

REPUBLIC OF KENYA



THE NATIONAL TREASURY

# IFMIS RE-ENGINEERING STRATEGIC PLAN (2013 – 2018)

## From Roll Out to Sustainability



An Initiative of  
The National Treasury

# **IFMIS RE-ENGINEERING**

## **FROM ROLLOUT TO SUSTAINABILITY**

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# LIST OF ABBREVIATIONS & ACRONYMS

<b>AIA</b>	Appropriations in Aid
<b>AGD</b>	Accountant General's Department
<b>AP</b>	Accounts Payable
<b>AR</b>	Accounts Receivable
<b>BI</b>	Business Intelligence
<b>BSD</b>	Budget Supply Department
<b>BPG</b>	Budgetary Procedures Group
<b>CBK</b>	Central Bank of Kenya
<b>CFS</b>	Consolidated Funds Services
<b>CM</b>	Cash Management
<b>COA</b>	Chart of Accounts
<b>COB</b>	Controller of Budget
<b>CoBIT</b>	Control Objectives for Information Technology
<b>CRA</b>	Commission on Revenue Allocation
<b>C2C</b>	Communicate to Change
<b>CM</b>	Cash Management
<b>CS-DRMS</b>	Commonwealth Secretariat Debt Record Management System
<b>DIUs</b>	Departmental IFMIS Implementation Units
<b>DMD</b>	Debt Management Department
<b>DMS</b>	Document Management System
<b>DPP</b>	Directorate of Public Procurement
<b>DPs</b>	Development Partners
<b>DR</b>	Disaster Recovery
<b>EAD</b>	Economic Affairs Department
<b>ERD</b>	External Resources Department
<b>EFT</b>	Electronic Funds Transfer
<b>e-ProMIS</b>	Electronic Project Monitoring Information System
<b>e-GOV</b>	Electronic Government
<b>EFT</b>	Electronic Funds Transfer
<b>ERP</b>	Enterprise Resource Planning
<b>ERD</b>	External Resources Department
<b>EWG</b>	Estimates Working Groups
<b>ES</b>	Economic Secretary
<b>FA</b>	Fixed Assets
<b>FS</b>	Financial Secretary
<b>GCCN</b>	Government Communication Core Network
<b>GITS</b>	Government Information Technology Services
<b>GHRIS</b>	Government Human Resource Information System
<b>GRN</b>	Goods Received Note
<b>GOK</b>	Government of Kenya

<b>GL</b>	General Ledger
<b>IPPD</b>	Integrated Payroll and Personnel Database
<b>IRCBP</b>	Institutional Reforms and Capacity Building Project
<b>ITIL</b>	Information Technology Infrastructure Library
<b>ICT</b>	Information Communication and Technology
<b>ICT2S</b>	ICT to Support
<b>IFMIS</b>	Integrated Financial Management Information System
<b>KICTB</b>	Kenya ICT Board
<b>KPI</b>	Key Performance Indicator
<b>LAN</b>	Local Area Network
<b>LMS</b>	Learning Management System
<b>LPO</b>	Local Purchase Order
<b>LSO</b>	Local Service Order
<b>MDA</b>	Ministries, Departments and Agencies
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MOF</b>	Ministry of Finance
<b>MOIC</b>	Ministry of Information and Communication
<b>MOLG</b>	Ministry of Local Government
<b>MTR</b>	Midterm Review
<b>OS</b>	Operating System
<b>PFM</b>	Public Finance Management
<b>PFMR</b>	Public Finance Management Reform
<b>PO</b>	Purchase Order
<b>PS</b>	Permanent Secretary
<b>PPCRAB</b>	Public Procurement Complaints, Review and Appeals Board
<b>PPDA</b>	Public Procurement and Disposal Act
<b>PPOA</b>	Public Procurement Oversight Authority
<b>P2B</b>	Plan to Budget
<b>P2P</b>	Procure to Pay
<b>RFP</b>	Request for Proposal
<b>RFQ</b>	Request for Quotation
<b>R2C</b>	Revenue to Cash
<b>R2R</b>	Record to Report
<b>SCI</b>	Steering Committee on IFMIS
<b>SCOA</b>	Standard Chart of Accounts
<b>SLA</b>	Service Level Agreements
<b>TCI</b>	Technical Committee on IFMIS
<b>TSA</b>	Treasury Single Account
<b>UAT</b>	User Acceptance Testing
<b>WAN</b>	Wide Area Network
<b>VLAN</b>	Virtual Local Area Network

## FOREWORD

Acknowledging that we live in an age of increased reliance on technology, The National Treasury has singled this out as a means for enhancing transparency and accountability in the use of public resources in Kenya. The Integrated Financial Management Information System (IFMIS) Strategic Plan (2013-2018) has therefore been designed to prepare The National Treasury better than before to play a leading role in assisting the National and County Governments take advantage of technology to advance accountability and transparency in the use of public funds.

