



Public Sector Accounting Standards Board

Annual Report on board activities for the period to 30th June 2015

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ACRONYMS

AGD	Accountant General's Department
CGs	County Governments
COB	Controller of Budget
DMD	Debt Management Department
ESAAG	East and Southern Africa Accountant Generals
FiRe	Financial Reporting
GOE	Government Owned Enterprises Committee
GSC	Governance and Strategy Committee
IAC	Internal Audit Committee
ICPAK	Institute of Certified Public Accountants of Kenya
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IMF	International Monetary Fund
IPPF	International Professional Practice Framework
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
MBA	Masters of Business Administration
MDAs	Ministries, Departments and Agencies
NCG	National and County Governments Committee
OAG	Office of the Auditor General
PFM	Public Finance Management
PFMR	Public Finance Management Reforms
PSASB	Public Sector Accounting Standards Board
SCs	State Corporations
SAGAs	Semi- Autonomous Government Agencies

KEY ENTITY INFORMATION

Background information

The Public Sector Accountants Standards Board (PSASB) was established and constituted in accordance to sections 192 and 193 of the Act on 28th February 2014. At the Cabinet level, the Board is represented by the Cabinet Secretary to the National Treasury.

Principal Activities

The principal activities of the Board are to:

- Set generally accepted accounting and financial system standards for the public sector.
- Develop and pronounce generally accepted internal auditing standards.
- Mainstreaming of best practices for good governance, internal controls and risk management in the public sector.

Registered Office

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Nairobi

Principal Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Principal Legal Advisor

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

Message from the Chairman of the Board

It is my privilege to present to you the Public Sector Accounting Standards Board (PSASB) annual report for the period February 2014 to June 2015. Following the enactment of the Public Finance Management (PFM) Act, no. 18 of 2012, the PSASB was established and constituted in accordance to sections 192 and 193 of the Act. The Cabinet Treasury, National Treasury, subsequently gazetted the members of the Board through a Gazette Notice No. 1199 of 28th February 2014.

Background

Kenya adopted International Accounting Standards (IAS) in 2000 through the initiative of the Institute of Certified Public Accountants of Kenya (ICPAK). These standards included International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and International Standards on Auditing (ISA.) These standards were adopted by the private sector actors whereas the Public Sector was left behind. In 2008, the Local Authorities partially adopted International Public Sector Accounting Standards (IPSAS) though there was no clear mechanism for effective capacity building.

Most public entities were reporting a summary of budget execution statement as annual financial statements. This lack of yardstick in reporting within the public sector made it difficult for the Office of the Auditor General (OAG) to conduct proper audits on the financial statements. The PFM Act No. 18 of 2012 established the Board to champion accountability and standardization of reporting within the public sector.

Key activities

Through Gazette Notice No. 5440 of 8th August 2014, the Board adopted IPSAS and IFRS for use by the public sector entities. Consequently, the Board set an effective date of 1 July 2014 for mandatory adoption of the standards which were implemented on the financial statements for the financial year ended 30 June 2014. The Board initiated various programmes to ensure adherence to the standards.

With a lean Secretariat and short deadline between promulgation and effective date of the standards, the Board through a technical assistance grant from the World Bank contracted Deloitte and Ernst & Young (Accounting firms). The Accounting firms provided technical support to preparers of financial statements for public sector entities on the basis of standards promulgated and in line with the illustrative financial statements issued.

Key achievements

Over the review period to June 2015, the Board registered a number of key achievements key among them being formation of working Board Committees; formation of a secretariat to the Board; promulgation of the first set of standards and guidelines to be applied in the development of financial reports; training and capacity building of over 2,000 accountants drawn from various public sector entities; development of reporting tools, automation of reports and consolidation of financial statements for the FY 2013/2014.

On overall, the new reporting framework has been well assimilated by the public sector entities although there is still need for sustained capacity building across the spectrum. The framework has also resulted to better financial reports as evidenced by the improved audit opinions issued by the office of the Auditor General for the year ended 30th June 2014 being the first year of application of the framework. To this regard, it is worth noting that the number of unqualified audit opinions increased from 12% to 26% under the MDAs category, compared to the previous year.

Key challenges

The Board has faced a number of challenges in the implementation of its mandate during the period. These challenges have played a pivotal role in informing the contents of the strategic plan 2015/16 to 2020/21 and the Board work plan for 2015/2016. Some of the challenges experienced include; a lean Secretariat team; limited capability of the Secretariat; inadequate and missing financial information due to poor record keeping in many reporting entities; poor visibility of the board; an aggressive timeline for the board to commence its activities and resistance to change by some public sector entities.

Appreciation

I wish to thank the Government of Kenya through the Cabinet Secretary, National Treasury for its goodwill and invaluable support in making the Board's mandate a reality.

Further, I wish to extend my sincere appreciation to our development partners, all public sector entities who are our key stakeholders, and the consultants who have been instrumental in the attainment of our mandate.

Finally, I acknowledge the professionalism and commitment of the entire PSASB and the Secretariat in executing the mandate of the Board towards improving Public Finance Management Reforms (PFMR) in the country.

Thank you.



CPA Bernard Ndungu, MBS

Chairman



From Left Standing: Paul Otsola, Macklin A. Ogolla, Comm. Anne Owour, and Charles Cheruiyot.

From Left Sitting: Humphrey Wanyama, Sophie Moturi, Bernard Ndungu, Esther Maiyo, and Lazarus Kimanga

Profile of Board Members



Bernard Ndungu - Chairman

He represents the National Treasury in the Board. Bernard holds a Bachelor of Commerce degree (finance option) from the University of Nairobi. He is also a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is currently the Director General – Accounting services and Quality Assurance at the National Treasury.



Comm. Anne Elizabeth Owuor

She represents the Institute of Certified Public Accountants of Kenya. She is a holder of Masters of Business Administration (MBA) Finance from USA, Masters in Science in Audit Management & Consultancy University of Central England Birmingham, a Post Graduate Diploma in Audit Management & Consultancy – University of Central England Birmingham, Diploma in Board Competence & Board Practice from Oslo and Akershus University College of Applied Sciences in Norway. She is also a Certified Internal Auditor, Certified Risk Management and Assurance. She is currently pursuing a Doctorate in Philosophy from University of South Africa (UNISA). She is currently a Commissioner with the Salaries and Remuneration Commission.



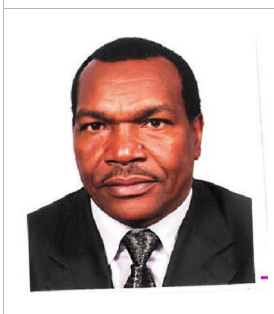
Esther Maiyo

She represents the Capital Markets Authority in the Board. She holds a Master of Business Administration degree and a Bachelor of Commerce. Esther is a Certified Public Accountant and a Certified Public Secretary of Kenya. She also holds a Certified Information Systems Auditor (CISA) designation. She is currently working for the Capital Markets Authority where she has held various management positions in Internal Audit, Market Supervision, Financial Analysis, Accounting and Risk Management.



