



**MINISTRY OF FINANCE**  
**PUBLIC FINANCIAL MANAGEMENT REFORM PROGRAMME**

**PROGRESS REPORT**

**FIRST QUARTER 2009/2010**  
**(JULY-SEPTEMBER 2009)**

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## **1. Introduction**

### **1.1. Brief background**

The aim of the Public Financial Management Reform (PFMR) programme is to strengthen public financial management systems to enhance transparency, accountability and responsiveness to public expenditure policy priorities. This is meant to contribute to the government overall objectives of economic growth and poverty reduction, improved service delivery and good governance. PFMR is meant to lead to two overall results:

- Improved effectiveness and efficiency in the public service; and
- Substantial improvements in service delivery, increases in allocations in accordance with political priorities.

The programme is managed by the Public Financial Management Reforms Coordinating Unit (PFMRCU) in the Ministry of Finance. Implementation is undertaken by government departments and agencies organised in 15 components.

The management of the Public Financial Management Reform Programme was strengthened during the first quarter of financial year 2009/2010. This followed a gap in replacement of the staff members that were recalled from the programme during the last quarter of 2008/2009 financial year. A Programme Coordinator and Finance Specialist were appointed to the programme in September 2009. The programme also resumed full operations as processing of payment requests had been resumed at the end of the previous quarter and the freeze on funds lifted. However, there were limited funds available to be expended during the period and this affected the implementation of activities by components.

A MTR was conducted during the period that made several recommendations with regards to improvement in management of the programme, prioritisation of reform activities by components, and improvements in work planning, procurement and other operational issues.

### **1.2. Key milestones for the quarter**

During the quarter the following were the key achievement by the programme:

- ✓ Preparation of indicative Programme Based Budget (PBB) by the Budget Formulation Component
- ✓ Induction of 285 accountants on Senior Management Course at Kenya Institute of Administration (KIA)
- ✓ The MTR for the PST and PFMR programme
- ✓ The audit mission for the KISGG project

## **2. Component Achievements**

### **2.1. Budget Formulation**

The component sponsored two officers for training on data management. Two workshops for budget preparatory teams on Programme Based Budget were held and the indicative Programme Based Budget (PBB) was developed.

### **2.2. Kenya Revenue Authority (KRA)**

The component worked on re-initiating procurement processes that were expired and also completed procurement for a Project Management Course (Prince 2). They also initiated procurement for team building training.

### **2.3. Budget Execution**

To improve staff competencies and professionalism, the Component enrolled 62 accountants for a 6-month CPA course from July. 285 accountants underwent a senior management course at KIA.

### **2.4. Public Procurement Oversight Authority (PPOA)**

The component hosted the East African Procurement Peer Members Forum (EAPPMF). This forum is to support benchmarks and best practices in Public Procurement.

### **2.5. Payroll and Pensions: Pensions Department**

During the quarter under review, the Component completed training a total of 163 officers in readiness for the computerization of the department. The department also finished the procurement of 88 mobile racks and some cabinets. In the pipeline, were training in records management, and archiving, pensions management, public relations and change management.

### **2.6. Public Sector Transformation (PST) Department**

Under the Capacity Building Facility sub-component, the Ministries of Agriculture and Trade completed their first tranche of funding to implement Result Based Management action plans. Ministries of Local Government and Planning were at advanced stages of completing activities in their action plans. Ministry of Finance revised their work plan but implementation of the activities is still slow.

Within the Transformative Leadership sub-component, capability reviews of eight ministries<sup>1</sup> were on-going. The results of these reviews will inform the development of initiatives to help the ministries to develop meaningful and sustainable capacity for delivery of their Vision 2030 mandates. The RRI Institute was procured to help in the training of additional RRI coaches from various MDAs. These coaches are expected to help fast track the institutionalization of RRI. RBM

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<sup>1</sup> Trade, Local Government, Finance, Roads, Public Works, Industrialization, Energy and Planning and National Development

sensitization strengthened with trainings being conducted for Local Authority officials. For the Growing Our Leaders programme, the Component also conducted baseline survey in Nyanza, Western, South Rift and North Rift Valley provinces. Phase II of this activity targeted Districts which were not covered in Phase I. The data has been collected and is waiting to be analyzed

## **2.7. Public Financial Management Reforms Coordinating Unit (PFMRCU)**

During the quarter under review, the PFMR Secretariat was not able to prepare the M& E and FM Reports due to the lack of technical capacity among the remaining staff to perform these functions. The annual financial statements were however prepared in time and submitted to KENAO for auditing as required. 31 requests for No Objections were resubmitted to the Bank and positive feedback was received on all of them. The Secretariat facilitated the preparation for and the actual conduct of a joint mid-term review of the PFMR Programme and an Audit Mission of the KISGG Project.

The Internal Audit Component did not submit their report for the quarter. There were no activities undertaken by the following components during the quarter:

- Economic Affairs Department (Macro-Fiscal)
- Debt and Guarantee Management
- Capacity Building for PFMR
- Procurement Department
- External Resources Department
- Payroll and Pensions-IPPD
- Payroll and Pensions: Teachers Service Commission (TSC)
- Parliamentary Oversight
- Kenya National Audit Office (KENAO)

## **3. Resource Utilisation**

The following is a summary of expenditure for the period under review

<b>ITEM</b>	<b>BUDGET</b>	<b>EXPENDITURE FOR THE PERIOD</b>	<b>% EXPENDITURE OF BUDGET</b>
Training	155,068,500	16,659,219.40	<b>11%</b>
Operational expenses	220,127,500	4,891,994.75	<b>2%</b>
Goods and Services	278,660,000	96,307,850.20	<b>35%</b>
Consultancy	38,600,000	-	<b>0%</b>
<b>Total</b>	<b>692,456,000</b>	<b>117,859,064.35</b>	<b>17%</b>

## **4. Conclusions**

As previously mentioned, there were few activities undertaken during the quarter due to inadequate funds.