



Republic of Kenya

**BUSINESS PROCESS**

**RE-ENGINEERING REPORT**

**FOR**

**THE NATIONAL TREASURY AND**

**PLANNING**

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## **1.0 BACKGROUND**

The National Treasury and Economic Planning was established under the Executive Order No. 1 of January 2023 to be responsible for overall economic policy management, management of public finance, formulation of national budget, public debt management and national and sectoral development planning, among other functions. In its quest to provide efficient services to fulfill its mandate and in compliance with the Performance Contracting Guidelines for the FY 2021/2022; the Ministry set up a Business Process Re-engineering Committee and requested the Public Service Commission (PSC) for technical support in re-engineering their business processes. Consequently, the PSC identified **Jacqueline Mutimba Otwor**i, a BPR expert, from Management Consultancy Services in the State Department of Public Service to provide the necessary support.

### **1.1 Sensitization of Senior Management**

The National Treasury and Planning organized for a one-day sensitization workshop for its senior management on identification of priority processes for re-engineering. The objectives of the workshop were:

- i. To sensitize Management on the concept of Business Process Re-engineering (BPR) to gain understanding;
- ii. To enable management to identify priority service processes to be subjected to BPR;
- iii. To provide guidance in formation of BPR project teams for each service process selected for re-engineering; and
- iv. To support the BPR project teams as they proceed to an out-of-station workshop to undertake actual re-engineering of identified processes.

### **1.2 Identification of Services for Re-Engineering**

At the end of the sensitization exercise, the participants listed all services provided by the National Treasury and Planning and selected four of them to be subjected to re-engineering as a priority. The four services which were identified are:

- i. Pension Process;
- ii. Payment Process;
- iii. Budget Process; and
- iv. Debt Management Process.

### **1.3 Re-Engineering of Selected Services**

Members of the BPR Committee in the National Treasury and Planning, who had been drawn from each Department (but are not Heads of Department), proceeded for a five-days' workshop to

undertake the actual re-engineering of selected services with technical support by the consultant. Members of the Committee were once again taken through the BPR concept and guided through the process of re-engineering of the services which had been selected by management of the National Treasury and Planning. Consequently, these processes were mapped, interrogated, and re-designed to improve efficiency and to be responsive to customer needs as detailed below.

## 2.0 THE PENSION PROCESS

The Pensions Department is responsible for payment of pension, death gratuities and other retirement benefits to eligible public servants. In this report, the payments whose processes have been re-engineered are;

- Pension paid to Public Servants on retirement (Lumpsum); and
- Death Gratuity.

### 2.1 AS-IS PROCESS OF PAYMENT OF PENSION (LUMPSUM)

This is payment made to a Public Servant who has attained mandatory retirement age and exits the service on retirement. Usually, retirees are requested to elect to commute a part (1/4) of the total retirement amount which is paid as lumpsum. The rest of the retirement benefits are paid on a monthly basis.

Step	Activity	No. Of Days	Actor
1.	Receive claims from Ministries, Departments and Agencies (MDAs), Teachers Service Commission (TSC), Military, Parliament and Judiciary	1	Claims section MDAs TSC Parliament Judiciary
2.	Data entry of claims received into Pension Management Information System (PMIS) (Name, ID No., PF/No. and MDA)	5	Claims Officer Field Officer (TSC)
3.	Claim entry verification in PMIS	2	Verification Officers
4.	Claim entry approval in PMIS	10	Claims Approvers
5.	Claim entry RG number issuance for distribution to Data Capture Officers	1	System generated
6.	Data capture of all information from pensioner's GP 178 claim form into PMIS	5	Data capture Officers
7.	Assignment of pension number by PMIS	1	System Generated
8.	Assessment of the data captured in PMIS from GP 178 (confirm with the physical form)	5	Assessor
9.	Computation of the award by PMIS	1	Assessor
10.	Print page 5 and appendix from PMIS	1	Assessor



Step	Activity	No. Of Days	Actor
11.	Approval of award computed by PMIS (compare data in physical file with that captured in PMIS)	1	Assessor
12.	Submit hard copy and soft copy file to COB	1	Assessor
13.	Verification of award (compare data in physical file with that captured in PMIS)	3	COB
14.	Approval of award in PMIS and sign hard copy	2	COB
15.	Approved award (hard and soft) by COB forwarded to the Pensions Directorate	1	COB
16.	Verification and approval of approved award by Director Pensions (Mandated by Pensions Act Cap189)	5	Director Pension
17.	Approved award forwarded to accounts section	1	Director Pension
18.	Voucher preparation & examination in PMIS	2	Accounts Clerk
19.	Print Voucher from PMIS and sign hard copy	1	Accounts Clerk
20.	Generate 4 copies of the pensioner's letter		System Generated
21.	Voucher Authority (verification of all documents in the physical file, verify pay point, taxation, salary progression)	10	Accountant
22.	Voucher verification and approval (Public Sector Accounting Standards)	10	Head of Accounts
23.	Forwarded to cash office	1	Head of Accounts
24.	Manual recording of claims received	1	Cash Office
25.	Schedule preparation for the lumpsum by PMIS (to request funds from exchequer & download file) as the system generate monthly payments alert to payroll.	5	Cash Office
26.	Forward hard copy schedule to Controller of Budget (COB)	1	Head of Accounts
27.	Verification and approval of schedule by COB	1	COB
28.	Return approved schedule to Head of Accounts	1	COB
29.	Forward to exchequer for payment through Internet Banking	1	Head of Accounts
30.	Payment of lumpsum to the pensioner	30	Exchequer
<b>Total</b>		<b>110</b>	