Sophie Moturi

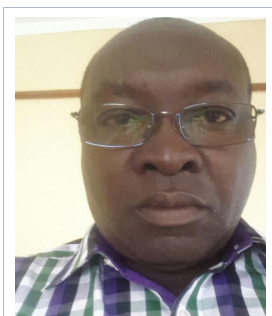
She represents the Association of Professional Societies of East Africa (APSEA). She holds a Master of Banking and Finance degree from Moi University and a Bachelor of Commerce degree (Accounting) from the University of Nairobi. She is also a Certified Public Accountant and a member of (ICPAK). Sophie is currently a Director at Bomo Ltd and a Governing Council Member at the International Leadership University.



Lazarus Kimang'a

Represents the Institute of Certified Public Secretaries of Kenya (ICPSK) in the Board. He holds an MBA degree in Finance from the University of Nairobi and a Master of Commerce degree in International Business Management from Strathmore University. He also trained in Financial Management at Green Templeton College, University of Oxford. He is currently the General Manager, Finance and Administration, and Company Secretary for East Africa Re.

Profile of Board Members - continued



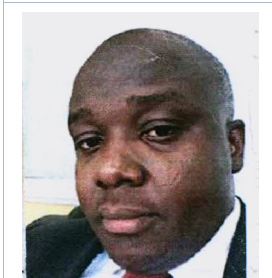
Humphrey Ogola Wanyama

He represents the Office of the Auditor General (OAG) in the Board. He holds a Bachelor of Commerce (Accounting option) degree and is a Certified Public Accountant of Kenya. He was then the Deputy Auditor General, in the Office of the Auditor General and has since retired in February 2016 and replaced by David Gichana.



Macklin A. Ogolla

Mr. Ogolla represents the Office of the Controller of Budget (OCOB) in the Board. He holds an MBA degree from Moi University and a Bachelor of Science degree from the University of Nairobi. Mr. Ogolla is also a Certified Public Accountant and a member (ICPAK). He is currently the Director of Corporate Services at the office of the COB.



Paul Otsola

He is a representative of the Intergovernmental Budget and Economic Council (IBEC) in the Board. He holds an MBA degree and is a Certified Public Accountant. He is currently the County Executive Committee Member in charge of Finance and Economic Planning for Kakamega County. Paul Otsola has since retired from the board.



Charles Cheruiyot

He represents the Institute of Internal Auditors (IIA) in the Board. He holds an MBA degree and a Bachelor of Commerce degree both from the University of Nairobi. He is also a Certified Public Accountant and a Certified Internal Auditor. He is a member of the Institute of Certified Public Accountants of Kenya. He is currently the Chief Internal Auditor at Kenya Power & Lighting Company Ltd. He replaced George Mang'oka on 12th June 2014.



George Mang'oka

He represents the Institute of Internal Auditors (IIA) in the Board. He holds a Master of Business Administration (MBA), Strategic Management and a Bachelor of Arts (B.A.), Business Studies and Economics and is currently doing a Doctorate in Business Administration. He is currently a resident Internal Audit Advisor at the Ministry of Economics and Finance, Government of Rwanda. He was replaced by Charles Cheruiyot on 12th June 2014.



Standing: Patrick Abachi

From left sitting: Beatrice Gathirwa; Mary Wanyonyi; Reuben Orwaru; Cheryl Majiwa; Paul Chege

The Board Secretariat

Brief by Head of the Secretariat

The Board is supported in its functions by a full time Secretariat which has been set up pursuant to Section 193 (5) of the PFM Act, 2012. The Secretariat provides administrative and technical support to the Board in execution of its mandate and functions.

The Secretariat is formed by members who are full time employees of the institutions they represent and is hosted at the National Treasury. During the period February 2014 to June 2015, the Secretariat played an instrumental role to ensure implementation of the Board's mandate. This was achieved through allocation of resources effectively and efficiently.

The composition of the Secretariat is as follows:

	Name	Position	Department
	<i>Technical staff</i>		
1	Patrick Abachi	Head of the Secretariat	Accountant General Department
2	Mary Wanyonyi	Secretariat member	Accountant General Department
3	Beatrice Gathirwa	Secretariat member	Government Investments and Public Enterprises
4	Cheryl Majiwa	Secretariat member	Government Investments and Public Enterprises
5	Esther Ngeru	Secretariat member	Internal Audit Department (left in November 2014)
6	Daniel Nyaga	Secretariat member	Internal Audit Department (joined in November 2014)
7	Reuben Orwaru	Secretariat member	Institute of Certified Public Accountants of Kenya
8	Billy Mathu	Secretariat member	Accountant General Department
9	Evans Mulera	Secretariat member	Technical Consultant (left in June 2014)
10	Paul Chege	Secretariat member	Technical Consultant (joined in June 2014)

	Name	Position	Department
	<i>Support staff</i>		
1	Irene Ndung'u	Secretariat member	Accountant General Department
2	Solomon Ngahu	Secretariat member	Accountant General Department
3	Diana Ng'ang'a	Secretariat member	Accountant General Department
4	June Janet	Secretariat member	Accountant General Department
5	Gilbert Ruto	Secretariat member	Accountant General Department

The Secretariat currently faces a challenge of lack of capacity both in numbers and technical capacity. The setting up of the Board as a separate autonomous organ from the National Treasury is therefore imperative to build the required capacity best suited to provide assistance to the PSASB.

Corporate Governance statement

The Board was gazetted on 28th February 2014 pursuant to Sections 192 to 195 of the Public Financial Management Act, 2012. The various committees of the board were constituted in May 2014.

The following table represents the Board composition and its committees. It also indicates the number of meetings held during the year.

Ref	Members	Full Board	Governance and Strategy (GSC)	National and County Governments (NCG)	Government Owned Enterprises (GOE)	Internal Audit committee (IAC)
1	Bernard Ndungu	√*	√			
2	Macklin Ogolla	√	√	√		
3	Sophie Moturi	√	√		√*	
4	Humphrey Wanyama	√		√	√	
5	Esther Maiyo	√			√	√*
6	Lazarus Kimanga	√	√*			√
7	Paul Otsola (Joined on 12th June 2014)	√		√	√	
8	Anne Owour	√		√*		√
9	Charles Cheruiyot (Joined on 12th June 2014)	√	√			√
10	George Mang'oka (left in 12 th June 2014)	√	√			√
	No. of meetings	9	8	8	8	8

*Chairman

Board attendance

Prudential regulations require that every board member attend a minimum of 75% of all Board meetings. Below is an extract from the attendance register for the Board meetings held in the period from February 2014 to June 2015:

No	Members	7 th Mar 2014	2 nd April 2014	13 th May 2014	17 th June 2014	19 th Aug 2014	14 th Oct 2014	9 th Dec 2014	3 rd Mar 2015	14 th May 2015	%
1	Bernard Ndungu	√	√	√	√	√	√	√	√	√	100
2	Macklin Ogolla	√	√	√	√	√	√	√	√	√	100
3	Sophie Moturi	√	√	√	√	√	√	√	√	√	100
4	Humphrey Wanyama	√	√	√	√	√	√	√	√	√	100
5	Esther Maiyo	√	√	√	√	√	√	√	√	√	100
6	Lazarus Kimanga	√	√	√	√	√	√	√	√	√	100
7	Paul Otsola (Joined on 12th June 2014)	-	-	-	-	√	√	√	√	√	55
8	Anne Owour	√	√	√	√	√	√	√	√	-	99
9	Charles Cheruiyot*	-	-	-	-	√		√	-	-	22
10	George Mang'oka*	-	-	-	-	-	-	-	-	-	-

*George Mang'oka was replaced by Charles Cheruiyot on 12th June 2014 as a representative for Institute of Internal Auditors. At the time of his replacement, he had not attended any meeting.

