GUIDELINES FOR OPERATIONALIZATION OF WARD DEVELOPMENT FUNDS

The Office of the Controller of Budget has noted that most Counties are desirous of establishing Ward Development Funds to finance development activities at the Ward level. Consequently, the office has found it necessary to issue guidelines that will ensure adherence to the law, particularly, the Public Finance Management Act, 2012. The guidelines listed below will also improve reporting and accountability of public funds:

1. **Establishment of Ward Development Fund**
   a. The relevant department or County entity identifies the need for establishment of the Ward Development Fund.
   b. The proposal is forwarded to the County Executive Committee member for finance as per Section 116(1) of the Public Finance Management Act, 2012.
   c. The County Executive Committee member for finance presents the proposal on the establishment of the Ward Development Fund to the County Executive Committee for approval.
   d. Upon approval by the County Executive Committee, the County Executive Committee member for finance prepares the County Bill or County Regulation that will establish and operationalise the fund in line with Article 183(2) of the Constitution of Kenya, 2010.

2. **Approval of Ward Development Fund Bill or Regulations**
   a. The Regulations or County Bill is then submitted to the County Assembly for approval as per Section 116 (1) of the Public Finance Management Act, 2012 and Article 185 (1) of the Constitution.

   b. Upon approval by the County Assembly, the Bill is assented to by the Governor and published in the Kenya Gazette as per Article 199 of the
3. Operationalization and Administration of Ward Development Fund
   a. To operationalize the fund, the County Executive Committee member for finance must designate an administrator of the fund as per Section 116(2) of the Public Finance Management Act, 2012.
   b. The functions of the Administrator as per Section 116(7) of the Public Finance Management Act, 2012 include among others; preparation of financial statements for the fund, operating a bank account for the fund, and preparation of quarterly statements for submission to the County Treasury and the Controller of Budget as per Section 168 of the Public Finance Management Act, 2012.
   c. Only one bank account shall be maintained.
   d. The Administrator of the fund shall be a mandatory signatory to the bank account.
   e. Implementation of the Ward Development Fund programmes and projects shall be undertaken by the County Executive in line with Article 179(1) of the Constitution of Kenya, 2010.
   f. Staffing needs for purposes of administering the fund shall be addressed by the County Public Service Board.

4. Role of the Members of County Assembly and the Residents
   The Constitution requires clear separation of powers (Article 175 & 179 of the Constitution and Section 9(2)(a) of the County Governments Act, 2012) between implementation and oversight. As such, the role of Members of County Assembly shall be to mobilize the residents of each ward for purposes of identifying priority projects for each financial year. In identifying the projects, public participation is critical.

5. Role of the County Executive
   a. The County Executive will be responsible for implementation of projects funded by the Ward Development Fund.
   b. The list of projects identified and prioritised by the Members of County Assembly and the public will be forwarded to the Executive for implementation.
   c. The Executive must include the projects in the planning documents for the financial year, i.e. the Annual Development Plan as per Section 126 of the Public Finance Management Act, 2012 and the County Fiscal Strategy Paper (Section 117 of the Public Finance Management Act, 2012). No public funds shall be appropriated outside a planning framework as stipulated under Section 104(1) of the County Governments Act, 2012.
   d. The projects shall be included in the budget estimates in line with Programme Based Budgeting. (Schedule 2 Section. 12 of the Public Finance Management Act, 2012).

6. Monitoring and Evaluation
   The Members of County Assembly shall play the oversight role, and monitor implementation of projects as provided under Article 185(3) of the Constitution of Kenya, 2010.
7. Auditing
The Ward Development Fund laws or Regulations shall provide for auditing of the Fund in line with Article 229 (4) of the Constitution of Kenya, 2010.

Agnes Odhiambo (Mrs)
CONTROLLER OF BUDGET

CC: The Cabinet Secretary
Ministry of Devolution & Planning
NAIROBI

The Cabinet Secretary
The National Treasury
NAIROBI

The Chairman
Council of Governors
NAIROBI

The Chairman
Commission for Implementation of the Constitution
NAIROBI

The Chairman
Commission on Revenue Allocation
NAIROBI

The Chairman
Transition Authority
NAIROBI

The Chairman
Speakers' Forum
NAIROBI

The Chairman
County Assemblies Forum
NAIROBI

Promoting Prudent Financial Management in the Public Sector