OFFICE OF THE DEPUTY PRIME MINISTER & MINISTRY OF FINANCE

Public Financial Management Reforms — Matumizi Bora ya Fedha, Wajibu wetu

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Reforms in Public Finance Management

Joseph Kinyua, PS Treasury

CONTEXT

Government of Kenya launched a comprehensive programme - the Public Financial Management Reform Programme (PFMR) - to strengthen public financial management systems in 2006. The programme supported reforms and capacity building in ministries and agencies central to implementation of the broader economic reforms in Kenya. The objective of the programme was to make public financial management more transparent, accountable, and responsive to policy priorities. Essentially, it was a response to the realization that governance challenges in the public sector had for many years impacted negatively on Kenya's economic growth and development contributing to increased cost of doing business in the country, discouraging private investment, and was an obstacle to addressing widespread poverty and improving the quality of life of citizens. Previous reform initiatives to deal with these problems yielded only modest results, but starting after election in 2002, reform programmes became more effective. Several components undertook reforms to improve fiscal discipline, bring resource allocations in line with development priorities, improve budgeting preparation and execution as well as financial reporting and evaluation processes. Development Partners, including the World Bank, European Commission, JICA, DFID, DANIDA, Sweden, CIDA, GIZ, USAid and Norway worked closely with the Kenya Government in implementing the reforms. The first phase of the programme ended in June 2011.

This Dissemination Note reviews the programme's reform interventions and achievements at the Teachers Service Commission.

TEACHERS SERVICE COMMISSION

The Teachers Service Commission (TSC) was established by an Act of Parliament, CAP 212 of the Laws of Kenya in 1967 and mandated to register, recruit, remunerate, deploy, discipline teachers and maintain teaching standards in public schools and tertiary institutions. Kenya's new Constitution promulgated in August 2010 entrenches the TSC in Chapter 13 Part 3 Article 237 and proffers similar functions cited above.

Currently the Commission has seven directorates including human resource management and development, teacher management, administration, finance, accounts, information communication technology and internal audit.

Reforms within the Teachers Service Commission

Background to the reforms

The Commission has grown tremendously over the years, with an initial teaching force of 39,725 workforce in 1968 to 266,500 employees in March 2012. The size of the teaching force accounts for about 55% of public service workforce.

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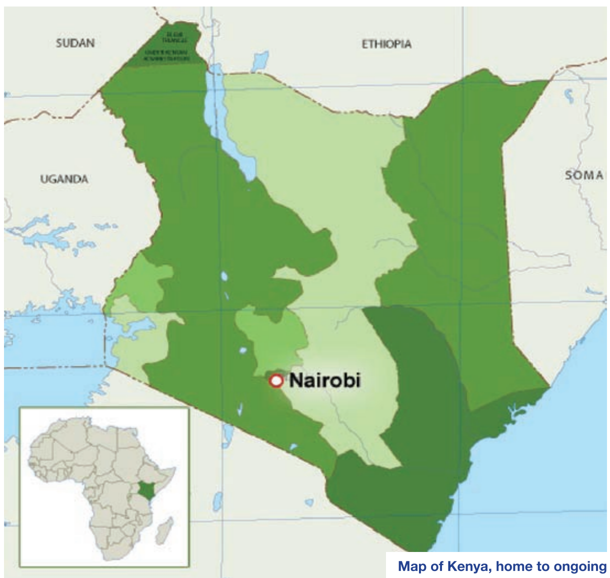

Map of Kenya, home to ongoing PFM Reforms.

DISSEMINATION NOTES [6]

This is the sixth note as part of a series of notes on Public Finance Management Reforms in Kenya

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This makes the Commission one of the Government organs with the largest payroll and human resource management set up in the country. Further, the Commission accounts for 13.47% of the National Budget. However, payroll management and other business operations at the Commission have remained largely manual hence faced with many challenges.

In 2006, before the onset of the PFM reforms at the Commission, payroll of the over 235,000 workforce of the Commission was managed using 24 stand alone systems. The systems were largely manual with the data captured at the TSC headquarters being transported manually in a diskette to the Government Information Technology Services (GITS) Department at the Treasury for update and processing of the monthly payroll. The arrangement meant a delay in processing teachers' monthly payroll, teachers appearing in two payrolls thus posing chances of ghost teachers. Payroll records were only available in hardcopy and hence could only be scanned using microfilming for backup.

As with payroll management, the accounting work at the Commission was similarly manual with the few computerized processes being confined in silos such that output from one process had to be manually fed in the next process. Preparation of final statements was manual, cumbersome and unreliable. Similarly, the Internal Audit work was essentially manual and transaction based, with 56 Auditors sharing five computers among them.

On another front, registration of teachers was not only manual but also cumbersome and time consuming. Hence maintenance of individual records and access to teacher registration details on a timely basis was near impossible. At the same time, most of the Commission's staff were inadequately equipped and ill-trained. Only few employees were trained on technical and managerial skills relevant to their work. Office equipment such as computers and printers were few and shared across departments.

Gabriel Lengoiboini, CEO/Commission Secretary – Teachers Service Commission

Reform interventions at the Commission have yielded a number of positive results. For example, the Commission has been able to automate payroll processing under the Integrated Personnel Payroll Data (IPPD) system. Payroll has been cleansed and teachers' records migrated to the IPPD System.