Below is a summary of the general functions of each of the committee of the Board:

- i. **Governance and Strategy Committee:** This Committee deals with promotion of good governance, enhancing capacity, and giving strategic direction to the Board and Secretariat.
- ii. **National and County Committee:** The NCG committee deals with financial reporting matters and capacity building for National Government Ministries Departments and Agencies (MDAs) and County Governments (CGs).
- iii. **Government Owned Enterprises Committee:** GOE deals with financial reporting matters and capacity building for State Corporations (SCs) and Semi-Autonomous Government Agencies (SAGAs) in public sector.
- iv. **Internal Audit committee:** The IAC committee advises the Board on internal audit matters and capacity building within the area of internal audit in the public sector.

1 Executive summary

1.1 Background

The Public Sector Accounting Standards Board (PSASB) is a statutory, standard setting body established under the Sections 192 to 195 of the PFM Act, 2012. The Board is mandated to provide frameworks and set generally accepted standards for the development and management of accounting and financial systems by all state organs and public entities.

The board was established as part of PFM reforms in Kenya. The reforms are part of a wider global recognition of the necessity to improve financial management and the quality of financial information among public and private sector organizations.

The mandate and functions of the PSASB are established pursuant to Sections 192 to 195 of the PFM Act, 2012. The purpose or mandate of the Board can be summarised as being to:

- Set generally accepted accounting and financial system standards for the public sector.
- Develop and pronounce generally accepted internal auditing standards.
- Mainstreaming of best practices for good governance, internal controls and risk management in the public sector.

The PSASB is therefore established as the 'de facto' and only authorised setter of financial accounting and internal audit standards for the public sector in Kenya.

The Board is a representative entity and consists of nominees from the following representing entities:

- 1) National Treasury;
- 2) Office of the Controller of Budget (OCOB);
- 3) Intergovernmental Budget and Economic Council (IBEC);
- 4) Office of the Auditor-General (OAG);
- 5) Institute of Certified Public Accountants of Kenya (ICPAK);
- 6) Association of Professional Societies of East Africa (APSEA);
- 7) Capital Markets Authority (CMA);
- 8) Institute of Internal Auditors (IIA); and
- 9) Institute of Certified Public Secretaries of Kenya (ICPSK)

The Board is supported in its functions by a full time Secretariat. The Secretariat provides administrative and technical support to the Board in execution of its mandate and functions.

1.2 Vision, mission and core values of the board

1.2.1 Vision of the Board

The vision of PSASB is:

“To enhance quality and reliability of financial information and to safeguard the public interest through transparent and accountable financial reporting”

1.2.2 Mission of the Board

The mission statement of PSASB is:

“To promote sound financial reporting and internal auditing standards for transparency and accountability in the public sector”

1.2.3 Core values of the PSASB

PSASB’s core values are as follows:

1. Integrity;
2. Objectivity;
3. Transparency;
4. Thought leadership;
5. Consultative;
6. Team work;
7. Professionalism;

1.3 Overview of work plan for FY 2014/2015

The following is a summary of the work plan for FY 2014/2015:

Activity No.	Description of activity	Expected Output	Status of activities to date	Comment
1	Approve Terms of Reference and operating procedures of the Board	Approved ToRs for the PSASB	Completed	Approved by the Board on 13th May 2014.
2	Approve Board and Secretariat Work Plan	Approved work plan	Completed	Approved by the Board on 13th May 2014.
3	Approve applicable Accounting and Reporting Standards	Promulgation of the standards	Completed	Approved by the Board on 17th June 2014. Submitted for gazettment in July 2014. Promulgated on 8th August 2014 via gazette No. 5440.
4	Develop Financial Reporting tools	Approved Tools	Completed	Approved by Board on 17th June 2014.

Activity No.	Description of activity	Expected Output	Status of activities to date	Comment
5	Develop Internal Audit guide framework for use by Public Sector Entities	Internal Audit Guide Framework	Partially completed	Activity still outstanding due to delay in procuring consultant.
6	Monitoring and evaluation of compliance status	Quality review of financial statements	Completed	Quality review carried out in November 2014 with regards to annual financial statements submitted by public sector entities for consolidation of FY 2013/14.
7	Feedback and learning – Taking stock of achievements	Workshop/ stakeholder forum	Completed	Carried out lessons learnt workshops for public sectors in the month of April and May 2015.
8	Training and capacity building for the Board and Secretariat	Training and capacity building	Completed	Some Board Members attended short term trainings in Brussels, Ghana and USA and Dar-es-salam (ESAAG 2015), and ICPAK 2015 trainings.
9	Preparing a register of Public Sector Entities	Register of Public Sector Entities	Completed	List was published in the National Treasury Website in August 2014

1.4 Summary of key achievements during the period

Over the review period to June 2015, the PSASB has registered a number of notable achievements key among them the following:

- i. Formation of working committees of the board: - The Board established its Committees in 2014 to oversee various aspects of its work. Board meetings commenced in 2014 and a detailed work plan was developed outlining the key activities and tasks to be undertaken.
- ii. Formation of a secretariat of the board: - Board formed its secretariat in 2014. The Secretariat has enabled the Board to operate smoothly and effectively in executing its mandate.
- iii. Promulgation of the first set of standards and guidelines to be applied in the development of financial reports: - The Board promulgated the applicable standards through a Gazette notice No.5440 dated 8th August 2014. This marked a turning point for public sector accounting in Kenya as it represented one of the most important changes in financial reporting within the public sector.
- iv. Training and capacity building: - During the period to June 2015, the board with conjunction with Accountant General Department trained over 2,000 accountants drawn from the Ministries, Departments and Agencies, State Corporations and Semi-Autonomous Government Agencies and County Governments. This has enabled these entities better assimilate and apply the new reporting framework.

- v. Development of reporting tools and automation of reports: - The board developed illustrative financial statements that enabled the entities to easily apply the new reporting standards. The tools were tailored to suit the specific requirements of the target group of entities. These were approved by the Board in June 2014.
- vi. Consolidation of FY 2013/2014 and FY 2014/2015: - Public Entities successfully produced financial reports for FY 2013/2014 and 2014/2015 utilizing the gazetted reporting standards from the PSASB. This enabled the National Treasury to prepare consolidated financial statements for FY 2013/2014 and FY 2014/2015 within statutory deadline.