### 2.1.1 Challenges of Current Process

- i. Delays in payment of pension. Current process has **30 steps** and takes **110 days** (almost four months if the claim has been received at the Director of Pensions).
- ii. Delays in submission of prepared claims from MDAs. Some MDAs take several months to prepare pensions claims before submission to the Director of Pensions and pensioners wait even longer, sometimes as long as several years, before receiving their pension.
- iii. Inadequate skills by MDAs on how to prepare claims for pensions;
- iv. The claims process is purely manual and laborious i.e., MDAS have to ferry claims and physical files;
- v. Erroneous pension claims data and incomplete pension claims from MDAs, TSC, parliament and judiciary;
- vi. Misplacement of personal files and claims while ferrying to pensions;

- vii. Outdated legal and policy framework (Cap 189);
- viii. Inability to notify claimants of the pension claims processing events;
- ix. Inability to upload payment schedule to IB/T24 (Not connected to PMIS);
- x. PMIS not integrated with Government Human Resource Information System (GHRIS), Integrated Personnel and Payroll Database (IPPD), Teacher Management Information System(TMIS)
- xi. Inability to link PMIS with KRA itax for monthly remittance withholding tax (WHT)
- xii. Delay in release of funds by exchequer;
- xiii. Erroneous pensions claim data at source;
- xiv. Inability of claimant to track their pension claims status in real time;
- xv. Ineffective PMIS (Needs updated and current modules) – system is slow and has a lot of downtimes;
- xvi. Corruption; customer complaints about being asked to pay bribes before receiving payment; both in the MDAs and the National Treasury;
- xvii. The claims process is purely manual and laborious i.e., MDAs have to ferry claims and physical files to the Pensions Department;
- xviii. Erroneous pension claims data and incomplete pension claims from MDAs, TSC, Parliament and Judiciary;
- xix. Misplacement of personal files and claims while ferrying to Pensions Department;
- xx. The current system is not able to detect claims already processed e.g., revised claims;
- xxi. Risk of fraudulent cases being enrolled and processed;
- xxii. Inadequate staff to process payment of pension;
- xxiii. Inadequate skills on pension matters by staff;
- xxiv. Outdated legal and policy framework (Cap 189);
- xxv. Poor record management of employee records/data in the MDAs;
- xxvi. Inability to notify claimants of the pension claims processing events;
- xxvii. Inability to upload payment schedule to IB/T24 (Not connected to PMIS); and
- xxviii. PMIS is unable to electronically capture the 31% pension and WCPS contribution from MDAs.

### **2.1.2 Recommendations for improvement**

Based on challenges above, the following recommendations are made for improving the process.

- i. Overhaul of current PMIS/ upgrade PMIS.
- ii. Integrate PMIS with GHRIS/IPPD, TMIS & IPRS for verification of identity and validation of data captured in PMIS.
- iii. Full automation of the pension payment process.
- iv. GP 178 which is the source of pension data to be reviewed and digitized.
- v. Cleaning of personnel data in the GHRIS and the IPPD system by the State Department of Public Service for use in preparation of employee pension claims instead of using manual records.
- vi. Review policies, laws and regulations governing pension.
- vii. To provide access by all MDAs, TSC, Parliament, military, Judiciary to the PMIS to enable them to capture required pension data into the system (data captured at source).
- viii. COB to come at the schedule processing stage of the pension payment process.
- ix. Development of management level dashboard for tracking pension payment process.

- x. Development of customer level dashboard for tracking pension claims.
- xi. Establish a functional customer support services system including a Contact Centre to respond to and resolve customer queries in real time.
- xii. Deploy pension officers to MDAs where needed (Ministry of Interior, National Police Service (NPS).
- xiii. Assign pension desk officers to different MDAs.
- xiv. Ensure customers receive notifications during the pension payment process.
- xv. Sensitize civil servants, pensioners and their dependents on the pension payment process.
- xvi. Public education on issues of pension.

