in the BOPA consultations otherwise it will be too late to influence the sector ceilings set by the ministry of finance. *Caution: Prepare well as it is a technical undertaking, have all the facts with you as evidence*

Treasury finalizes the BOPA and presents it to the cabinet by November upon which it circulates the document to all accounting officers in November before issuing a circular on the revised budget at the beginning of December.

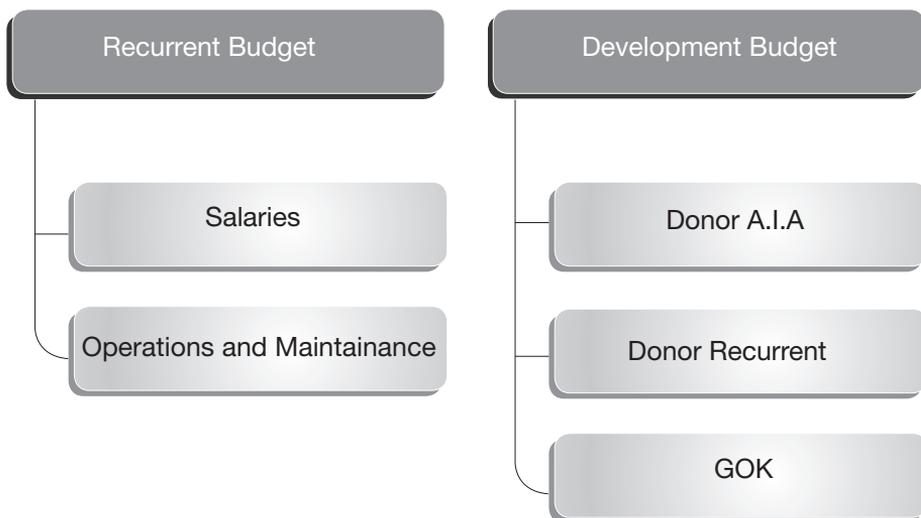
The line ministries generate the expenditure side of the budget while the macro group projects the sources of level such as taxes, loans, grants, sale of parastatals etc depending with the prevailing and projected macro economic factors.

The directorates in the ministry of education review their current expenditure on all the programmes while all agencies under the ministry such as TSC, KIE, KESI, KISE and KNEC do the same for the grants provided by the ministry to support their operations. All districts and provincial directors of education submit their operational budgets to support all programmes at district and provincial level. This review is consolidated into one document called the Ministerial Public expenditure Review (MPER).



The sector working group (SWG) under human resource development looks at each of these MPERs and prepares a sector report for the current financial year. The sector reports are finalized by end of December and submitted to treasury for consolidation. The sector reports helps ministries bid for resources from all the sectors where they have a stake such administration, physical infrastructure etc. Treasury and MPND organize public sector hearings and finalize the sector reports which include the programme budgets.

These public sector hearings provide forums where the CSOs can make an input or submission in the form of a memorandum for consideration in the budget process. At lower levels, district or county consultative forums can be used to make submissions on the budget priorities particularly in the development budget. The recurrent and development budgets of the sector constitute the demand side aligned to the sector needs and targets. The flowcharts below reflect the two main types of budget classification.





The expenditure side of the budget has already taken shape at this point and any influence has to be targeted at organizations beyond the line ministries. The next stage is to table the estimates to parliament to allow for scrutiny of the same by parliamentary budget committee as a legal requirement before the end of March. The parliamentary committee on education is also a crucial organ in the budget process for the education sector. The structure of the expenditures at the line ministries falls in the two broad categories as indicated in the figure above.

These sector reports provides the basis for programme based budgets (itemized programme budget) prepared by every ministry and submitted to treasury in April annually. All public resources are allocated to the various sectors represented in the working groups. For purposes of budgeting, the government budget planning is divided into 9 sectors with the bidding process taking place among ministries within the same sector as follows;

- a) Agriculture and rural development
- b) Trade, Tourism and Industry
- c) Physical Infrastructure
- d) Environment, Water and Irrigation
- e) Human Resources Development
- f) Research, Innovation and Technology
- g) Governance, Justice and Order
- h) Public Administration and International Relations
- i) Special Programmes

**Question 6: Where do you want to start tracking the budget; national or local level or even at school level for the pupils' capitation grants?**



### Guidance Notes:

Prepare to document the budget at national and local/county levels to ensure you have a good understanding of the flow of anticipated resources to the beneficiaries. Any changes to the provisional budget figures through revision of budget must be captured and documented all through by interested CSOs. From this point onwards the focus turns to the supply side of the budget in terms of taxes, loans, grants and other revenues sources. This is normally contained in the Budget Strategy Paper (BSP) tabled to parliament in the month of March together with the expenditure estimates. Treasury prepares a BSP annually by end of February and convenes stakeholders' consultations before tabling to cabinet for discussion and approval then submission to parliament together with the programme based budget (PBB).

The remaining task is to incorporate parliament's input into the PBB, finalization of itemized budget and submission of the annual budget estimates to cabinet for approval in May. The ministerial itemized and PBB are then published by end of May. The minister for finance presents the annual budget mid June and seeks parliament's approval and authority to spend on account pending its final adoption or otherwise. The tabling of the budget is accompanied with an Appropriations Bill and Finance Bill which guide the parliamentary debate before enactment by end of September. The budget gets presidential general warrant and full expenditure is undertaken with authority from September of each year. The preparation cycle begins afresh at that point in time as the implementation for the approved budget is underway.