1.5 Summary of key challenges during the period

PSASB is at a nascent stage and therefore faced with the usual challenges inherent in launching a new entity in the public sector. These challenges are enumerated below:

- (i) Reporting challenges in the financial sector: - The public sector's financial reporting is emerging from a historical background of significant challenges in the quality and timeliness of reporting and internal audit. As a result internal structures and processes were yet not fully established.
- (ii) Limited capacity at the Secretariat: - The Board's mandate is in a highly technical area and as a result requires significant expertise in the different types of accounting standards, public financial management and internal audit. This requires robust technical support from the Secretariat to its Board. The Secretariat has however not been fully constituted as per the proposed structure. As such, vital functions and capabilities required within the Secretariat in areas such as research and development are not yet in place.
- (iii) Change management: - Push back from reporting entities in adopting the new reporting frameworks to comply with PSASB's requirements.
- (iv) Quality of financial information: - Inadequate and missing financial information in many reporting entities presented challenges to entities using the pronounced standards for the first time.
- (v) Communication and Public relations: - There is a need for the Board to build awareness among its stakeholders and the general public on its role and mandate in order to gain buy in and compliance to the pronounced standards. Visibility enhancing mechanism such as Board website, articles and journals, fliers and banners will therefore need to be put in place.

1.6 Overview of budget performance

During the period to 30th June 2015, the Board funded its operations through a combination of government budgetary allocation and donor funding. The main donors were the World Bank through the Trust Fund under Devolution Support project and DANIDA through the Kenya Governance Support Programme.

Out of the Kshs 290,736,000 funding available to the Board as outlined above, a total of Kshs 193,397,796 was utilized. The Board therefore, achieved a 96% utilization of the allocated budget.

2 Detailed status report per Activity

2.1 Activity 1: Approve Terms of Reference and operating procedures of the Board

2.1.1 Background and description of the activity

Following the establishment and inauguration of the Board, the terms of reference and operation procedures became necessary for its smooth operation. The Secretariat benchmarked with other similar boards across the region and globally and developed the terms of reference and operating procedures for the Board.

The terms of reference and operating procedures were approved by the Board on 13th May 2014 and outline the following:

1. Establishment of the Board;
2. Mission and Purpose;
3. Objectives of the Board;
4. Responsibilities;
5. Membership and Composition of the Board;
6. The Chairmanship;
7. Technical Advisers to the Board;
8. Relation with other standards setters;
9. Term and Vacation of Office;
10. Remuneration of PSASB Members;
11. Reporting;
12. Funding;
13. Operating Procedures;
14. Code of Conduct;
15. Board Due Process;
16. Consultation;
17. The Secretariat;
18. Committees of the Board.
 - a. Internal Audit Committee;
 - b. Government Owned Enterprises Committee;
 - c. National and County Governments Committee;
 - d. Governance and Strategy committee.

2.1.2 Status of the Activity

Completed

2.1.3 Detailed activities and progress to date

The terms of reference and operating procedure were approved by the Board on 13th May 2014. The following sub-activities culminated in the approval of the work plans:

Ref	Sub-Activity	Responsible	Timing
1	<p>Preparation of the Terms of Reference and Operating procedures:</p> <p>The Secretariat was tasked to prepare the Board Terms of Reference through benchmarking with other similar boards in the region and globally.</p>	Secretariat	April 2014
2	<p>Deliberations on the Terms of Reference and Operating procedures:</p> <p>The Terms of Reference were then presented to the board sub-committees for deliberations and improvement as well as approval at the sub-committee level.</p>	Sub-Committees	May 2014
3	<p>Presentation to the Board for approval:</p> <p>The Terms of Reference were then presented to the Board on 13th May 2014 and approved.</p>	Secretariat	May 2014

2.2 Activity 2: Approve Board and Secretariat work plan

2.2.1 Background and description of the activity

The Board and Secretariat required a work plan to enable the team outline the activities for the period.

2.2.2 Status of the Activity

Completed

2.2.3 Detailed activities and progress to date

The Board and Secretariat work plans were approved by the Board on 13th May 2014. The following sub-activities culminated in the approval of the work plans:

Ref	Sub-Activity	Responsible	Timing
1	Preparation of the work plan: The annual work plan for the period from February 2014 to June 2015 was prepared by the Secretariat indicating the activities to be carried out by the Board in the year. The preparation also included setting up of the objectives and output for the period.	Secretariat	March/ April 2014
2	Deliberations within the sub-committees of the Board: The annual work plan was then presented to the board sub committees for deliberation, harmonisation and approval within the sub- committees.	Sub-Committees	May 2014
3	Presentation to the Board: The Secretariat presented the annual work plan to the Board on 13th May 2014 and the it was approved the same day.	Secretariat	May 2014

2.3 Activity 3: Approve applicable Accounting and Reporting Standards

2.3.1 Background and description of the activity

The PSASB through a Gazette notice No. 5440 dated 8th August 2014, signed by the Cabinet Secretary on 8 July 2014, the Board adopted IPSAS and IFRS for use by public sector entities.

The Board categorised the application of these standards as:-

- i. The National and County governments and their respective entities to apply International Public Sector Accounting Standards (IPSAS) Cash based standard.
- ii. The Semi-Autonomous National County and Government Agencies to apply IPSAS Accrual based standards issued by International Public Sector Accounting Standards Board.
- iii. The State and County Corporations carrying out commercial activities to apply International Financial Reporting Standards (IFRS) while regulatory and non-commercial State and County Corporations are to apply IPSAS Accrual.
- iv. International Professional Practice Framework (IPPF) for Internal Auditing Standards.

The Board also directed an effective date of 1 July 2014 for mandatory adoption of the standards with early adoption encouraged for the financial year ended 30 June 2014. The Board subsequently issued illustrative financial statements for use by Public Sector entities under each of the categories.

2.3.2 Status of the Activity

Completed; the applicable standards became effective for use in the public sector in August 2014.

2.3.3 Detailed activities and progress to date

The following sub-activities culminated in the approval of the applicable standards:

Ref	Sub-Activity	Responsible	Timing
1	<p>Categorization of the various Public Sector Entities:</p> <p>Following the successful preparation of a comprehensive register of public sector entities, the Secretariat in Conjunction with the National Treasury, through the Office of the Accountant General moved to categorise the public sector entities in the various reporting categories as indicated above.</p> <p>The process was informed by the legislation through which an entity has been formed, the entity's mandate and internationally recognised financial reporting standards.</p>	Board/ National Treasury	May and June 2014
2	<p>Decision on whether to adopt or adapt:</p> <p>The Board deliberated at length on whether to adapt or adopt the internationally recognised financial reporting standards and internal audit standards.</p> <p>Due process was followed through assessment of the time and effort required in adapting the standards since it would require the Board to gazette standards specific to the Kenyan Public Sector.</p> <p>In this consideration, the Board decided to adopt international standards instead of adaption.</p>	Board	June 2014
3	<p>Board approval of the applicable standards:</p> <p>The Board adopted the following standards and approved them for use within the Kenyan Public Sector .</p>	Board	Approved by the Board on 17th June 2014.

Ref	Sub-Activity	Responsible	Timing
	<ul style="list-style-type: none"> • International Financial Reporting Standards(IFRS) • International Public Sector Accounting Standards(IPSAS) cash standard • International Public Sector Accounting Standards (IPSAS)accrual standards • International Professional Practice Framework(IPPF) for internal auditing 		
4	<p>Setting the effective date and guidelines on applicable standards:</p> <p>The effective date for the applicable standards approved was set to commence for the financial year ending June 2013/2014 and was to apply retrospectively. FY 2013/2014 therefore formed the baseline year for the application of the approved standards.</p>	Board	July 2014
5	<p>Gazettement of the applicable standards:</p> <p>The Board through the National Treasury Gazetted the applicable standards and the guidelines on 8th August 2014, through Gazette notice no. 5440. This gazettement formed the legal basis of enforcing application of the standards across the public sector entities.</p>	Board/National Treasury	August 2014

2.4 Activity 4: Develop Financial Reporting tools

2.4.1 Description of the activity

Alongside the promulgation of the applicable standards for the Public Sector entities, the Board also developed tools and templates that would enable the entities comply with the standards.