## 2.2 TO-BE PROCESS OF PAYMENT OF PENSION (LUMPSUM)

Step	Activity	No. Of Days	Actor
1.	Receive electronically submitted claims in PMIS from MDAs, TSC, Military Parliament and Judiciary	1	Claims section MDAs TSC Parliament Judiciary
2.	Verification of the electronically submitted claims against GHRIS/IPPD, TMIS & IPRS data and scanned attachments	1	Assessor
3.	Assignment of Pension Number by PMIS	0.5	System Generated
4.	Computation of the award by PMIS	0.5	Assessor
5.	Verification and approval of computed pension award in PMIS (Mandated by Pensions Act Cap189)	2	Director Pension
6.	Voucher Authority (verification of computed lumpsum and monthly award, verify pay point, taxation, pending government liabilities & salary progression)	1	Accountant
7.	Voucher verification and approval (Public Sector Accounting Standards) and forward to cash office	1	Head of Accounts
8.	Schedule preparation for the lumpsum by PMIS (to request funds from exchequer) as the system generates monthly payments alert to payroll.	2	Cash Office
9.	Verification and approval of schedule by COB	0.5	COB
10.	Return approved schedule to Head of Accounts (System Alert)	0.5	COB
11.	Forward to exchequer for payment through Internet Banking	0.5	Head of Accounts
12.	Payment of lumpsum to the pensioner	1	Exchequer
<b>Total</b>		<b>11.5</b>	

### 2.2.1 Benefits of the Re-engineered Process

When re-engineered, this process will increase efficiency and cut costs.

- i. The process has been reduced from **30 steps** to **12 steps** and **110 working days** to **11.5 working days**.
- ii. Although it is capital intensive at the beginning, it will save time and money for the customers and the pension directorate;
- iii. Improved service delivery to the customers (pensioners, beneficiaries, dependents);
- iv. Increased efficiency and effectiveness of the pension payment process;
- v. Elimination of corruption;
- vi. The integration of the systems reduces duplication and gives us real time information for verification; and
- vii. A shilling today is worth more than a shilling tomorrow: Fast tracking the process will avail needed revenue (payment of taxes real time).

### 2.2.2 Other recommendation for the successful implementation of the re-engineered process

- i. The COB comes after schedule preparation to avoid duplication of their role in the process.
- ii. MDAs, TSC, Military, Parliament and Judicial Service Commission to be trained on uploading and processing claims on PMIS at source.
- iii. The process also requires for personnel data to be cleaned up on GHRIS/IPPD, TIMS and for PMIS to be integrated with iTax, IPRS, GHRIS/IPPD and TIMS.
- iv.

### 2.3 AS-IS PROCESS OF PAYMENT OF DEATH GRATUITY TO DEPENDENTS/BENEFICIARIES

This is a payment that is made to dependents and beneficiaries in the event of death of a pensioner according to the Widows and Children's Pension Scheme Act Cap 195.

Step	Activity	No. Of Days	Actor
1.	Report Death to registry by dependent/beneficiary (Filled declaration/guardian form with necessary attachments (Bank plate for claimant, chief's letter, original death certificate, birth certificate for children)	1	Beneficiary Registry
2.	Record claim on excel sheet	1	Registry
3.	Pension requests Civil registration to authenticate death certificate through a letter	1	Registry
4.	Authenticate death certificate by Civil Registration	90	Civil Registrar
5.	Forward response of authenticated death certificate to pension	1	Civil Registrar
6.	Review and approval of Civil Registration authentication	1	Director Pension
7.	Forward approved documents to registry for filing in the deceased pensioner's file	1	Director Pension

Step	Activity	No. Of Days	Actor
8.	Registry forwards the file of the deceased and original death certificate to assessment	1	Registry
9.	Deletion of deceased pensioner from payroll (in PMIS)	1	Data Capture Officer
10.	Verification of deletion in PMIS	1	Assessor
11.	Approval of deletion in PMIS	1	Director Pension
12.	Data capture into PMIS of all information from Declaration/Guardianship Form	1	Data Capture Officer
13.	Assignment of pension number by PMIS	1	System Generated
14.	Assessment of the data captured into PMIS	5	Assessor
15.	Computation of the award by PMIS	1	Assessor
16.	Print dependants report from PMIS	1	Assessor
17.	Approval of award on PMIS and physical file	1	Assessor
18.	Submit hard copy and soft copy file to COB	1	Assessor
19.	Verification of award (PMIS & physical file)	3	COB
20.	Approval of award (PMIS & physical file)	2	COB
21.	Approved award by COB forwarded to the Pensions Directorate	1	COB
22.	Verification and approval of approved award by Director Pensions (Mandated by Pensions Act Cap189) (PMIS & physical file)	5	Director Pension
23.	Forward to dependent's payroll for processing (PMIS & physical file)	1	Director Pension
24.	Audit of the dependent's approved claim	5	Internal Auditor
25.	Forward to payroll for payment	1	
<b>Total</b>		<b>129</b>	

### 2.3.1 Challenges of Current Process

- i. The process is long and causes delays. It has **25 steps** and **129 days**;
- ii. Ineffective PMIS (Needs updated and current modules) – system is slow and has a lot of downtimes;
- iii. System not able to detect claims already processed e.g., revised claims;
- iv. Risk of fraudulent cases being enrolled and processed;
- v. PMIS is unable to electronically capture the 31% pension and WCPS contribution from MDAs;
- vi. Corruption/rent seeking from dependents/beneficiaries;
- vii. Delays in making payments to dependents/beneficiaries;
- viii. Many customer complaints;
- ix. Dependents/beneficiaries have to visit multiple service delivery points to receive the service. These include, Civil Registrations offices, Chiefs, Pensions offices and back to Civil Registrations before going back to the Pensions office;
- x. Low awareness by pensioners and dependents on documentation required for application of Death Gratuity;

- xi. The pensioners and beneficiaries/dependents are unaware of the particulars of the pension payment process;
- xii. Delays in authenticating death certificates by the Department of Civil Registration where death records are manual. Currently there are 2000 pending requests at the CRD for authentication from the Pensions Department. In the meantime, dependents continue to wait.