### Exercise 8:

- a) How much has been allocated to the ministry of education by parliament in the current year?
- b) Which are the sources of the education sector budget outside of the voted amount by parliament (AIA)? And what are the amounts from each source? i.e. donors and internal income generation
- c) How much of it is dedicated for recurrent budget?
- d) How much is earmarked for development budget?
- e) How much will go to salaries? How much goes to general administration?
- f) Which development programme has the largest and smallest allocation and where will the money be utilized? This should indicate the policy priority

### Medium Term Expenditure Framework Annual Budget Preparation Process

Activity	Responsibility	Timelines
Develop MTEF Guidelines	Treasury/MPND	August
Issue MTEF Guidelines	Treasury	September
Launch of Sector Working Groups	Treasury	October
Launch and disseminate indicative Programme Based Budgets	Treasury	October
Capacity building for MTEF Budget Preparation	Treasury/MPND	October
Undertake and submit Ministerial Public Expenditure Reviews	Ministries/Departments	October



Activity	Responsibility	Timelines
Develop Budget Outlook Paper (BOPA)	Macro Working Group	October
Stakeholders Consultation on BOPA	Treasury	November
Finalize BOPA and present to Cabinet	Treasury/Macro Working Group	November
Departments in Districts to submit their inputs to relevant Ministry Headquarters	Departments in Districts	November
Circulate approved BOPA to Accounting Officers	Treasury	November
Issue Circular on revised budget	Treasury	First week of Dec
Submission of Sector reports to Treasury	Sector Chairperson	By 31st December
Submission of Supplementary Budget Proposals	Line Ministries	20th January
Review of Supplementary Budget Proposals	Treasury	31st January
Submit Supplementary Budget Proposals to Cabinet	Treasury	1st week of February
Hold Public Sector Hearings	Treasury/MPND	By 15th February
Submit Final Sector Reports	Sector Working Groups	By 20th February
Submit Supplementary Budget Proposals to Parliament	Treasury	By 28th February
Publish Final Sector Reports	Treasury	By 28th February
Prepare the Budget Strategy Paper (BSP)	Macro Working Group	By 28th February



Activity	Responsibility	Timelines
Stakeholder Consultations on BSP	Treasury	By 1st March
Submit BSP to Cabinet for approval	Treasury	By 5th March
Submit BSP to Parliament	Treasury	20th March
Prepare and Submit Programme Based Budgets to Parliament	Ministries/Departments	20th March
Receive feedback on PBB from Parliament	Parliament	15th April
Review and Finalize Ministerial itemized and PBB	Ministries	30th April
Review and Finalize Ministerial itemized and PBB	Treasury	15th May
Submission of Budget Estimates to Cabinet for Approval	Minister for Finance	20th May
Publish Ministerial itemized and Programme Based Budgets	Ministries/Departments	End of May
Presentation of Budget to Parliament	Minister for Finance	Mid June
Parliament Approval/Vote on Account		September
Presidential General Warrant		September



## Summary Notes

It is critical for those tracking budget to know the contents of the treasury circular that starts with the budget preparation process and identify the sector chairpersons particularly where education falls under as a first step of mapping the engagement. The ministry of finance is crucial in the budgeting process and convenes the budget steering committee with representation of all sectors through their chairpersons. Important and crucial departments at the ministry of finance are the budget supplies and economic affairs departments. At ministerial level, the education secretary chairs the budget committee which prepares the itemized and programme based budget with all directors represented. This is also an important committee for engagement and lobbying during the budget preparation process. Lastly the parliamentary budget committee is an important organ to engage through informal as well as formal contacts. The parliamentary committee on education is normally interested in education budget and some engagement will be useful.

### Exercise 9:

- a) Try to find out which programmes are supported directly by the donors and are not reflected in the budget
- b) Trace which items in the budget receive supplementary funds before the end of the financial year and ask the reasons for that
- c) Try and identify the absorption level of all the education programmes in a particular year by comparing the approved budget and the actual expenditure at the end of the year and be ready to examine the reasons for the same

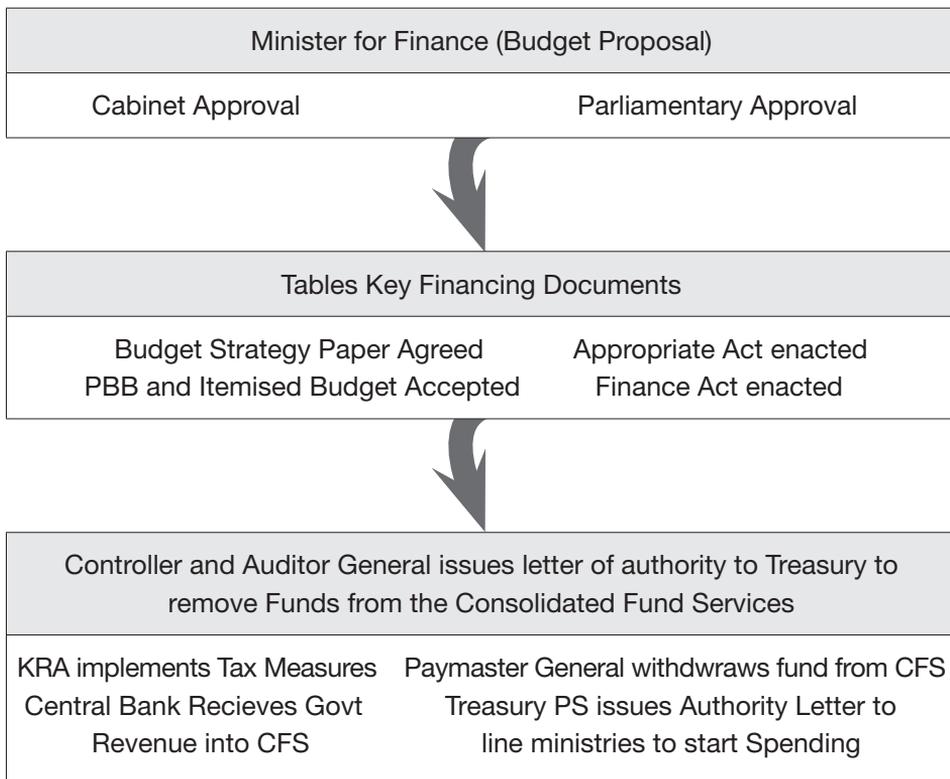
## 4.0 Budget Approval Process



### Objectives of the section

- a) To help users understand the legal provisions in the Exchequer Act
- b) Help users understand which institutions are mandated to oversee the budget approval

The process of approving the budget is laid out in the constitution and various statutes. The law binds the minister for finance and removes any discretion in the collection and utilization of public resources. The budget estimates are laid before the whole committee of the house in June of every year for deliberations and ultimate approval.