The board developed illustrative financial statements that enabled the entities to easily apply the new reporting standards. The tools were tailored to suit the specific requirements of the target group of entities.

The following templates were developed and approved for use by Public Sector entities:

- i. Temp 1: IPSAS Cash MDAs Annual Reporting Template;
- ii. Temp 2: IPSAS Cash Projects Annual Reporting Template;
- iii. Temp 3: IPSAS Accrual Annual Reporting Template for SCs and SAGAs;
- iv. Temp 4: IFRS Annual Reporting Template for SCs; and
- v. Temp 5: IPSAS Annual Reporting Template – County Government.

2.4.2 Status of the Activity

Completed

2.4.3 Detailed activities and progress to date

The following sub-activities culminated in the approval of the financial reporting tools:

Ref	Sub-Activity	Responsible	Timing
1	<p>Preparation of financial reporting tools</p> <p>Preparation of financial reporting tools was done by the Secretariat. Templates were prepared for the Ministries, Departments and Agencies(MDAs), Projects implemented by public entities, State Corporations (SC) and Semi-Autonomous Government Agencies(SAGAs) and County Governments(CGs).</p> <p>The prepared templates were largely informed by the prescribed standards by the Board.</p>	Secretariat	April 2014
2	<p>Deliberation and review of the financial reporting tools:</p> <p>The financial reporting tools were then presented to the Board Committees for deliberation,</p>	Committees of the Board	May 2014

Ref	Sub-Activity	Responsible	Timing
	harmonisation and approval at the committee level		
3	<p>Presentation of the financial reporting tools to the Board:</p> <p>The Secretariat then presented the financial reporting tools to the Board for further deliberations.</p>	Secretariat	17 th June 2014
4	<p>Approval of the financial reporting tools:</p> <p>The presentation of the financial reporting tools to the Board culminated to the approval of the tools for use by the various public sector entities</p>	Board	17 th June 2014
5	<p>Setting the effective date of application:</p> <p>The effective date of application of the financial reporting tools was set to commence for the financial year ended 30 June 2014. These financial reporting tools were to be applied retrospectively.</p>	Board	1 st July 2014

2.5 Activity 5: Develop Internal Audit guide framework for use by Public Sector Entities

2.5.1 Description of the activity

The Board gazetted the reporting standards on August 8, 2014 under gazette notice number 5440. Among the promulgated applicable standards by public sector entities were the internal audit standards. The Board prescribed the International Professional Practice Framework (IPPF) for Internal Auditing Standards. There was therefore a need for a framework to guide the application of these standards within the public sector.

In September 2014, the Board approved the procurement of a consultant to prepare the guidelines for application of the framework. This consultancy has however delayed due to procurement process hitches.

2.5.2 Status of the Activity

Partially completed; as at April 2016, the procurement process of the internal audit consultant, was at the award stage

2.5.3 Detailed activities and progress to date

The following are the activities undertaken so far:

Ref	Sub-Activity	Responsible	Timing
1	Approval of the internal auditing standards: The applicable Internal Audit standards were gazetted on August 8, 2014 under gazette notice number 5440.	Board	August 8, 2014
2	Hiring of a consultant: The Board approved the hiring of a consultant to prepare the internal audit guidelines for the application of the IPPF framework.	Board	Procurement process not yet completed. Expected to be finalized in May 2016.

2.6 Activity 6: Monitoring and evaluation of compliance status

2.6.1 Description of the activity

The Board through a technical assistance grant from the World Bank & DANIDA (under the Kenya Governance Support Programme) contracted Deloitte and Ernst & Young to build capacity within State Corporations, Ministries, Departments & Agencies respectively. The technical support was mainly in the facilitation of trainings, on-the-job technical support in the preparation of financial year 2013/2014 annual financial statements based on the basis of standards promulgated. This was the first year that the public entities prepare the financial statements using the new framework.

As a way of evaluating the extent of compliance to the prescribed standards, the reports submitted to national treasury for consolidation purposes were subjected to quality review process. Formal feedback was provided to the public entities and technical assistance provided on noted areas of weaknesses. Subsequently, the public entities resubmitted the revised financial statements to the Office of Auditor General.

2.6.2 Status of the Activity

Completed: Quality review carried out in November 2014 with regards to annual financial statements submitted by public sector entities for consolidation of FY 2013/14.

2.6.3 Detailed activities and progress to date

The following are the activities undertaken so far:

Ref	Sub-Activity	Responsible	Timing
1	<p>Awareness training in August 2014:</p> <p>The accountants from the following target groups were trained during the awareness training workshops held at Kenya School of Government during the months of July and August 2014.</p> <ul style="list-style-type: none"> • Ministries, Departments and Agencies (MDAs); • State Corporations (SC) and Semi Autonomous Government Agencies (SAGAs); and • County Governments (CGs); • Internal Auditors (IA); and • Office of Auditor General (OAG); 	National Treasury/Board	<ul style="list-style-type: none"> • MDAs: 17th to 22nd Aug 2014 • SC and SAGAs: 24th to 29th Aug 2014 • CGs: 10th to 15th Aug 2014 and 31st Aug to 5th Sept 2014 • IA: 15th to 19th June 2015 and 5th to 10th July 2015 • OAG: Sept 2014

Ref	Sub-Activity	Responsible	Timing
2	<p>On-the-job support to the public entities:</p> <p>Following the series of training as highlighted above, the public sector entities were assisted to prepare annual financial statements for FY 2013/2014.</p>	National Treasury/Board	August and September 2014
3	<p>Quality review of submitted reports:</p> <p>As part of M&E the submitted financial statements were subjected to quality review to assess the compliance to prescribed standards, accuracy and completeness.</p>	National Treasury	October 2014
4	<p>Provided formal feedback to the entities:</p> <p>Public Entities whose annual financial statements for FY 2013/2014 were subject to quality review were provided with formal feedback. This was to enable the entities improve on the noted areas of weaknesses.</p>	National Treasury/Board	November 2014
5	<p>Assisted the entities to implement the quality review recommendation:</p> <p>Further, technical support was provided to the Public Entities to enable them implement the recommendation emanating from the quality review process.</p>	National Treasury/Board	January and February 2015
6	<p>Resubmit the amended reports to OAG:</p> <p>Entities who implemented the quality review recommendations were allowed to resubmit the annual financial statements for FY 2013/2014 to the Office of Auditor General.</p>	National Treasury/Board	March and April 2015



County Governments workshop held at the Kenya School of Government on 22nd August 2014.



Mr. Bernard Ndungu, the Director General Accounting Services & Quality Assurance, National Treasury making a keynote address at the SCs and SAGAs workshop on 29/9/2014. He is also the Chairman to the Public Sector Accounting Standards Board.

