

**OPENING REMARKS BY MR. JOSEPH K. KINYUA, PERMANENT SECRETARY / TREASURY, AT
THE BRIEFING MEETING FOR PERMANENT SECRETARIES AND ACCOUNTING OFFICERS ON
THE IFMIS RE- ENGINEERING PROCESS, 17THFEBRUARY, 2012**

Fellow Colleagues,

Distinguished guests,

Ladies and Gentlemen,

1. The Treasury is undertaking a **number of reforms** aimed at improving the management of **public financial resources**. At the centre of these reforms is the **re-engineering of the Integrated Financial Management System (IFMIS)**.

2. In this regard, we established in the Ministry of Finance an IFMIS department with the overall mandate of coordinating, implementing and overseeing the re-engineering of IFMIS, and launched a **three year strategic plan on 28th February 2011**. The vision of the re-engineered IFMIS is to have “a secure, reliable, efficient, effective, and fully integrated financial management system”.

3. Through a **young, energised and dynamic team, the IFMIS** department has managed to develop the operations to re-engineer **IFMIS so as to meet its intended goals, while harmonizing its effectiveness to existing government processes** and functions. The **vibrant Steering Committee** on IFMIS, chaired by the Minister for Finance and a membership from key ICT, **security and public finance institutions, has also** contributed to the leadership and vision of the re-engineering programme.

4. One of the major **transformations of the IFMIS** is a shift from using the **modular based approach** that saw the design and development of **loosely linked modules administered by different** departments, to implementing a full cycle end to end integrated approach. The Re-engineering **IFMIS strategic plan identified and recommended interventions within seven key components** which are: Re-engineering for Business Results; Plan to Budget; Procure to Pay; Revenue to Cash; Record to Report; ICT to Support; and Communicate to Change.

5. Through the end to end integrated approach adopted by the re-engineered IFMIS, there shall be synchrony between the planning and budgeting cycle. **Budget preparation shall be strictly based on the strategic/sector plans of ministries in order to support the implementation of programmes developed**. The budget shall also be linked to the procurement and payment processes to ensure that all purchases made within a spending unit have requisite budget allocation, and guaranteed resources for their payment.

6. The total amount of revenue collected by the Kenya Revenue Authority and through Appropriations-in-Aid shall, be easier to determine, thereby allowing the government to know at any point in time, the aggregate cash position and support the concept of a Treasury Single Account.

7. **Ladies and gentlemen,** we are proud of the fact that in only one year of implementation, the re-engineered IFMIS has managed to:

- Activate three new financial modules of **Cash Management, Fixed Assets and Accounts Receivable** in ten pilot ministries.
- Stabilized the functions and operations of the existing modules which are the General Ledger, Accounts Payable and Purchasing Order.
- Launched a Plan to Budget system in 24 national ministries, and
- Commenced the development of an **innovative IFMIS Academy**, a concept for capacity building and change management for IFMIS users.
- Undertake a comprehensive **business process review (BPR)** to ensure that the planning, budgeting, procurement, payments, revenue receipting and cash management process steps that require to be automated are efficient while eliminating duplication and bureaucracy, and lastly
- Created an **“IFMIS fraternity”** through interactive team building interventions that have helped transform the perception and change and motivation of IFMIS users.

8. The programme is further credited with spearheading the review and development of a **Single Chart of Accounts (SCOA)**. The **Chart of Accounts is a set of codes that are used to define each class of items for which money or the equivalent is spent or received**. It is used to organize the finances of an entity and to segregate expenditures, revenue, assets and liabilities in order present a picture of the financial health of the entity.

9. The development of the new SCOA facilitated the consolidation of both budget and financial information. Previously, it was not possible to match the financial data to the budget. The new SCOA incorporates elements that **will support programme based budgeting, and facilitate analysis of budgets and expenditure by geography, programmes, projects and donor facilities**. With the new SCOA, it will now be possible to generate consolidated reports across government, showing the budgetary amounts and the actuals in an automated and more efficient manner.

10. In doing the all the above, the re-engineering IFMIS programme has succeeded in **getting the buy-in of key stakeholders including the Auditor General, Controller of Budget, Commission for Revenue Allocation (CRA) and Commission for the Implementation of the Constitution (CIC)**, some of whom have since been incorporated into the steering committee to guide the implementation process.

11. **Ladies and Gentlemen**, these achievements, in addition to a raft of successes to be discussed later today, have been duly recognized. Our IFMIS **Department, representing the Ministry of Finance was awarded honoree status at the 2011 East Africa CIO 100 Annual Award competition held in November 2011. The award celebrated 100 organizations that are using information technology in innovative ways to deliver business value.**

12. We shall be sharing with you highlights of these innovations later today and thereafter, through a host of resolutions from this meeting, we shall call **upon your support, leadership, vigilance and capacity building of the re-engineering process towards greater heights of success.**

13. In conclusion, I am persuaded that we shall continue to renew our efforts and work together in order to secure optimal benefits from improved financial management and thereby accelerate our economic growth. **(Good governance of our finances, liberate our country from the bondage of donor dependency, etc.)** I urge all of us to work within the re-engineering IFMIS mission to passionately, and with commitment, continuously enhance our capacities to innovate and leverage on the best of technology so as to provide for a fully integrated financial management.

14. With these few remarks, it is now my pleasure to invite the Permanent Secretary, Ag. Secretary to the Cabinet and Head of the Public Service to deliver his keynote address and officially open this meeting.

Thank You.