### Guidance Notes:

The proposed budget is approved by parliament and only the approved amounts can be spent otherwise the treasury will be held responsible by parliament. In the event of an increase in the needs for more funds, the minister prepares supplementary budget and tables it to parliament by March of every year in order to get new approval on the supplementary amounts. Ministries spend only what has been approved and their withdrawal from their account is checked and certified by the controller and auditor general.

### Exercise 10:

- a) Find out if by any chance there are unauthorized expenditure by the ministry in a particular financial year
- b) Find out how much exchequer issue is received by the ministry every quarter of the year
- c) Analyze the amount and find out whether it reflects the approved budget for that quarter
- d) Cumulate the issues and the disbursement for each financial year
- e) Find out who requests and receives the exchequer documentation at the ministry of education

## 5.0 Budget Execution or Implementation



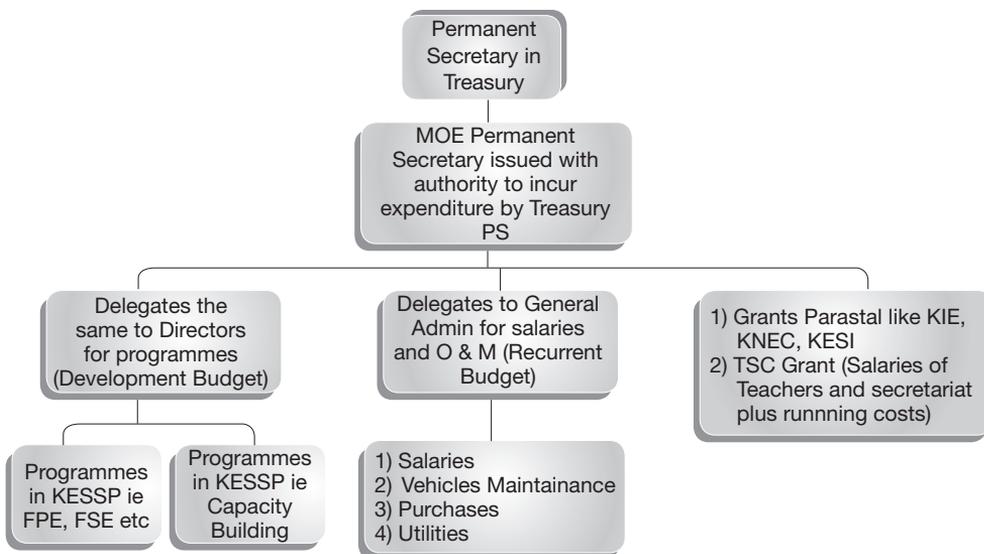
### Specific Objectives of the Section

- a) *Help users to track the distribution of education resources across the various levels and needs*
- b) *Help users to develop ability to trace what level of funds gets to the districts and finally to the schools*
- c) *Help users understand what kind of information to look out for at the ministry and school level*

The execution of the budget starts with the release of funds from the CFS in the form of exchequer issue on quarterly basis. The ministry of education has an account at central bank and draws cheques for its expenditures against that account. However, only after an exchequer issue is received can the ministry issue authority to incur expenditure (AIE) to its various departments since the government accounting system is based on cash received and not budgeted provisions.

There are two expenditure categories in the form of recurrent and development. All directors have authority to incur expenditure since they represent programme areas. The operations and maintenance is held in general administration together with personnel emoluments of staff at the ministry. TSC gets a grant from the ministry's' voted expenditure to pay teachers and the secretariat staff quarterly while other agencies of the ministry get grants to support their operations in addition to what they are able to generate internally i.e. commonly referred to as appropriations in aid (A.I.A).

**Question 7: What is the authorization structure that guides the use and accounting of public funds in the education sector?**



### Guidance Notes:

The flow of authority from the ministry of finance to the line ministries is as indicated in the figure above and this is the legal requirement. The resources are distributed along the following broad areas which carry the mandate of pursuing various goals and policy objectives. The sub-votes represent broad areas of expenditure of the ministry with authority to incur expenditures.

The net approved expenditure represents what has been approved by parliament in the preceding year excluding (appropriations in aid) all funds contributed and managed directly by donors or generated internally. The current proposed expenditure which has yet to be approved by parliament is reflected as current estimates and broken down into net and gross expenditures to account for A.I.A. The gross expenditure includes these funds some of which may be outside the budget system while net excludes them. The MTEF budget is a three year rolling plan and therefore has two additional years with forecasted budget.

**Vote R 31: Ministry of Education Budget**

Sub- Vote	Net Approved Expenditure	Estimates for the current financial year			Projected Budget	
		Gross Expenditure	Appropriations in Aid	Net Expenditure	Estimates	Estimates
General Administration						
Basic Education						
Quality Assurance & Standards						
Adult and Continuing Education						
Secondary Education						
Policy and Planning						
Total						

**Vote D 31: Development Budget for the Ministry of Education**

Sub- Vote	Net Approved Expenditure	Estimates for the current financial year			Projected Budget	
		GOK Expenditure	Appropriations in Aid (Donor)	Revenue (Donor)	Estimates	Estimates
General Administration						
Basic Education						
Quality Assurance & Standards						
Adult and Continuing Education						
Secondary Education						
Policy and Planning						
Total						





For the development budget, the donor contribution to the budget is reflected either as A.I.A which they manage directly or Revenue which is remitted to the government and managed internally through the budget.