2.7 Activity 7: Feedback and learning – Taking stock of achievements

2.7.1 Description of the activity

Following the series of training for the public entities, preparation of the annual financial statements for FY 2013/2014 and accompanying quality review, the Board felt there was need to take stock on achievement. Accordingly, the Board in conjunction with the National Treasury undertook a lessons learnt workshop for all public sector entities during the months of April and May 2015.

The National Treasury, Accountant General Department prepared the first set of consolidated financial statements in October 2015 as required by the PFM Act 2012. The consolidated financial statements presented an avenue for the Board to reflect on the success and challenges regarding compliance to the prescribed standards at a consolidation level. To this regards the consultancy firms that had been engaged to assist the National Treasury prepare the consolidated financial statements provided formal feedback to the Board.

As part of its technical support to East African countries, the IMF East AFRITAC was invited by the National Treasury to review the consolidated financial statements for FY 2013/2014 in view of the prescribed standards. This review was carried out in May 2015 and the Board was accordingly briefed of the outcome of the IMF mission.

2.7.1 Status of the Activity

Completed: Lessons learnt workshop carried out, and IMF East AFRITAC review mission conducted.

2.7.2 Detailed activities and progress to date

The following are the activities undertaken so far:

Ref	Sub-Activity	Responsible	Timing
1	Lessons learnt workshop: A workshop on lessons learnt was organized at the Kenya School of Government. All accountants of public sector entities were engaged on different dates to share their experiences on the first year of implementation. The consultants also presented the key achievements and challenges experienced while offering technical support on implementation of the standards to the various public sector entities	Board/ National Treasury	MDAs – 28th and 29th April 2015 SC&SAGAs – 4th and 5th May 2015 CGs – 25th to 28th May 2015
2	IMF East AFRITAC review: A review on the consolidated financial statements for the MDAs	Board	May 2015

Ref	Sub-Activity	Responsible	Timing
	and SCs and SAGAs for the year ended 30 June 2014 was carried out by IMF East AFRITAC. Areas of improvement were noted and presented to the Board. This exercise provided useful feedback for implementation in the subsequent years.		
3	Brief by the consultants: The consultants, Deloitte & Touche and Ernst and Young presented to the Board the key achievements and challenges that they encountered in the process of offering technical support to the various public sector entities. They also presented on recommendations for the way forward.	Board	March 2015

2.8 Activity 8: Training and capacity building for the Board and Secretariat

2.8.1 Description of the activity

The financial reporting landscape environment in which PSASB is operating is quite challenging and highly dynamic. The Board and its secretariat therefore have to keep abreast with emerging trends. The Board has to this extent recommended its members and the secretariat to undertake short term trainings, workshops and benchmarking visits to enhance their knowledge base.

A number of board members have consequently attended short term trainings and workshops both locally and internationally during the period under review. However, though benchmarking tours had been planned for during the review period, they did not materialize due to competing activities of the Board. However, this is scheduled to take place during the financial year 2015/2016.

2.8.2 Status of the Activity

Partially completed; Some Board Members and members from the Secretariat attended short term trainings in Brussels, Ghana and USA and Dar-es-salam (ESAAG 2015), and ICPAK 2015 trainings.

2.8.3 Detailed activities and progress to date

The following are the activities undertaken so far:

Ref	Sub-Activity				
1	Short term trainings and workshops:				
	Ref	Nature of Training	Member	Venue	Date
	1	IPSAS training	Patrick and Mary	Mombasa	March 2014
	2	PwC Global conference on accounting and reporting by Governments	Bernard and Patrick	Brussels	March 2015
	3	Round table adoption and implementation of IPSAS	Mary and Sophie	Ghana	May 2015
	4	Public Sector Standard Setters Forum	Anne	USA	May 2015
	5	ESAAG annual workshop	Sophie, Esther, Patrick, Reuben and Paul	Dar-Es-Salaam	March 2015
	6	IPSAS training by ICPAK	Sophie and Esther and Mary	Nairobi	October 2014
2	Benchmarking visits:				
	These are intended to blend the Kenyan experience with the regional and global standard setting bodies. The activity was scheduled to take place during the period under review but has been rescheduled to FY 2015/2016.				

2.9 Activity 9: Preparation of a register of public sector entities

2.9.1 Description of the activity

Following promulgation of the applicable standards by the Board, the Board realised that the National Treasury did not have a comprehensive register of the public sector entities. The Board therefore embarked on a process of establishing a comprehensive register for purposes of tracking compliance and consolidation of the financial statements.

The Board developed a template and circularized to all ministries requiring them list down projects, agencies and state corporations within their domain. The submission from the ministries were then collated and compared with the list maintained by Government Investment Department at the National Treasury and that maintained by the Office of Auditor General. The resulting register was then classified into the various categories based on the applicable reporting framework. The final register and categorization was then uploaded in the National Treasury website and is updated regularly.

2.9.2 Status of the Activity

Completed: the register has been uploaded in the National Treasury website and is regularly updated.

2.9.3 Detailed activities and progress to date

The following are the activities undertaken so far:

Ref	Sub-Activity	Responsible	Timing
1	<p>Developing a template for data collection:</p> <p>Since the Ministries were known, the task at hand was to identify the projects and SC and SAGAs that fall under them. A template was developed to capture the following information:</p> <ul style="list-style-type: none"> • The entities within the Ministries; • Mandate and principal activities; • The legislation governing its creation; • Physical address; • Contacts for key personnel involved in financial 	National Treasury/Board	April 2014

Ref	Sub-Activity	Responsible	Timing
	reporting.		
2	Obtaining submissions from the ministries: The Ministries were guided on the population of the template to ensure that the information contained was accurate and complete.	National Treasury/Board	April 2014
3	Comparison with registers from DGIPE and OAG: Following the submissions by the Ministries, the resultant register of entities was compared with that from DGIPE and OAG to ensure completeness.	National Treasury/Board	May 2014
4	Categorization into the various reporting frameworks: Public Entities within the register were categorized into the various reporting frameworks based on the mandate and legislation framework of each entity.	National Treasury/Board	May and June 2014
5	Updating of the register: The register is a living document that is continuously updated as new entities are formed, merged or dissolved.	National Treasury/Board	Continuous

3 Emerging issues from FY 2014/2015

3.1 Design and implementation of roadmap to accrual

In an effort to enable the public sector to improve its financial management, the Board is considering moving towards accrual-based accounting for MDAs and County Governments that are currently using cash based IPSAS.

Adopting accrual accounting in the public sector enhances transparency and accountability especially on information relating to Government assets and liabilities. As a result, decision makers would be able to make informed decisions.