**2.3.2 Recommendations for improvement**

- i. Digitization and automation of birth and death records for ease of access;
- ii. Upgrade the PMIS;
- iii. Integration of the PMIS with the Civil Registration system for verification of birth and death records;
- iv. Full automation of the pension payment process;
- v. COB to sample out claims for checks and balances;
- vi. Sensitization of pensioners on updating their next of kin records;
- vii. Review policies, laws and regulations governing pension;
- viii. Management level dashboard for tracking pension payment process;
- ix. Customer level dashboard for tracking pension claim;
- x. Establish a functional customer support services (contact centre) for beneficiaries to give real time feedback on their claims;
- xi. Notifications to customers;
- xii. Sensitize dependants and the public on the pension payment process; and
- xiii. Public education on issues of pension.

**2.4 TO-BE PROCESS OF PAYMENT OF DEATH GRATUITY**

Step	Activity	No. of Days	Actor
1.	Deletion of deceased pensioner from payroll (in PMIS) upon electronic notification of death from the Civil Registration System	1	Data Capture Officer
2.	Receipt of Declaration/Guardianship form in PMIS and required attachments (Bank details for claimant, death certificate, birth certificate for children)-customer fills details on-line	1	Data Capture Officer
3.	Verification of the electronically submitted claims against CRD system and scanned attachments	1	Assessor
4.	Generation of Pension Number & Computation of the award by PMIS	0.5	Assessor
5.	Verification and approval of Award by Director Pensions (Mandated by Pensions Act Cap189) & forward to dependent’s payroll for processing	1	Director Pension
6.	Audit of the dependent’s approved claim	1	Internal Auditor
7.	Forward to payroll for payment	0.5	
<b>Total</b>		<b>6</b>	

### 2.4.1 Benefits of the Re-engineered Death Gratuity Process

- i. The Service Turn-around-time will be reduced from **129 working days** to **6 working days**.
- ii. The number of steps has been reduced from **25** to **7 steps**.
- iii. Capital intensive at the beginning but it will save time and money for the customers and the Pensions Department.
- iv. Improved service delivery to the customers (pensioners, beneficiaries, dependents).
- v. Increased efficiency and effectiveness of the pension payment process.
- vi. Elimination of corruption.
- vii. The integration of the systems reduces duplication and gives real time information for verification.

## 3.0 PAYMENT PROCESS

There are several types of payments made by the National Treasury and Planning. However, only two types of payment processes have been identified for re-engineering. These are:

- i. Payment to suppliers; and
- ii. Payment of Imprest.

### 3.1 AS-IS Process of Payment to Suppliers

This is a payment made to those who have supplied goods or services to the National Treasury and Planning.

Step	Activity	No. of Days	Actor
1.	Physical receipt and recording of payment document in accounts	1	Head of Accounts Unit (HAU)
2.	Physical forwarding payment documents to pay accounts section	1	HAU
3.	Manual preparation of payment voucher and numbering	2	Accountant
4.	Physical movement of payment voucher to Authority to Incur Expenditure (AIE) holder	1	Messenger
5.	Physical signing and certification of the payment voucher	3	A.I.E. Holder
6.	Movement of the payment voucher to the Head of Supply Chain Management Services (HSCMS) for endorsement	1	Messenger
7.	Physical endorsement of the payment voucher by the HSCMS	1	HSCMS
8.	Physical collection of signed vouchers from HSCMS	1	Messenger
9.	Invoicing of the payment voucher in Integrated Financial Management System (IFMIS)	2	Accountant
10.	Physical examination of payment voucher and validation in IFMIS	2	Accountant

Step	Activity	No. of Days	Actor
11.	Physical movement of documents to first approver	1	Messenger
12.	First approval of payment voucher in IFMIS	3	A.I.E. Holder
13.	Physical movement of documents to second approver	1	Messenger
14.	Second approval of the payment voucher in IFMIS	3	SCFO
15.	Physical movement of documents to third approver	1	Messenger
16.	Third approval in IFMIS and manual authorization of the payment voucher	3	HAU
17.	Physical movement of voucher to cash office with a register	1	Messenger
18.	Manual and IFMIS requisition of exchequer for the payment voucher	1	Cashier
19.	Approval of the exchequer request in IFMIS and manual approval	1	HAU
20.	Payment in IFMIS and transmission into Internet Banking (IB) level 1	2	Cashier
21.	Awaiting exchequer release and crediting of bank account	14	Exchequer Unit
22.	Level 2 approval of the payment in IB	2	Level 2 Approver
23.	Physical submission of memo to PS for approval of payments over Ksh. 1 million	2	PS
24.	Transmission of the payment into the supplier account in IB	2	HAU
25.	Receipt of payment by the supplier in their account	1	Supplier
<b>Total</b>		<b>53</b>	

### 3.1.1 Challenges of Current Process

- i. The process takes long; **25 steps** and 53 days;
- ii. Too many levels of approvals, 3 for initial payment and 3 for disbursement;
- iii. Exchequer release process delaying the payment process;
- iv. Payment document going to same actor multiple times in different levels;
- v. Dependency on other processes that impact performance on payment;
- vi. Legal requirements support manual requirements;
- vii. Approval time too long;
- viii. Work culture problem requiring Paradigm shift in thinking;
- ix. Customer complaints about corruption; and
- x. Partiality in making payments- no adherence to first-come first- pay principle.