### **Exercise 11:**

- a) Find out what documents indicate the voted and received amount for the ministry in recurrent and development budgets?
- b) Find out who issues the AIEs at the ministry and what is the criteria before you confirm whether the same is received at district level?
- c) Find out how much each programme areas like FPE or FSE receives out of every exchequer issue and the list of beneficiaries (confirm the same with beneficiaries at local level)?
- d) Find out how many teachers are on the payroll at TSC for each level of education and their distribution before confirming the same at district and even school levels?
- e) Find out how much AIE goes to each district or county for education management and confirm the same at district/county level?
- f) Find out who receives and safeguards the cash for these programs at district level and what is the official guideline for the same?
- g) Find out if all school runs bank accounts and what monies are collected into those accounts? Are there more than two bank accounts being run by some schools? Ask for the reasons for this?

**Question 8: Is education a top government priority in Kenya?**



### Exercise 12:

Prepare Vital Percentages in Education Budget

Item	Preceding Financial Year	Current Financial Year
MOE recurrent budget as % of national budget		
MOE recurrent budget as a % of total voted expenditures		
MOE development budget as a % of total voted development budget		
Total MOE budget as % of total voted expenditure		
TSC salaries as a % of MOE recurrent budget		
Total MOE salaries as a % of MOE recurrent		
MOE development budget as a % of total MOE budget		

b) How well has the money been absorbed and spent?

Funded Programmes	GOK budget	Donor contribution	Current Total budget	Actual expenditure	Variance (%)
FPE Capitation Grants					
FSE Capitation Grants					
Bursaries					
Grants to SAGAs					
Teachers Salaries					
Others (specify)					

### Summary Notes

The process of funds disbursement starts with release of funds allocated to the ministry by treasury as exchequer issue. This are recorded in a document called Cash Book where all exchequer issues are credited at the beginning of every quarter. The disbursement of the funds by the ministry is via the Master Vote Book. It records all financial transactions of the ministry detailing the balances available from each of the budgeted items after every transfer or expenditure is incurred.

When money is sent to the districts, it is recorded in the cash book which is maintained by the district accountant and the accompanying expenditures or withdrawals are recorded in the sub vote book. This is currently being done by the District Accountant on behalf of the District Education Officer's (DEO's) office. The school capitation grants for FPE and FSE are sent directly to the schools from the ministry headquarters and not through the DEOs. The schools maintain a cash book, bank accounts and file all the bank statements and invoices to support payment to suppliers to the school. At the end of the year, all the books are reconciled to prepare actual expenditure statements that must be put on the school notice boards for public scrutiny.



### **Exercise 13:**

- a) Find out if the school you are visiting has been receiving grants from the ministry?
- b) Find out if it has prepared the financial statement and pinned them for public view?
- c) Find out how much has been spent on teaching learning material, textbooks, general administration?
- d) Find out if the SMC is active and has authorized the transactions done by the school?
- e) Verify with the stores, pupils or parents that these things are available to the pupils?

**Question 9: What has been the role of stakeholders' in the resource allocation as far as your organization is concerned and do you know that the community can have a say on how well the school resources are spent?**

## 6.0 Budget Monitoring and Reviews



### Specific Objectives of the Section

- *Help the user to understand how to compare cost against benefits*
- *Help the user to relate budget utilization to performance outcomes of the sector and be able to question the variations*
- *Help users to be in a position to pick out missed education targets and document efforts to address them*

The budget monitoring and reviews focus on two things which are efficiency in use of funds and effectiveness of those funds. The monitoring process ensures that what was planned is being carried out as scheduled and is producing anticipated results for the benefit of learners.

**Question 10: Are increasing budgets to the ministry producing improved outcomes and helping in the attainment of the set targets?**

### Guidance Notes:

Budget monitoring requires that anyone involved has had all the information about issues of concern from policy to budget implementation. They need to document the implementation plan for all the activities they plan to monitor together with the accompanying timeframe. This can be secured from the work-plans and procurement plans that are prepared at the commencement of funds disbursement by programme managers of the ministry. It is important to visit the ministry or DEOs and establish the existence of these plans.



At the monitoring and review stage, you may be able to track the following key areas;

Implementation schedule and timeframes

Disbursement of funds

Utilization of funds

Financial resource management

Human resource management

Documentation and records

Procurement plans

## Implementation Schedules

The implementation schedule gives activities to be undertaken during the financial year and their timeframe. There is need to track the schedule to ensure only the planned activities are carried out and at the specified time. You will learn that most activities fail to takeoff due to delay in the disbursement of funds or due to misappropriation of the same.

### **Exercise 14:**

- a) Ask the officer implementing the programmes or activities to show you the schedule of planned activities
- b) Find out what should be going on and whether that is the case and if not the reasons behind that
- c) What has been carried out by the time of your visit and whether there are any records of the same

## Financial Resources Management

The funds that finally reach the schools or programmes should be utilized efficiently and for the intended purpose. The amount disbursed should thus be monitored to ensure that it benefits its intended targets.



### **Exercise 15:**

- a) Ask whether the amount received has been entered in the cash book at school level and County level?
- b) Ask whether the amount spent has been captured in the vote book or sub-vote book at national and district level respectively?
- c) Ask whether the books of accounts are open for scrutiny and auditing in the visited school?
- d) Ask when the last Government audit was conducted in the school?

## Documentation and Records

Lack of documentation and records can lead to misuse and misappropriation of funds. During the tracking exercise, it is necessary to ensure all activities, materials, equipment and stores are well documented and the same records are well kept. The records must be available for verification on short notice.

## Procurement and Use of Materials

Procurement and use of materials is such an important area for tracking as it is here that most corrupt activities take place and mismanagement of resources is most rampant. Procurement officers or even school heads may collude with merchants to steal funds by falsifying records.

### **Exercise 16:**

- a) Find out whether any procurement procedure is being followed and compare the findings to the standard guidelines provided by the ministry. If no procedures are being followed, establish the reasons and motive for that?