The development of this Strategic Plan has been a consultative and participatory process, and this has taken into consideration the best practices in developing and maintaining an effective and efficient Integrated Financial Management Information System (IFMIS). This has moved implementation of the system into its next logical incarnation through a clear and compelling roadmap of sustaining efforts towards the realization of public financial management reforms in Kenya. We intend to further capitalize on the opportunities that technology presents to ensure that the government's activities are people centred, result-oriented, accountable, and transparent in line with the aspirations set out in Kenya's Vision 2030. At this juncture, I wish to acknowledge the strategic leadership role played by my colleague, Ms. Anne Waiguru, the Cabinet Secretary for Devolution and Planning, who in her previous capacity as Director of IFMIS began the conceptualization and final development of the strategic plan document.

Critical and valuable lessons that were observed from the first Strategic Plan (2011-2013) have been incorporated in this plan. The implementation of the Plan will involve carefully translating of the strategic objectives



into actions and tangible results. This Strategic Plan is aligned to the overall thrust of the Public Financial Management Act (2012), summarizes our priorities, and sets out a series of programmes and projects that we believe will help to push the goals of public financial management further.

Automation and roll out of public finance transactions, including budget preparation, expenditure controls, procurement, monitoring, reporting, and payroll management in National and County Governments will underpin the activities within this planning period. Continuous review of the system functionalities will be pivotal to guarantee the sustainability of the outcomes of IFMIS implementation.

In delivering this plan, we will not work alone. The success of this strategic plan will largely hinge on motivated leadership from top and senior management. Equally, there are various institutions in the country committed to and already making interventions towards public financial management reforms and we consider it vital to work in close collaboration with them. This is an endeavor that I am proud to be associated with.

**HENRY K. ROTICH**  
**CABINET SECRETARY**  
**THE NATIONAL TREASURY**

## ACKNOWLEDGEMENT



The IFMIS Re-engineering Strategic Plan (2013-2018) has come at a time when the country is ushering in new County Governments in line with the new Constitution. The National Government is already feeling the effects of implementation of the former IFMIS Re-engineering Strategic Plan (2011-2013), which aimed at increasing the efficiency and effectiveness of state financial management and facilitated the adoption of modern public expenditure management practices in keeping with international standards and benchmarks.

We recognize the efforts of the IFMIS Department that led to the recognition and honoree status award for the then Ministry of Finance at the East Africa CIO 100 Annual Award competition in 2011. The awards celebrate 100 organizations that are using information technology in innovative ways to deliver business value. Further, the IFMIS Department, representing the then Ministry of Finance was recognized and awarded the Overall 1st Runners Up position at the Public Service Innovation Awards held in 2012. The IFMIS Department also won 1st Runners Up position in the Service Delivery Chain/Process Category. These efforts will be escalated in the implementation of the subsequent IFMIS Strategic Plan (2013-2018).

The successful development and documentation of this strategic plan was made possible through consultations with the ministries, departments and agencies. I would like to thank all the people who took part in our consultation and offered us their insights, evidence, experience and ideas. Without those contributions we simply would

not have been able to develop a plan which will direct implementation of the Integrated Financial Management Information System (IFMIS) from roll out to sustainability.

We take this opportunity to thank the members of the Steering Committee on IFMIS (STI), the Technical Committee on IFMIS (TCI), and The National Treasury's Departmental IFMIS Implementation Units (DIUUs) for their valuable contributions and suggestions during the planning process. We are equally grateful to our development partners for their technical and financial support during the implementation of the first strategic plan and their inputs towards the development of this document.

Special mention goes to the former IFMIS Director, Ms. Anne Waiguru, who is now Cabinet Secretary for Devolution and Planning for her unwavering leadership that saw the development of innovations to radically transform the system of government financial transaction processing, payment and reporting, and further rolled out the system to the newly established County Governments. I wish to also recognize the IFMIS Department team for their contribution to the development of this Strategic Plan, ensuring that views from the key stakeholders were assembled into a coherent document.

The IFMIS is no doubt a complex project that requires a lot of planning, consultation, sensitization, coordination, commitment and support from all the stakeholders and we are confident that the support provided during the previous implementation period will be stepped up to make public financial management reforms a reality for the National and County Governments.

A handwritten signature in black ink, appearing to read 'K. Thugge'.

**DR. KAMAU THUGGE**  
**PRINCIPAL SECRETARY**  
**THE NATIONAL TREASURY**



## EXECUTIVE SUMMARY

Public Financial Management (PFM) in Kenya has gone through significant changes in the past decade, and is still under transition, especially with the adoption of the new Constitution and enactment of the Public Finance Management Act, 2012. Specifically, Chapter 12 of the Constitution provides for the establishment of a new PFM legal and institutional framework. This has led to the development of a new Strategy for Public Finance Management Reforms (PFMR) in Kenya (2013-2018). The PFMR Strategy is aimed at providing a framework to accelerate reforms in public finance management.