### 3.1.2 Recommendations for Improvement

Based on the challenges above the following recommendations are made:

- i. Reduce the number of approvers in the payment process;



- ii. Consider increasing the amount limit that goes to Accounting Officer for approval from Ksh. 1 million to reduce delays in payment;
- iii. Introduce payment-tracking system;
- iv. Fully automate the payment process;
- v. Invest in proper Customer Support Services;
- vi. Implement Change Management Programs to change the culture of staff;
- vii. Finance office to be removed in the payment process; and
- viii. Revise the Financial Orders to reflect changes of procedures over time.

### 3.2 TO-BE PROCESS OF PAYMENT TO SUPPLIERS

Step	Activity	No. of Days	Actor
1.	Online receipt of payment documents in accounts and assignment of task to accountant	1	HAU
2.	Invoicing with attached supporting documents and forwarding through the system for validation	1	Accountant
3.	Online examination and validation of payment voucher	1	Accountant
4.	Digital signing and first approval of payment voucher and system auto forward to HAU	1	AIE Holder
5.	Digital signing of payment voucher, second approval and authorization triggering movement to Cash Office	1	HAU
6.	Online requisition of exchequer for the payment voucher	1	Cashier
7.	Approval of the exchequer request through the system		HAU
8.	Verification and payment in the system for transmission into Internet Banking (IB)		Cashier
9.	Awaiting exchequer release and crediting of bank account	7	Exchequer Unit
10.	Workflow/ Email request to A/O for approval of payments over Ksh. 1 million to be system generated	1	Triggered By HAU
11.	Approval of workflow or No objection email from Accounting Officer	1	Accounting Officer
12.	Transmission of the payment into the supplier account in IB	1	HAU
13.	Printing of system generated payment voucher for recording		Cashier
14.	Receipt of payment by the supplier in their account		Supplier
<b>Total</b>		<b>16</b>	

#### 3.2.1 Benefits of TO-BE Process

- i. Reduced service turn-around-time (TAT) from **53** to **16 days**.
- ii. Number of steps also reduced from **25** to **14 steps**.
- iii. Reduce costs to customer due to reduction in TAT.
- iv. Increased customer satisfaction.

- v. Embracing technology in payment.
- vi. Improves efficiency in service delivery.

### 3.3 AS- IS PAYMENT OF IMPREST PROCESS PAYMENT OF IMPREST TO EMPLOYEES

Imprest is an advance payment to employees to undertake activities outside the work station.

Step	Activity	No. of Days	Actor
1.	Physical receipt of memo approved by Accounting Officer	1	Senior Chief Finance Officer (SCFO)
2.	Manual giving of go ahead to proceed	1	SCFO
3.	Physical movement of memo to HAU	1	Messenger
4.	Physical receipt of approved forwarded memo	1	HAU
5.	Marking of approved memo to imprest section	1	HAU
6.	Physical movement of marked memo to imprest section	1	Messenger
7.	Manual verification of outstanding imprest issued to the applicant	3	Accountant
8.	Manual preparation of the imprest warrant	2	Accountant
9.	Physical movement of imprest warrant to applicant's department for signing	1	Messenger
10.	Signing of the imprest warrant by the imprest applicant	1	Applicant
11.	Signing of the imprest warrant by the AIE holder	1	A.I.E.
12.	Collection of signed imprest warrant	1	Messenger
13.	Commitment of the imprest warrant in IFMIS	2	Accountant
14.	Approval of the commitment of imprest warrant in IFMIS	2	HAU
15.	Invoicing of the imprest warrant in IFMIS	2	Accountant
16.	Physical examination of the imprest warrant and validation in IFMIS	1	Accountant
17.	Physical movement of imprest warrant to AIE holder	1	Messenger
18.	First approval of imprest warrant in IFMIS	3	A.I.E.
19.	Physical movement of imprest warrant to SCFO	1	Messenger
20.	Second approval of the imprest warrant in IFMIS	3	SCFO

Step	Activity	No. of Days	Actor
21.	Physical movement of imprest warrant to HAU	1	Messenger
22.	Third approval of the imprest warrant in IFMIS	3	HAU
23.	Manual and IFMIS requisition of exchequer for the imprest warrant	1	Cashier
24.	Physical and IFMIS approval of the exchequer request	1	HAU
25.	Payment in IFMIS and transmission into level 1 in IB	1	Cashier
26.	Await exchequer release	14	Exchequer Unit
27.	Level 2 approval of the imprest warrant in the IB	1	Level 2 Approver
28.	Transmission in IB of the payment into the applicant's account	1	HAU
29.	Receipt of payment by the applicant in their account	1	Applicant
<b>Total</b>		<b>54</b>	

### 3.3.1 Challenges of Current Process of Payment of Imprest

- i. Delays in payment of imprest. The process has **29 steps/procedures** and takes **54 days**;
- ii. Mixture of manual and automated processes;
- iii. Many levels of approvals 1 level in commitment, 2 levels in invoicing and 2 levels in payment and transmission;
- iv. Poor operational culture and customer service in the imprest processing;
- v. Sometimes employees have to proceed to travel without payment;
- vi. Partiality in making payments;
- vii. No adherence to first-in, first out (No Queue Management System); and Employee complaints about delays and poor customer service.