- 
- b) Find out whether the materials provided are recorded and whether someone else other than the person procuring verifies whether they meet the requested specification?
  - c) Are the stores secured from external theft?
  - d) Are the materials used within a reasonable time after procurement?

## Outcome and Impact of the Public Funds

All funds provided by the government need to leave footprints of improvement along the way. The person tracking need to look for the footprints and make a simple judgment on whether the footprints were what was planned for. The following exercise provides questions that will provide further information on this.

### **Exercise 17:**

- a) Make enquires on who benefited from the project?
- b) Are the benefits visible to an outsider?
- c) Is the school community aware of the changes brought about by the expenditure incurred?
- d) Is learning environment better than before and are pupils performing better?

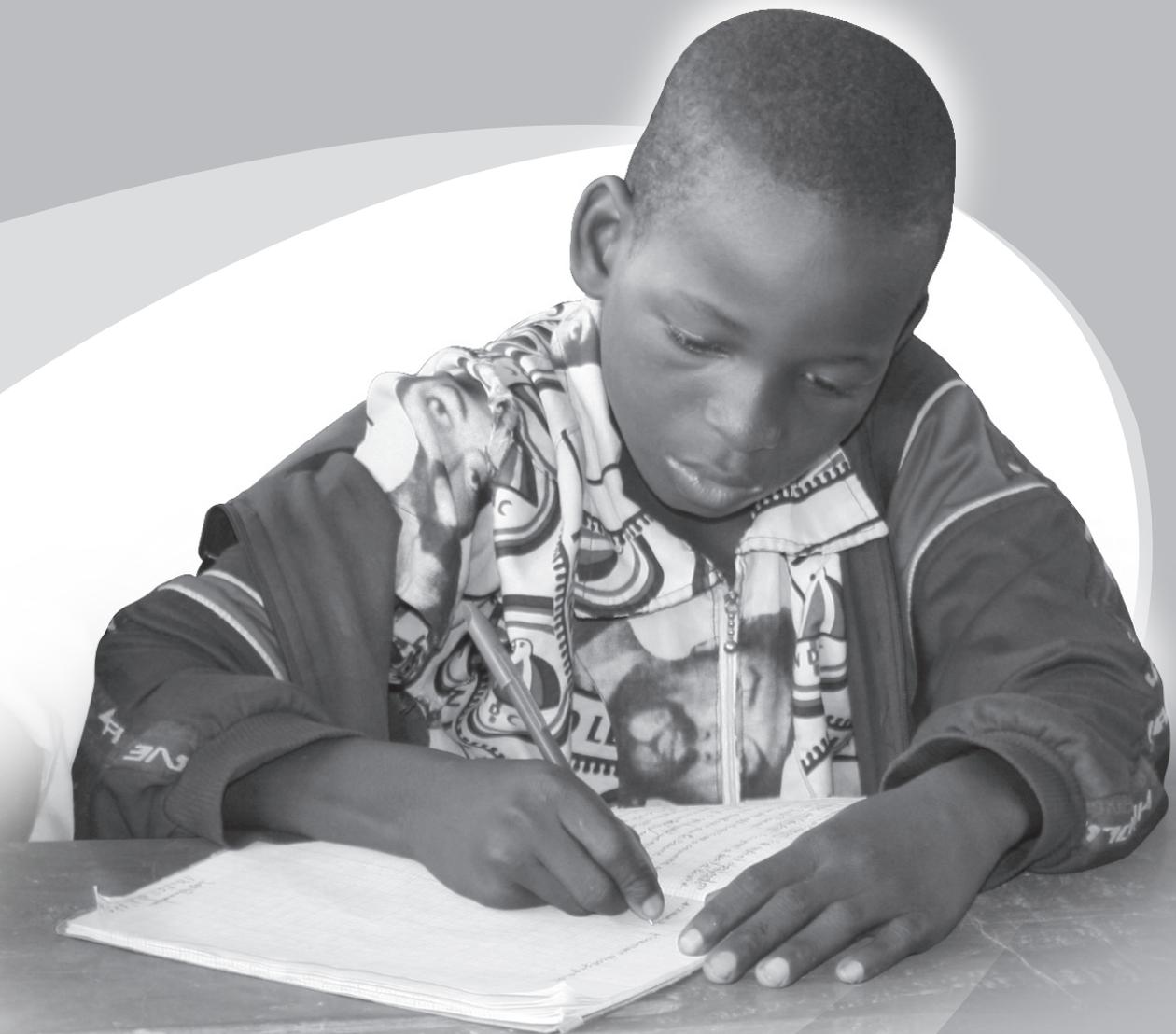


## 7.0 Conclusion

From the next fiscal year (2011/12), the government has committed itself to start incorporating views of beneficiaries in the planning, monitoring and executing social programmes in a move aimed at increasing the development fund's execution rates. The Government launched a social budgeting framework that will provide guidelines for the participation of ordinary citizens in setting social development priorities.

Social budgeting framework (SBF) allows citizens-as represented by various interest groups that include the civil society, faith groups and media – to sit with government officials from county/district up to national levels - identifying, planning and executing various social projects. It seeks to create awareness on all programmes and activities in the social sector while providing citizens with opportunity to influence national decision making process. “The introduction of social budgeting has been borne out of the realization that the current top-down budgetary process has had minimal impact on communities despite past immense resource allocations to eradicate poverty,” Assistant Minister for Planning and National Development Mr. Peter Kenneth, said at its launch.

The SBF comprises national, sectoral and district observatories – each assisted by a social policy advisor— and connected to national level planning and budgeting organs. The guidelines launched in June 2010 are meant to ensure that all these observatories operate in uniform and standardized manner. “In identifying district priorities, each observatory will also be guided by district survey reports, sector evaluation reports, key issues identified by the media, national policy frameworks and the national / international human rights obligations,” reads the guide. SBF will make the current medium term expenditure framework more responsive to the people's needs and promote equitable allocation of resources.