Migration to accrual basis of accounting will entail the following:

- i. **Creating a roadmap:** in order to ensure a strategic and consistent approach for migration to accrual basis of accounting, there is need to prepare a roadmap that clearly spells out the actions, milestones and outcomes of the process. The Board intends to prepare a 10 year road map with a phased approach which prioritizes easy to comply with standards and moving towards the complex standards.
- ii. **Close gaps in cash basis:** prior to migration to accrual, it is important to ensure that current standards are fully complied with. In addition to the cash basis, it will be important to enhance disclosures such as fixed assets and liabilities as a stepping stone as this will ease the process of migration to accrual.
- iii. **Develop a change management strategy:** A change management strategy emphasizing communication and training should be developed and implemented. Stakeholder groups should be identified and their interests analyzed. The strategy should be focused on identifying how the reforms can help specific stakeholders and how this can be explained to them effectively so that they support, or at least do not obstruct, the reforms.
- iv. **Hiring a consultant to champion the migration to accrual:** noting that the migration to accrual is a highly technical process, there is need to engage a full time consultant to provide technical assistance throughout the process. The technical assistance could be in respect of developing the road map, accounting policies and related instructional materials, and resolving implementation issues as well as in developing the form and content of financial statements that meet the relevant requirements. It shall also include knowledge transfer to AGD and County Government counterparts leading to sustainable solutions. The Board intends to hire the consultant during the FY 2016/17.
- v. **Resources:** It is important to determine and budget and ensure availability of resources required for training, change management of in-house experts required for the effective transition to IPSAS and to sustain future IPSAS compliance.

- vi. **Training and capacity building:** A targeted training strategy should be developed and implemented. Training should be targeted to key officials who would be required to prepare financial statements in compliance to accrual based standards and also to those that audit the information. The training should be focused on the new reporting requirements and methodology and process to be followed to meet them.
- vii. **Setting up a project management team:** it is important to set up a project management team that oversees the migration process and provide guidance to the various departments in the National Treasury, including the AGD, the budget department, and the DMD and ensure effective coordination between themselves, county governments and other entities outside the National Treasury. The project could be housed at the National Treasury or at the Board Secretariat once the Secretariat has been properly constituted.

3.2 Assessing the extent of application of prescribed standards

There is a need for the Board to be kept apprised on the level and extent of compliance on the prescribed standards. This will serve to inform the Board of the areas that require further capacity building.

To achieve this, the Board intends to identify existing gaps and put in place measure to address them. This shall be done using the following means:

- i. Analysing the OAG reports for FY 2014/15 to identify common gaps relating to compliance to prescribed standards.
- ii. Engaging a consultant to carry out a gap analysis in FY 2015/2016.
- iii. Partnering with ICPAK to improve on the FiRe evaluation criteria to ensure that it highlights capacity gaps in compliance to prescribed standards

3.3 Extending the scope of coverage of institutions

The Board had in the period under review concentrated on the main stream public sector entities such as MDAs, SC&SAGAs and County Government entities. These have been provided with the requisite tools and capacity building.

The Board has however identified the need develop guidance for the subsidiary entities to enhance accountability within these institutions. These subsidiary institutions include:

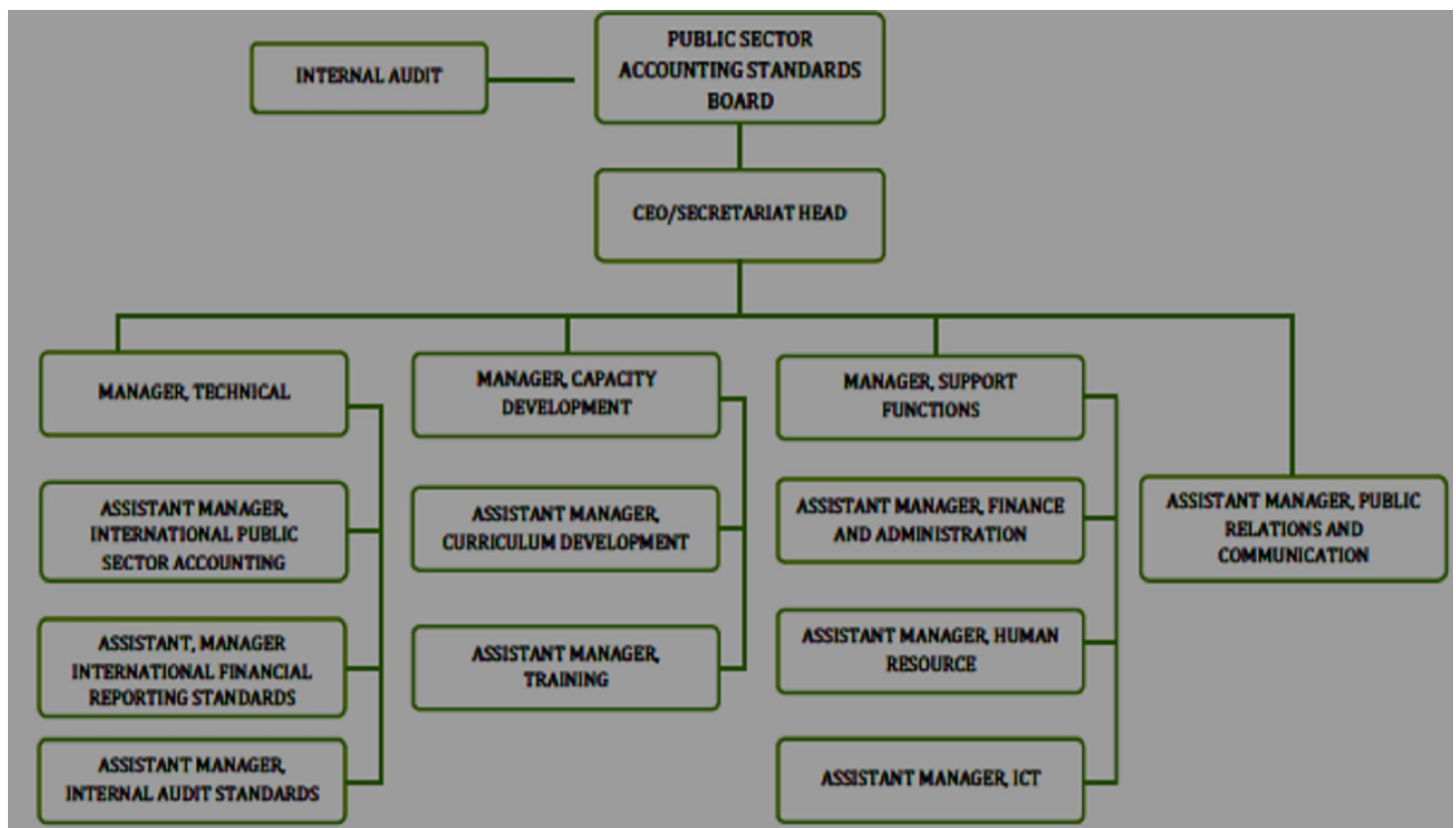
- i. Primary and Secondary schools,
- ii. Hospitals and Health Facilities;
- iii. Constituency Development Funds;
- iv. Tertiary learning institutions and TVETs,

3.4 Making the secretariat independent of National Treasury

The Board Secretariat has since its formation in June 2014 been largely constituted with the National Treasury staff has provided for in PFM Act, 2012, Section 193 (5). There is however a need to establish the Secretariat independent of National Treasury. This will ensure that its staff member are full dedicated to their tasks and therefore better contribute to the achievement of the Boards mandate.

A proposed structure has already been developed under the strategic plan of the Board. The Board is engaging the National Treasury with a view to gazetting the Secretariat within FY 2015/2016. Subsequently the Board will move fast to fill up the positions envisaged by the strategy.

Below is the proposed structure of the Secretariat.



3.5 Development of guidelines for implementation of internal audit standards

The Board gazetted the reporting standards on August 8, 2014 under gazette notice number 5440. Among the promulgated applicable standards by public sector entities were the internal audit standards. The Board prescribed the International Professional Practice Framework (IPPF) for Internal Auditing Standards. There was therefore a need for a framework to guide the application of these standards within the public sector.