### 3.3.2 Recommendations for Improvement

- i. Develop an online-standardized imprest requisition process with two levels of approvals; AIE and SCFO that can either allow multiple requests to be merged or individual requests;
- ii. Proper design of the envisioned system to achieve desired results;
- iii. Digital signing to be acceptable by enhancing the PFM Act;
- iv. Standardize operations to eliminate partiality; and
- v. Include a fair and automated Queue Management System to avoid partiality.

### 3.4 TO-BE PROCESS OF PAYMENT OF IMPREST

Step	Activity	No. Of Days	Actor
1.	Online receipt of approved imprest request form and assignment of task to accountant	1	HAU
2.	Invoicing with attached supporting documents, System commitment of funds in approved charge account and forwarding through the system for validation	2	Accountant
3.	Online examination and validation of payment voucher	2	Accountant
4.	Digital signing and first approval of invoice and system auto forward to HAU	1	AIE Holder
5.	Online approval of the commitment of imprest, digital signing of imprest warrant and authorization and system auto forward to Cash Office	1	HAU
6.	Online requisition of exchequer for the imprest	1	Cashier
7.	Approval of the exchequer request through the system		HAU
8.	Verification and payment in system for transmission into Internet Banking (IB)	1	Cashier
9.	Awaiting exchequer release and crediting of bank account	7	Exchequer Unit
10.	Transmission in IB of the payment into the applicant's account	1	HAU
11.	Printing of system generated imprest warrant for recording	1	Cashier
<b>Total</b>		<b>18</b>	

#### 3.4.1 Benefits of Re-engineered process of Payment of Imprest

- i. Turn-around time from **54 days** to **18 days**.
- ii. Number of procedures/steps reduced from **29** to **11**.
- iii. Eliminate or reduce customer complaints and increase employee satisfaction as payments are much faster and paid fairly.
- iv. Fully automated processes leading to conforming to global standards and trends.

### 4.0 THE BUDGET PROCESS

The budget making process in Kenya is provided for under the Constitution of Kenya, 2010 and the Public Finance Management Act, 2012. The formulation and preparation of the Budget commences by 30th August each year through issuance of budget circular guidelines.

#### 4.1 AS-IS Budget Process

Step	Activity	No. Of Days	Actor
1.	Develop and issue MTEF guidelines; PFMA Sec. 36 (2) PFM Reg. 32 (1)	14	NT&P
2.	Notice to Intergovernmental Business Economic Council (IBEC) on commencement of budget process; PFMA Sec. 36 (6)	7	NT&P
3.	Preparation of launch of sector working groups	13	NT&P
4.	Launch of sector working groups PFM Reg. 32 PFMA Sec. 25 (3)	1	NT&P
<b>Programmes Performance Review (PPR) PFMA Sec. 35</b>			
5.	Review and update Strategic Plans of MDAs	20	MDAs
6.	Review of programme performance (outputs and outcomes)		MDAs
7.	Expenditure reviews		MDAs
8.	Review and update projects for next FY		MDAs
9.	Progress report on MTP implementation		MDAs
10.	Review of annual plans		MDAs
<b>Development of Medium Term Framework</b>		30	Macro Working group
11.	Develop Medium term fiscal framework and resource envelope; PFMA Sec. 3.		Macro Working group
12.	Review and determine of national government priorities Sec 35 1b		Macro Working group
13.	Develop resource envelope proposals for sectors, parliament, judiciary and counties		Macro Working group
14.	Preparation of Draft Budget Review and Outlook Paper(BROP) Sec. 25 4 and 26	Macro Working group	Macro Working group
15.	Submission of BROP for approval by CS/TNT Sec. 26(1)	1	Macro Working group
16.	Approval of BROP by CS/NT&P	1	CS/TNT
17.	Submission of BROP to Cabinet	1	CS/TNT
18.	Approval of BROP by Cabinet Sec. 26 (2)	3	CABINET
19.	Communication of approved BROP by Cabinet to CS/TNT	1	CABINET
20.	Submission of approved BROP to Parliament	1	NT&P