## MODULE II

# Education Budget Tracking Tool Kit

## SECTION 1: Getting Started on Budget Tracking Work



### Q1. Self Assessment Section and Mapping the Exercise

- a) Are you already involved in public budget work? If not build the capacity of the team to be involved in the tracking before commencing the process
- b) Do you have a clear understanding of the education policies and the budgeting process? If not you need to have the Sessional paper and other specific policy and procedures guidelines such as FPE disbursement and capitation. School infrastructure etc
- c) Who have you been engaging or targeting with your advocacy campaigns? This will define the information that you want to collect as part of your evidence
- d) Is there need to improve your work by making it more evidence based? This will depend on whether your current efforts have been criticized or dismissed for lacking hard facts

**Q2.** Develop a checklist of all the key policies and programmes of the ministry at the national level and select the ones you are interested in tracking at either the national or local level. Some of these include the;

- Capitation Grants Policy for FPE and FDSE
- Bursary Policy Guideline
- School Infrastructure Manual
- General Schools Administration
- Textbook and School Procurement Guidelines

## SECTION 2: National Level Budget Tracking



**Q3. At what point are you tracking the budget; national or local/County level or even at school level? If at national level then seek the following information and if at the county or school level proceed to section 3**

- a) How much has been allocated to the ministries responsible for education (If more than one) in the current year?
- b) Which are the sources of the education sector budget? Classify them between donors, AIA and Treasury
- c) How much of it is dedicated for recurrent budget?
- d) How much is earmarked for development budget?
- e) How much will go to programs, salaries, operations and general administration?
- f) Which development programme has the largest and smallest allocation? And what are these amounts?
- g) At what level will the money be utilized (headquarters or lower levels)?

**Q4. Seek from the directorates of education in Jogoo House i.e. Policy, Quality, Adult, Basic, Secondary, Tivet, Universities the position of the following;**

- a) Try to find out which programmes are supported directly by the donors and are not reflected in the budget documents (printed estimates)? These constitute off budget financing and are regularly ignored
- b) Trace which items in the printed budget books receive supplementary funds before the end of the financial year and ask the reasons for that? List them down

- 
- c) Try and identify the absorption level of all the education programmes in a particular year by comparing the approved budget and the actual expenditure at the end of the year and be ready to examine the reasons for the same (use printed estimates and appropriations accounts)? Compute the variance between the two versus the reasons provided

**Q5. Find out if the money allocated to education services is reaching the ministry from treasury by the following;**

- a) How much exchequer issue is received by the ministry every quarter of the financial year?
- b) Is the received amount the same as the one in the approved budget for that year? If not seek for clarification and full explanation
- c) Who by designation requests and receives the exchequer documentation at the ministry of education?

**Q6. Check the flow of funds within the ministry by the following;**

- a) How much is each programme area like FPE or FSE receiving out of every exchequer issue and the list of beneficiaries (TSC, KIE, KESI, Schools, Colleges, and Universities etc)?
- b) How many teachers are on the payroll at TSC for each level of education and their distribution before confirming the same at district and even school levels?
- c) How much AIE goes to each district for education management and confirm the same at district level?
- d) Find out who receives and safeguards the cash for these programs at district level and what is the official guideline for the same?



- e) Find out if there are schools which don't hold bank accounts and how they receive their capitation grants?
  
- f) Are there instances where a school holds more than two bank accounts? Ask for the reasons for this?

## SECTION 3: Local Level (County or School level) Budget Tracking



**Q7. Find out whether the funds are reaching the schools and how well they are being used by seeking the following;**

- a) Has the school you are visiting received grants from the ministry? If Yes how much and If no what are the reasons
- b) Find out if it has prepared the financial statement and pinned them on notice board for public viewing?
- c) Find out how much has been spent on teaching learning material, textbooks, general administration?
- d) Find out if the SMC is active and has authorized the transactions done by the school?
- e) Verify with the stores, pupils or parents that these things are available to the pupils?

**Q8. Confirm whether the schools are undertaking the activities being funded by the ministry through the following;**

- a) Ask the officer implementing the programmes or activities to show you the schedule of planned activities?
- b) Find out what should be going on and confirm if that is the case? If not, what are the reasons behind that?
- c) What has been carried out by the time of your visit and are there any records of the same?

**Q9. Check whether the learning institutions are accountable for what they are receiving from the ministry?**

- a) Ask whether the amount received has been entered in the cash book?



- b) Ask whether the amount spent has been captured in the vote book or sub-vote book at national and district level respectively?
- c) Ask whether the books of accounts are open for scrutiny and auditing in the visited school?
- d) Ask when the last Government audit was conducted in the school?

**Q10. Procurement is most of the times abused and you should verify the following;**

- a) Find out whether any procurement procedure is being followed and compare the findings to the standard guidelines provided by the ministry. If no procedures are being followed, establish the reasons and motive for that?
- b) Find out whether the school materials provided are recorded and whether someone else other than the person procuring verifies whether they meet the requested specification?
- c) Are the stores secured from external theft?
- d) Are the materials used within a reasonable time after procurement?

