



**MINISTRY OF FINANCE**

**PUBLIC FINANCIAL MANAGEMENT REFORM PROGRAMME**

**PROGRESS REPORT**

**SECOND QUARTER 2009/2010**

**(OCTOBER-DECEMBER 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.

During the quarter under review, the programme organised a work planning retreat for all the Components. The Components came up with 18-month work plans with priority activities for the first six months January to June 2010. Components were also taken through the procurement and financial management regulations. They discussed challenges that have affected delivery of the programme and mentioned possible ways of addressing the challenges. A detailed report of this workshop is available separately.

The Public Financial Management Reforms (PFMR) Secretariat staff also held a retreat from 19th to 23rd December 2009. The objectives of the retreat were to clarify the mandate and functions of the secretariat, develop performance targets and service charter. The retreat was also to enable the staff develop trust and develop a shared vision and mission. The staff discussed and agreed that the mandate of the Secretariat is to **coordinate and harmonise PFMR to enhance good governance, accountability and improved service delivery to Kenyan people in line with the Vision 2030**. Staff members then developed **performance targets** for each of the sections and agreed on the services they would offer and service standards that were drafted in a **service charter**. Copies of these are available.

### 1.2. Key milestones for the quarter

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

- ✓ Retreat by all PFMR Components to prepare work plans and priority activities
- ✓ PFMRCU staff retreat to develop performance targets and service charter for the Secretariat

## **2. Component Achievements**

### **2.1. Debt and Guarantee Management**

Two officers trained at Crown Agents UK in Debt Strategy formulation. The Component also organised to print the annual debt management report through the Government printers.

### **2.2. External Resources Department**

Component managed to train one officer at ESAMI.

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

The Component undertook Project management Prince2 certification training for 15 officers. A number of procurement processes were initiated for a number of ICT equipment including Network Management Solution, E-Learning Solution and Information Technology Service Management Tool and Disaster Recovery Equipment. This is in line with improved business automation at KRA. The Component also received approval to proceed with Information Systems Audit Training and Certified Information System Security Professional.

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

The Component placed a tender for the purchase of ICT equipment for PPOA.

### **2.5. Payroll and Pensions**

#### **a. Pensions Department**

During the quarter under review, the Component initiated procurement of 88 mobile racks (double mechanical systems). The equipments are to support the implementation of the new records and payroll management systems at the pensions department.

#### **b. Teachers Service Commission**

The Component trained 193 staff on data management. This was to ensure that data returns were captured for effective decision making. The Component, also undertook technical evaluation for ICT equipment though the process was affected due to relocation of the offices.

## **2.6. Internal Audit**

Four officers joined colleges to pursue professional CISA and sat for exams in December 2009. Seven auditors enrolled for Diploma in internal auditing. The course is aimed at improving professionalism in internal auditing. 20 internal auditors undertook a course in London on Value for Money Audit to enhance their capacities on value for money auditing.

## **2.7. External Audit: KENAO**

The component undertook a training needs assessment and developed a training needs database and training plan during the period.

## **2.8. Parliamentary Oversight**

25 officers were trained at the Kenya Institute of Administration on report writing and managing committees. This was aimed to improve the quality of oversight committee reports and management of oversight committees.

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

The activities under the Capacity Building Facility (CBF) were greatly hampered due to lack of funds. Proposals for the Office of the Prime Minister was approved by the Project steering Committee and submitted together with for Ministries of Trade, Agriculture, Industrialisation and Cooperatives but No objection had not been obtained for the said work plans at the end of the quarter.

Under the Transformative Leadership, and Ethics for Results for Kenyans, capability reviews for eight ministries were completed. The objective of the reviews was to assess the Ministries' readiness to implement RBM. Action plans were developed that would inform capacity development initiatives for the ministries. The lessons learnt from the pilot phase would be leveraged in the sub-sequent phases.

Additional RRI coaches were hired to support RRI initiatives in various MDAs. Seven officers were trained in RBM and two officers trained in records management.

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

During the quarter under review, the PFMR Secretariat organised a work planning retreat for all the Components where 18-month work plans were developed and priority activities for the period January to June 2010 were to be identified. Additionally the Components were taken through the procurement and financial management guidelines.

The Secretariat also held a staff retreat at the end of the year and developed performance targets and service charters to guide the operations.

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

- Economic Affairs Department (Macro-Fiscal)
- Budget Execution: Accountant General's Office
- Capacity Building for PFMR
- Procurement Department
- External Resources Department
- Payroll and Pensions-IPPD
- IFMIS

### 3. Resource Utilisation

The following is a summary of expenditure for the period under review. The cumulative expenditure as a % of the budget rose from 11 per cent during the first quarter to 25 per cent in second quarter.

ITEM	BUDGET 09/10 KSHS.	EXPENDITURE FOR THE PERIOD (KSH.)	CUMULATIVE EXPENDITURE Q1+Q2	% EXPENDITURE OF BUDGET
Training	155,068,500	41, 053,427.4	57,712,646.80	37%
Operational expenses	220,127,500	14,764,027.2	19,656,021.95	9%
Goods and Services	278,660,000	425,952.0	96,733,802.20	35%
Consultancy	38,600,000	-	-	-
<b>Total</b>	<b>692,456,000</b>	<b>56,243,406.6</b>	<b>174,102,470.95</b>	<b>25%</b>

### 4. Conclusions

The main activities that took place during the quarter under review were the preparation of Component work plans. However, a number of components still did not undertake any activities as they did not have funds from the programme.