In September 2014, the Board approved the procurement of a consultant to prepare the guidelines for application of the framework. This consultancy has however delayed due to procurement process hitches. Going forward, and for purposes of fast tracking this activity, the Board intends to:

- i. Finalize the procurement of the consultant: The procurement is currently at the award stage. The Board will follow up the issue with the National Treasury with a view to having the consultant on board soonest possible.
- ii. Development of the internal audit guidelines: Once the consultant is on onboard, the Board will ensure that the process of preparing the guidelines is expedited.
- iii. Training and capacity building: the consultant will be required to in conjunction with internal audit department carry out training and capacity building relevant for implementation of the guidelines.
- iv. Monitoring and evaluation: following the roll out of the guidelines, the Board shall continually be evaluation the extent of their implementation alongside other prescribed standards.

3.6 Development of templates for specialised institutions

The Board has identified the need for the development of reporting tools for specialised institutions that may not directly benefit from the generic tools that were approved for use by the different categories of the public sector entities.

The following tools for specialised institutions shall be developed and rolled out in FY 2015/2016:

1. Banking sector reporting template,
2. Insurance sector reporting template,
3. Debt report template for use by Debt Department,
4. Investments statement template for use by GIPE,
5. KRA revenue statement, and
6. Receivers of Revenue statement for use by MDAs that have been designated as receivers of revenue.

3.7 Revision of the PFM Act to 2012 to extend the term of the Board

Under Section 193 (4) of the PFM Act, 2012, the Board has a one term limit that is non-renewable.

Section 193(4) "Members of the Board except ex-officio members shall be appointed by the cabinet secretary and serve for a term of not more than three years"

The Board shall petition the National Treasury to amend the PFM Act to grant the Board a two term mandate that is non-renewable. This is consistent to other Boards that have a two; three years term and is a requisite factor for continuity of the activities initiated by the Board.

3.8 Need for benchmarking and training of board members

During the period under review, a number of Board members attended short term trainings and shared their experience with the other board members. The Board has identified these trainings as critical in blending the Kenyan experience with the regional and global standard setting bodies.

Going forward, the Board shall prepare a training plan to ensure that all members and the secretariat benefit from the training. The plan shall also include benchmarking visits.

4 Budget Utilization

4.1.1 Source of funding

During the period to 30th June 2015, the Board funded its operations through a combination of government budgetary allocation and donor funding. The main donors were the World Bank through the Trust Fund under Devolution Support project and DANIDA through the Kenya Governance Support Programme.

The budget allocation for the period to June 2015 was as follows:

Ref		To June 2015
1	GoK funding	99,946,000
2	DANIDA funding	101,000,000
3	World Bank funding	8,790,000
	Total	209,736,000

4.1.2 Budget performance

Out of the Kshs 209,736,000 funding available to the Board as outlined above, a total of Kshs 193,397,796 was utilized. The Board therefore, achieved a 96% utilization of the allocated budget.

The available funding was utilized to fund the following key activities:

Ref	Activities	Budget	Actual To June 2015	Performance
1	Capacity Building for Public Entities at KSG (DANIDA)	15,000,000	13,782,350	92%
2	Capacity Building for Public Entities at KSG (World Bank)	8,790,000	8,790,000	-
3	Equipping the Board Secretariat (DANIDA)	6,000,000	5,477,900	91%
4	Technical Assistance (DANIDA)	80,000,000	83,783,021	105%
5	Technical Assistance (GoK)	38,046,000	33,935,500	89%
6	Training, Benchmarking for Board and Secretariat (GoK), allowances for Board and secretariat	61,900,000	47,629,025	77%
	Total	209,736,000	193,397,796	96%

5 Overview of FY 2015/2016 work plan

Below is an extract of the FY 2015/2016. The work plan has taken into account the experiences, emerging issues and challenges identified in period under review.

	Task /Objective	Responsibility	2015/16			
			Quarter 1: July- September 2015	Quarter 2: October- December 2015	Quarter 3: January- March 2016	Quarter 4: April-June 2016
1.	Develop the Annual Work Plan					
	(a) Preparation and approval	GSC				
	(b) Monitoring and review	ALL				
2.	Prepare Annual Report					
	(a) Collection of input from each committee	GSC				
	(b) Compilation of the annual report	GSC				
	(c) Approval and adoption of the annual report	FULL BOARD				
3.	Performance Evaluation of FY 2014/2015	GSC				
4.	Develop and launch Board Strategic Plan					
	(a) Develop	GSC				
	(b) Validate	FULL BOARD				
	(c) Launch	FULL BOARD				
	(d) Implement	FULL BOARD				
5.	Conduct education programs, stakeholder consultation and public awareness	ALL				
	(a) Training of Public sector officers	NCG, GOE, IAC	Accountants	Auditors	Accountants	
	(b) Training of Audit Committee members of Boards	IAC				
	(c) Training of IAC members	IAC				
	(d) County Governments visits	ALL				
6	Stakeholder engagement and public awareness					
	(a) Procurement of banners, fliers, pens, note	SECRETARIAT				

	Task /Objective	Responsibility	2015/16			
			Quarter 1: July- September 2015	Quarter 2: October- December 2015	Quarter 3: January- March 2016	Quarter 4: April-June 2016
	books e.t.c					
	(b) Print media supplementary	GSC		Strategic plan	Article & Journals	Article & Journal
	(c) Development of a website and communication strategy for the Board	GSC				
	(d) Hold regular conferences with key stakeholders	ALL				
7	FiRe Awards					
	(a) Launch	GSC				
	(b) Evaluation of entries	NCG. GOE				
	(c) Event conference and gala dinner	FULL BOARD				
9.	Update financial recording tools and guidelines	GOE & NCG				
	(a) Automation of reporting templates					
	(b) Re-issue of updated tools					
10.	Internal Audit guidelines					
	(a) Developing	IAC				
	(b) Gazette	FULL BOARD				
	(c) Capacity building	IAC				
11.	Roadmap towards accrual basis of accounting					
	(a) Consultation with key stakeholders	ALL				
	(b) Hiring a consultant	ALL				
12.	Benchmarking and training for the Board and secretariat members					
	a) Attendance of Seminars/Workshops	ALL				
	b) Benchmarking visits	ALL				

6 Conclusion

This report has been instrumental in assessing the Board's key achievements, challenges and opportunities for improvement going forward. Being the Board's first year in operation, there is a wide array of improvement on financial reporting within the public sector.

The members of the Board are committed to ensure that they implement their mandate by addressing the key challenges noted and implementing the issues emerging as documented in sections 2 and 3 of this report.

In order for the Board to effectively implement its mandate, the strategic plan for year 2015/2016-2020/2021 has to be implemented fully. The implementation process commenced with the approval of the strategic plan by the Board in December 2015.

In addition, the Board also plans to follow through with the work plan of the 2015/2016 as detailed in this report. Priority has been placed on developing in year reporting guidelines and tools, developing internal audit guidelines as well as drawing a road map for accrual accounting adoption in all public sector entities.

The Board wishes thank all its partners and stakeholders for their continued support during the year.