**Q11. Are the schools experiencing any positive transformation from the public investments?**

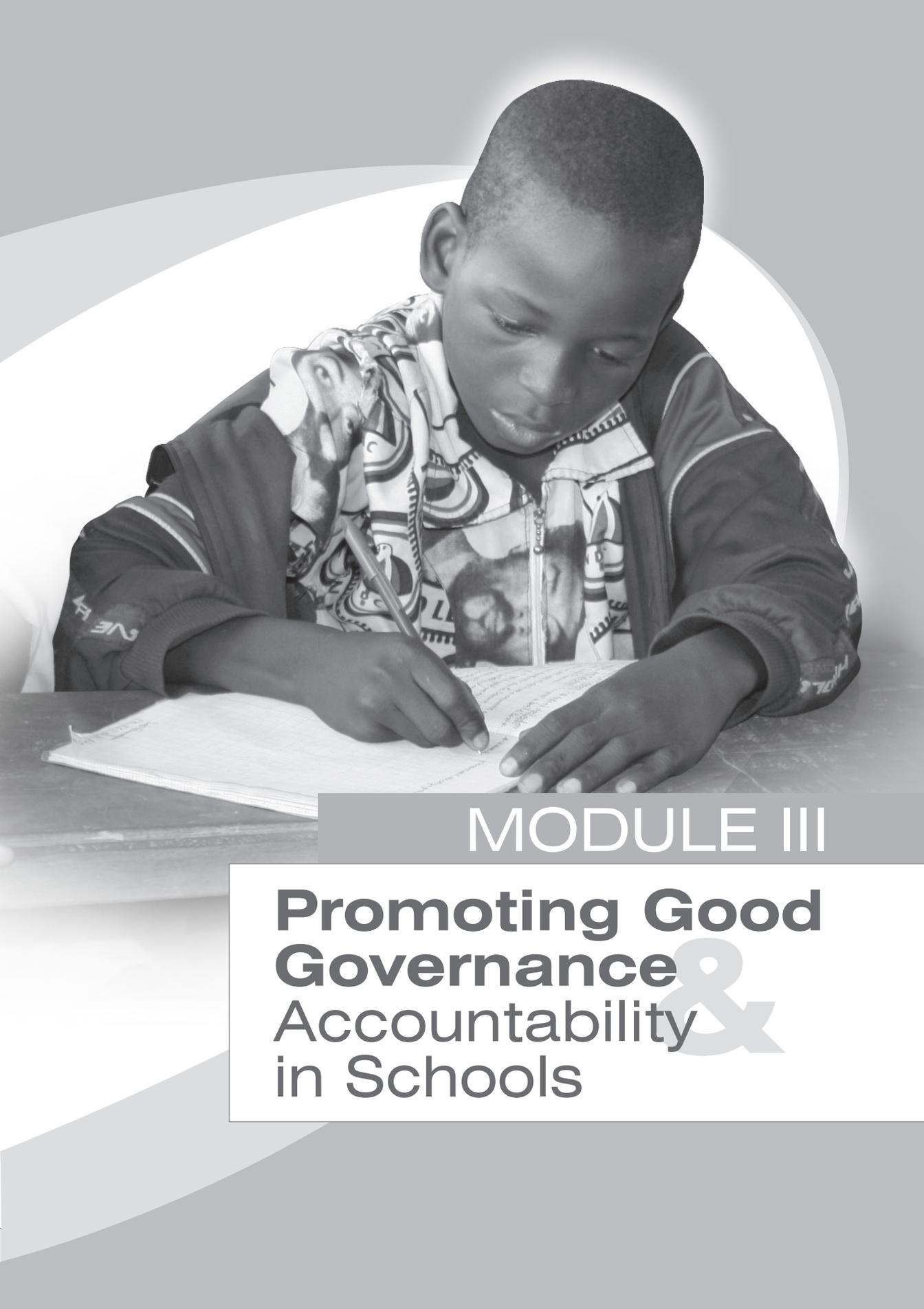
- a) Make enquires on who benefited from the project?
- b) Are the benefits visible to an outsider?
- c) Is the school community aware of the changes brought about by the expenditure incurred?
- d) Is learning environment better than before and are pupils performing better?

## SECTION 4: General Observation



### **Q12. Are there areas in financial management that appear to be weak?**

- a) Have you come across an unauthorized expenditure by the ministry or county in a particular financial year?
- b) Is there public knowledge on some key areas in financial management that are suspicious? If yes, seek for clarification from the head of institution?
- c) Is the turnover of headmasters high in this school? Check the handover procedures in place and determine whether they are weak to safeguard any resource leakages



## MODULE III

# Promoting Good Governance & Accountability in Schools

## Section I: Understanding What Constitutes School Resources



School resources are human, material and financial inputs used in facilitation of teaching and learning processes in schools. These may include but not limited to;

- (i) Physical resources – School infrastructure, chairs, desks, tables, latrines, gardens, trees and vegetation.
- (ii) Human resources – Head teacher, teachers and other support staff.
- (iii) Financial resources – grants (like FPE grants from MoE), school fees/levies, and donations from well wishers and supporters.
- (iv) Curriculum resources - teaching/learning materials, timetables, school programmes, calendars, schedules and datelines.

## Section II: Understanding Resource Mobilization in Schools



Resource mobilization is the process of bringing the inputs together. It means the acquisition and or the utilization of the resources. These resources should be utilized to improve school environment as well as teaching and learning processes/activities. This is an important point for budget trackers or expenditure monitors in schools and they should always be asking; are school resources being used for this purpose, or school managers are using school resources for personal, diversionary or fraudulent purposes.

We all know that public primary and secondary schools have become the biggest beneficiaries of devolved funds since 2003 and 2008 respectively. In addition to this support from the central government they receive more support from parents in terms of levies & fees and some from NGOs and other private foundations and individuals. This should be enough justification for budget trackers to work with SMCs and local organizations establish how much schools are able raise from different sources and the resources are being used for maximum benefit of the learners.

### Section III: Understanding School Budgeting and School Budgets



In this context a budget should be seen as a carefully thought out plan for financing the desired purposes and objectives of a school. A good budget must clearly represent activities; identify resources, revenue and materials. It must also show estimated costs of all items indicated with their time line. The role of all the parties involved in implementing the budget must be explicit, that is who will be undertaking what responsibility e.g. providing funds, labour and land.

Finally a budget must be approved by relevant stakeholders in this case staff, school committee, PTA and local MoE officials. Before the budget is approved schools should always hold budget review or interrogation forums as such forums can go along way in providing space for stakeholders to make input and influence budget priorities.