Step	Activity	No. Of Days	Actor
21.	Approval of BROP Sec. 26(3)	13	Parliament
<b>Preparation of MTEF Budget Proposals</b>			
22.	Retreats to draft Sector Reports PFM Reg. 32	21	Sector Working Groups
23.	Briefing of Sector Chairpersons and Accounting Officers on the draft Sector Reports PFM Reg. 32 (7)	1	Sector Working Groups
24.	Preparation for Public Sector hearings	7	MDAs, NT&P
25.	Public Sector hearings PFM Reg. 6,7, 32(7)	3	MDAs, CS/NT&P
26.	Review and incorporation of stakeholders' inputs in Sector Proposals PFM Reg. 32 (7)	7	NT&P
27.	Submit Sector Reports to NT&P	1	Sector Chairpersons
28.	Preparation for consultative meeting of Accounting officers, CSs and Chairpersons of Commission on Sector Budget Proposals	7	NT&P
29.	Consultative meeting (retreat) of Accounting officers, CSs and Chairpersons of Commission on Sector Budget Proposals	1	NT&P
<b>Draft Budget Policy Statement (BPS)</b>			
30.	Preparation of draft BPS (Section 35(1)(c) of the PFM Act)	14	Macro Working Group
31.	Public participation (Section 25 (5),35(2) of the PFM Act)	5	Macro Working Group
32.	Finalization of BPS (Section 25 (9) of the PFM Act)	2	Macro Working Group
33.	Preparation of draft Division of Revenue Bill (DORB) (Section 191 (1) of the PFM Act)	21	NT/P
34.	Preparation of County Allocation of Revenue Bill(CARB) (Section 191 (1) of the PFM Act)		NT/P
35.	Meeting with IBEC-Budget Committee	1	NT/P
36.	Full IBEC meeting (Section 191 (4) of the PFM Act)	1	NT/P
37.	Finalization of CARB (Section 191 (1) of the PFM Act)	7	NT/P
38.	Finalization of DORB Section 191 (1) of the PFM Act)	7	NT/P

Step	Activity	No. Of Days	Actor
39.	Cabinet retreat on finalization of the FY budget	5	Presidency
40.	Submission of BPS, DORB and CARB to Cabinet for approval ((Section 25 (1), of the PFM Act)	1	CS/NT&P
41.	Communication of Cabinet approval to CS/TNT	7	CABINET
42.	Submission of BPS, DORB and CARB to Parliament for approval (Section 25 (1),42 of the PFM Act)	7	NT&P
43.	Approval of BPS PFMA Sec. 25(2)		Parliament
<b>Preparation and Approval of Final MDAs Budgets</b>			
44.	Development of guidelines on preparation of Medium-Term Budget; PFMA section 36 (2)	6	NT&P
45.	Issuance of guidelines on preparation of Medium-Term Budget - Sec.36 (2)	1	NT&P
46.	Submission of proposals by MDAs to NT&P	14	MDAs
47.	Consolidation of draft budget estimates - Sec.35 (e)	40	NT&P
48.	Submission of draft budget estimates and accompanying documents to Cabinet for approval - Sec.37	1	NT&P
49.	Approval of draft budget estimates and accompanying documents - Sec. 39	14	CABINET
50.	Communication of Cabinet approval to CS/TNT	1	CABINET
51.	Submission of draft budget estimates and accompanying documents to Parliament- Sec. 38	1	CABINET
52.	Review of draft budget estimates by Parliament - Sec. 39	24	National Assembly Committees
53.	Public participation	7	National Assembly Committees
54.	Preparation of Report on draft budget estimates by Parliament	5	National Assembly Committees
55.	Communication of Parliament approval to CS/TNT	1	Parliament
56.	Consolidation of final budget estimates	7	NT&P
57.	Preparation of appropriation bill	3	NT&P
58.	Submission of appropriation bill to Parliament	1	NT&P
59.	Preparation of Budget Statement (Budget Speech); PFM - Sec.38 (1)	30	NT&P
60.	Preparation of Vote on Account; PFMA - Sec. 39 (1)	1	NT&P

Step	Activity	No. Of Days	Actor
61..	Submission of Vote on Account to Parliament if applicable- PFMA- Sec. 39 (7) and PFM Reg. 38	1	NT&P
62.	Appropriation Bill passed- PFMA, Sec. 37 (9)	7	National Assembly
63.	Financial Bill passed- PFMA, Sec. 39A (3)	7	National Assembly
64.	Budget loaded into IFMIS		NT&P
<b>Total</b>		<b>404</b>	<b>11</b>

Note: a number of Budget process activities overlap each other while others are done concurrently.

#### 4.1.1 Challenges of Current Process

- i. Budget process is too long and tedious which is a PFMA creations;
- ii. Delayed submission of inputs from various departments;
- iii. Timelines provided to the public to give feedback is not adequate;
- iv. Delayed feedback from stakeholders;
- v. Budget process depends on approval by institutions such as Parliament, IBEC, Cabinet of which NT&P doesn't have control over their processes;
- vi. Frequent issue of budget supplementary disrupts implementation of projects and programmes by MDAs;
- vii. Duplicated public participation (by both NT&P and Parliament) resulting to lengthy processes and wastage of resource;
- viii. Heavily legislated processes/timelines;
- ix. Overestimation of ability to raise resources.