KEY RESULTS AT A GLANCE

Before reforms	*After reforms*
Payroll in 24 stand alone systems hence inclusion of ghost workers	*Payroll cleansed and integrated under the Integrated Personnel Payroll Data (IPPD) system*
Manual payroll systems	*Payroll Automated*
Salary delays	*Salary currently paid on time*
Manual Financial and Accounting procedures	*A fully functional IFMIS has been in operation since July 2010*
Manual Internal Audit Systems	*The Audit function continues to undergo automation having recently acquired 20 IDEA licenses and the TeamMate software*
Manual record keeping and teacher registration methods	*Teacher Management Information System is in place and the registry file tracking software has been availed.*
Non-linked customer care operations	*Customer relations management systems has been implemented to streamline customer care operations*

Judith Oruya, Branch Manager (Upper Hill) – National Bank of Kenya

> **Unlike a few years ago, there is no manual handling of teachers salaries at the bank anymore. Electronic salary files are sent to our central clearing unit directly and within hours, disbursed to respective banks where teachers have accounts. In sum, paperwork has tremendously been cut and this has made it possible to pay teachers in time.**

- Even more challenging was that the Commission's customer care operation which was not integrated with other service areas. Hence clients could not be instantly referred to respective service areas where their issues could be addressed.

Major Reforms

To turn around business operations at the Commission, a raft of reforms supported by Development Partners under the aegis of the PFM reform programmeme were introduced. Among key objectives, the reforms aimed to have a fully integrated payroll to effectively manage all the teachers' and TSC Secretariat's remuneration; have a fully Integrated Financial Management Information System (IFMIS) to manage the Accounting and Finance Function; have a fully automated teachers registration and records system; automate and integrate the Commission's headquarters and the Counties Units operations via a common network.

Reform interventions at the Commission have yielded a number of positive results. The Commission has been able to automate payroll processing under the Integrated Personnel Payroll Data (IPPD) system. Payroll has been cleansed and teachers' records migrated to the IPPD System. All staff operating the IPPD system at the TSC headquarters have been trained on its operation.

A fully functional IFMIS has also been in operation since July 2010. The vote book, the procurement function and the processing of payments are currently conducted via an IFMIS platform. In addition, registration of teachers and registry file tracking system software is in place and ready for use. Scanning of personal files for newly employed teachers is ongoing to

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Tirop Kosgey, Chairman – Kenya Secondary School Heads Association

> **Of late, the TSC has been timely in releasing payslips and statutory deductions. It shows there is change in record keeping and payroll management. Training and capacity building for teachers remains a challenge. We've not seen much in terms of sensitization of teachers on the Commission's expectations. Headteachers need to be prepared for managerial roles.**

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fully operationalize the file tracking system.

The Teacher Management Information System (TMIS) has also been implemented. The system aids in capturing teacher and student enrollment data in all public institutions. It is administered at the Commission's Staffing Division under Teachers Management Directorate.

Further, the Commission's customer care operations have been integrated with other service areas and a customer relations management system has been put in place. The Audit function on the other hand, is in the process of being automated, the Department having recently acquired some 20 IDEA licenses and the TeamMate Audit Management system. IDEA software helps with data analysis while Teammate is useful in automated documentation for audit planning, scheduling and reporting. Staff has been trained to manage the IDEA software and the TeamMate system.

In an effort to integrate the County Governments with the TSC headquarters, the Commission has procured a core switch and 33 access switches to facilitate interconnectivity. Further, it has entered into a contract with Orange Kenya to supply it with a Virtual Private Network link (VPN). The link will help the Commission to share all automated services online from Counties to headquarters, and vice versa.

Shem Motuka, Director of Internal Audit – Teachers Service Commission

In the upcoming reform phase, the big ticket item for the Commission will be to deepen interconnectivity efforts between the headquarters and 47 County offices and all the District operations via the Wide Area Network (WAN) and the Local Area Network (LAN).

NEXT PHASE OF REFORMS

In the upcoming reform phase, the big ticket item for the Commission will be to deepen interconnectivity efforts between the headquarters and 47 County offices and all the District operations via the Wide Area Network (WAN) and the Local Area Network (LAN). Enhancing office space and acquisition of office equipment including computers and workstations will also be of priority as the Commission devolves its operations to the Counties.

For the Commission, implementing the reforms has not been without challenges. Slow procurement process caused by delays in approval of tenders, delivery of goods by suppliers and finalization of procurement contracts were some of the draw backs. High turnover of trained staff was also a big challenge.

The Commission also drew a number of lessons in implementing reforms. They noted that coordination among staff in implementing a strategic plan was fundamental for successful implementation of reforms. They also learnt that there was need to sensitize all the departments on the targeted reforms as per the strategic plan and have resources prioritized accordingly. Further, they observed that factoring reform budgets in the Commission's annual estimates and having them approved by the treasury for funding was essential for reform success. Significantly, they also noted that establishing a core team within the Commission to steer reforms was a key ingredient for achieving results ■

For further information on reforms, please visit;
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