As we look though school budgeting and school budgets, monitors and trackers should always pay attention to the following principles of good budgeting: - participation; transparency; clarity; simplicity; accountability; flexibility; accessible budget information; accuracy; contestability and periodicity (timeframe).

## Section IV: School Governance Structure



Transparency is about sharing information widely about education policies and what is going on at the school level including use of funds. The following issues are important to you as a budget monitor at the school level in order to gauge the accountability level at the school level.

- What mechanisms do you have to hold schools heads accountable for their actions
- How transparent and accountable are the existing school structures?
- Who does the school leadership and existing committees account to?
- Are the financial statements shared with parents every term?

An effective governance structure ensures checks and balances exist at the school level. Effective accounting procedures require head teachers in collaboration with SMC members to keep the following books of accounts and documents well updated.

- Receipt book
- Payment voucher file
- Cash book
- The cheque book
- Commitment register

## Section V: Effective Monitoring and Tracking Resource Use in Schools



Budget Effectiveness requires that the head teacher in collaboration with SMC monitor, supervise and control school resources. Each accounting record serves a useful purpose and must be adhered to. The financial accounting system should provide a complete history of all the transactions to the school management committee and should provide the information necessary for the management operation of the school.

Effective accounting procedure requires the head teacher in collaboration with SMC members to keep the following books of accounts and documents well updated: - receipt book; payment voucher file; cash book; financial ledger; cheque book/bank pass book; counter file report register; inward cheque/ money orders/payment advice.

Tracking/monitoring is one of the most important ways of providing feedback and final stage of managing school finances. Some of the objectives tracking resource use in schools include;

- Financial standing of the school
- Credibility of accounting records
- A way of detecting or preventing errors for future
- Feedback to stakeholders e.g. parents, learners, teachers and sponsors
- Showing transparency.
- Update and review plans giving new way forward
- Determine the indicators in terms of numbers, percentages, quantities, duration and ratios.
- Assign new responsibilities.
- Collect, analyze and interpret income and expenditure data.
- Write progress reports
- Recommend action
- Disseminate information/findings.

SMCs and other actors should monitor school expenditure so as to: - assess progress; get feedback – giving evidence of success or failures; enhance transparency; increase accountability; promote sustainability; rationalize inputs; assist in decision making processes; review priorities; and undertake



re-planning. And as we track and monitor school resources we must pay attention to the following;

- Resource inflow (expenditure)
- Usage of resources
- Effectiveness of policies
- Performance, quality and outcomes of services (impacts)
- Spaces available for participating by parents.
- Effectiveness of participation by parents, children and parents.
- Plans and budgets in terms of process, structure and content.
- Management practices and decision – making process.
- Planning implementation process.

In monitoring use of school resources particularly funds, trackers/monitors should be very keen to interrogate allocation, spending and reporting processes. In this case, while reviewing allocations, spending and reporting on school funds, we should be able to ask or seek redress on the following questions:

- Who should authorize and who has been actually authorizing expenditures?
- Are all the allocations and subsequent spending according to planned activities?
- Are required funds/resources been released or delivered in good time?
- Does proper accountability exist for all expenditures; if so what mechanisms, systems and processes exist to enforce accountability?
- Is the school having the capacity (technical and organizational/institutional) to utilize mobilized resources mainly funds effectively.
- What is the type and levels of resource inflow (income/expenditure patterns)?
- Is the school having an effective plan, policies and or operation manuals or guidelines?
- What is the level of performance, quality and impact of school services to learners, teachers and parents?
- Is there sufficient space available for participation by parents, children, teachers, community members and other stakeholders in planning, implementation and monitoring?

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- How are plans and budgets made in the school?
  - Is quality education being delivered; is effective teaching and learning happening; are children/learners learning and if so what are they learning (learning outcomes/achievements)?
  - Are children, parents and the government getting value for funds schools are receiving? If yes, what do we have to show for this?

### Exercise:

- a) Is there an active school management committee in place?
- b) If there is one, how was it constituted?
- c) How often does it meet in a term?
- d) What issues are presented to it for discussion by the head teacher?
- e) How often are the finances of the school discussed by the SMC?
- f) To whom do the school committees such as textbook procurement report?
- g) What are some of the best ways of encouraging participation in school management?

### Guidance Notes:

The official policy is that each school must have a standing SMC constituted by 2 parents and other appointed persons as per the Ministry directives. The process is not democratic and most often than not does not result into full accountability. The power to dissolve such committees where necessary lies with the Ministry and not the parents or communities hosting the school.

## List of Useful Publications



1. MOF: Sector Reports
2. MOF: Medium Term Plan
3. MPND: Vision 2030
4. MOE: Sessional Paper No. 1 of 2005
5. MOF: Treasury Circular
6. MOF: Finance and Appropriations Acts
7. MOF: Printed Estimates
8. KNBS: Economic Survey
9. MOF: Budget Speech
10. Transparency International. Anti-Corruption Handbook. Updated 23 December 2004. Retrieved 8 February 2005. <[http://www.transparency.org/ach/oversight\\_bodies/supreme\\_audit/discussion.html](http://www.transparency.org/ach/oversight_bodies/supreme_audit/discussion.html)>.



## References

MOE, Sessional Paper No. 1 of 2005; Policy framework for education, training and research: 2005

MOE, Kenya Education Sector Support Programme 2005-2010;

Elimu Yetu Coalition (EYC); Budget Tracking Tools: 2001

FENU, School Management Committee User's Hand Book

FENU, Budget Tracking User's Handbook

PAMOJA, Managing our schools today: A practical guide on participatory school governance; 2005

MOF, Budget Circular: 2010

MOF, Budget Strategy Paper: 2010

MOF, Budget Outlook Paper: 2010

Farley, Jessica. "Accountability Lacking in Eastern Cape." *Grocott's Mail*. 18 June 2004. Public Service; Accountability Monitor. Retrieved 10 April 2005.



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