The PFMR Strategy has outlined seven priority themes outlining PFM reforms in the next five years. Each theme has an overall objective, linked to the implementation of the Constitution and the Public Finance Management Act 2012. Theme 7 of the PFMR Strategy is focused on IFMIS Re-engineering and states as follows: "To automate and integrate PFM systems which facilitate efficient and effective execution of all financial management processes, eliminate risks, and enhance security and financial controls in all service areas including interconnectivity to county units". Accordingly, the IFMIS Strategic Plan (2013-2018) is based on the new Strategy for PFMR in Kenya (2013-2018) and is primarily geared towards the realisation of the objective for Theme 7.

In February 2011, the Ministry of Finance formulated the "IFMIS Re-engineering Strategic Plan 2011-2013". This IFMIS Re-engineering Strategy was aimed at providing a structured methodology to stabilise the existing IFMIS while facilitating the development of a comprehensive IFMIS, which would allow the Government of Kenya to realise the full benefits of a fully integrated end-to-end financial management information system.

The Strategy is premised on the following components:

- Re-engineering for Business Results;
- Plan to Budget;
- Revenue to Cash;
- Procure to Pay;
- Record to Report;
- ICT to Support; and
- Communicate to Change

Half way into the implementation of the IFMIS Re-engineering Strategy (2011-2013), IFMIS Department undertook a mid-term review (MTR) of the Strategic Plan. This MTR was aimed at capturing successes, challenges and lessons learnt in implementation of the IFMIS Re-engineering Strategy (2011-2013). The outcome of the mid-term review on the implementation of the IFMIS Re-engineering Strategic Plan (2011-2013) indicates that the execution is on track with a number of key activities having been completed. The MTR also identified critical milestones projected for completion by 30th June 2013. The milestones were further categorized into medium to long term milestones and are inputs for the foundation of the IFMIS Re-engineering (2013-2018) Strategic Plan.

Among the key challenges encountered in implementation of the 2011-2013 Re-engineering Strategy is inadequate IFMIS support infrastructure such as stable power and computing hardware. The Department also takes cognisance of the capacity requirements of the core IFMIS team, specifically in ICT and PFM, including budgeting and accounting. Also important is the establishment of the County Governments which now translates to increased demand on IFMIS to deliver a devolved public finance management system.

The IFMIS Strategic Plan (2013-2018) has been prepared in alignment to the Constitution of

Kenya, the Public Finance Management Act 2012 and the new Strategy for PFMR (2013-2018). The Strategic Plan also takes into account lessons learnt from the concluded medium term review. Implementation of this Strategic Plan will be guided by the following core objectives:

- Ensure full development and implementation of existing and additional modules and functionalities as envisioned in this Strategic Plan;
- Provide a framework to guide completion of the IFMIS roll out to the County Governments;
- Provide a framework for increasing IFMIS awareness to all stakeholders;
- Provide a framework for training and capacity building of government officers to enable effective use of the IFMIS system;
- Ensure seamless integration or interfacing of IFMIS with other relevant financial management sub-systems including Central Bank of Kenya and Kenya Revenue Authority systems, among other stand-alone systems;
- Increase capacity of the IFMIS Re-engineering core team in terms of skills and numbers to provide effective support to IFMIS system operations both at National and County level; and
- Ensure sustainability of the IFMIS system in driving the PFM agenda through adoption of continuous improvement, knowledge transfer, business continuity management and proper governance mechanisms.

Based on these objectives and taking into account the provisions of the Constitution, PFM Act 2012 and the new Strategy for PFMR (2013-2018), the IFMIS Re-engineering Strategy (2013-2018) is formulated into 6 components which were initially adopted in the IFMIS Re-engineering Strategic Plan (2011-2013). The IFMIS Re-engineering Strategy (2013-2018) will also adopt these components because of the following reasons;

- The components heralded a shift in the

approach to the IFMIS implementation process, from modular implementation to integrated end to end full cycle implementation approach, which this strategy aims to uphold; and

- There has been significant achievement towards automation of PFM through the activities carried out under each of the components, with some of the activities still on-going. This strategy aims to complete and enhance these activities to achieve the desired results.

Presented below is a summary of each of the components and the key areas of focus for the period 2013-2018.

- **Plan to Budget (P2B):** This component is aimed at providing a structured framework for development and deployment of a fully functional, automated planning and budgeting system, as well as improving the accuracy and efficiency in the Government’s planning and budgeting process. Key among the activities that IFMIS Re-engineering will focus on within the next five years include:

- Roll out of the IFMIS Plan to Budget system to Counties;
- Completion of interfaces and/or integrations GHRIS, CS-DRMS, e-ProMIS and the Pensions system;
- Complete roll out or activation of functionalities and modules that are critical in the GoK planning and budgeting process. Some of these functionalities include macro modelling, revenue budgeting business intelligence among others;
- Training of County finance officers on use of the Plan to Budget system; and
- Enhanced use of P2B to users in MDAs and Counties.

- **Procure to Pay:** This component is aimed at creating an end-to-end automated process that starts at development of procurement plans, to the actual