#### 4.1.2 Recommendations for improvement

Based on the challenges above, the following recommendations are made for improvement of the process

- i. Approved budget estimates to be prepared and publicized in a form that is clear and easily understood by, and readily accessible to, members of the public (Communication department to develop user friendly format for presentations);
- ii. Mwananchi guidelines to be shared with the public at the beginning of the process (Kiswahili and Braille);
- iii. There is need to develop a popular version on budget proposals before sector hearings;
- iv. Budget Mwananchi guide to be published immediately after budget statement and sensitization on the same carried out;
- v. One-stop shop model for all sub-sectors and conveners at the planning stage;
- vi. Automate some processes e.g. Budget Planning Module;
- vii. Need to benchmark with other jurisdictions for best practices;
- viii. Medium Term Revenue Strategy and the Medium-Term Debt Strategy to be aligned; and
- ix. There is need to align the MTEF with the Medium-Term Revenue Strategy (MTRS);



## 4.2 TO-BE PROCESS OF BUDGETING

Step	Activity	No. of Days	Actor
1.	Online development and issue of MTEF guidelines and awareness creation to the public (Google Drive)	7	NT&P
2.	Launch of sector working groups	1	
<b>Programmes Performance Review</b>			
3.	Review and update Strategic Plans of MDAs	21	MDAs
4.	Review of programme performance (outputs and outcomes)		MDAs
5.	Expenditure reviews		MDAs
6.	Review and update projects for next FY		MDAs
7.	Progress report on MTP implementation		MDAs
8.	Review of annual plans		MDAs
<b>Development of Medium-term framework</b>			
9.	Develop Medium term fiscal framework and resource envelop (7)	20	Macro Working Group
10.	Review and determine of national government priorities (3)		Macro Working Group
11.	Develop resource envelope proposals for sectors, parliament, judiciary and counties (3)		Macro Working Group
12.	Draft Budget Review and Outlook Paper (BROP) (7)		Macro Working Group
13.	Submission and approval of BROP by Cabinet	10	CS/TNT
14.	Approval of BROP by CS/NT&P		CS/TNT
15.	Approval of BROP by Cabinet Sec. 26 (2)		Cabinet
16.	Submission of approved BROP to Parliament		CS/TNT
<b>Preparation of MTEF Budget Proposals</b>			
17.	Retreats to draft Sector Reports	14	Sector Working Groups
18.	Briefing of Sector Chairpersons and Accounting Officers on the draft Sector Reports	1	Sector Working Groups
19.	Public Sector hearings	3	MDAs, CS/NT&P
20.	Review and incorporation of stakeholders' inputs in Sector Proposals	3	Sector Working Groups
21.	Submit Sector Reports to NT&P	1	Sector Chairpersons

<b>Step</b>	<b>Activity</b>	<b>No. of Days</b>	<b>Actor</b>
22.	Consultative meeting of accounting officers, CSs and Chairpersons of Commission on Sector Budget Proposals	1	NT&P
<b>Draft Budget Policy Statement (BPS)</b>			
23.	Preparation of draft BPS, Mwananchi guide, CARB and DORB	23	NT&P
24.	Public participation on BPS	14	NT&P
25.	Finalization of BPS, DORB and CARB	5	NT&P
26.	Meeting with IBEC Budget Committee	1	NT&P
27.	Full IBEC meeting	1	NT&P
28.	Submission of BPS, DORB and CARB to Cabinet for approval	1	CS/NT&P
29.	Approval of BPS, CARB and DORB PFMA Sec. 25(2) by Cabinet	7	Cabinet
30.	Submission of BPS, DORB and CARB to Parliament for approval	1	CS/NT&P
31.	Approval of BPS, CARB and DORB PFMA Sec. 25(2) by Parliament	7	Parliament
<b>Preparation and approval of final MDAs budgets</b>			
32.	Develop and issues final guidelines on preparation of Medium-Term Budget	3	NT&P
33.	Submission of proposals by MDAs to NT&P	14	MDAs
34.	Consolidation of draft budget estimates	30	NT&P
35.	Submission of draft budget estimates and accompanying documents to Cabinet for approval	1	CS/TNT&P
36.	Approval of draft budget estimates and accompanying documents (39)	7	Cabinet
37.	Submission of draft budget estimates and accompanying documents to Parliament	1	CS/TNT&P
38.	Approval of draft budget estimates and accompanying documents (39)	7	National Assembly
39.	Review of draft budget estimates by Parliament and public participation	60	National Assembly
40.	Report on draft budget estimates by Parliament	1	Committees
41.	Consolidation of final budget estimates	7	NT&P
42.	Preparation of appropriation bill		NT&P
43.	Submission of appropriation bill and budget estimates to Parliament	1	NT&P
44.	Budget Statement / budget Speech, Mwananchi guide and finalization of the finance bill	21	NT&P
45.	Appropriation Bill and Finance Bill passed	7	Parliament

<b>Step</b>	<b>Activity</b>	<b>No. of Days</b>	<b>Actor</b>
46.	Presidential Ascent	1	Presidency
<b>Total Number of Days</b>		<b>303</b>	<b>11</b>

**4.2.1 Benefits of the re-engineered Budget Process**

- i. The process has been reduced from 64 steps and 404 days to 46 steps and 303 days.
- ii. Reduction of cost and time spent in preparation of the Budget.
- iii. Improved communication within institutions.
- iv. Enhanced Staff morale (CFOs).
- v. Improved Change Management on the approach.