Republic of Kenya

PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (KENYA)

GOVERNMENT OF KENYA

DRAFT CORPORATE PLANNING AUDIT PROGRAMS FOR NATIONAL GOVERNMENTS

SEPTEMBER 2026

Republic of Kenya

PSASB

PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (KENYA)

CORPORATE PLANNING PROCESS

(To be customized for each Program)

Strategic Planning

Audit Program No.:	**Period Under Review:**	**Department:**
Prepared By:		
Reviewed By:		

Sub-Process: Strategic Planning (SP formulation, M&E and SP Execution (Service delivery)

Audit Objective: To confirm alignment of the preparation and approval of the strategic plan with National government policies	
Risks: Noncompliance with national policies on strategic plan preparation and approval	
Controls	**Test**
Approved guidelines or policies for Strategic Plan formulation	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on preparation and approval of strategic plan. • If the control is not documented, enquire from the process owner how it is meant to be executed.

	Test of Implementation • Obtain the Guidelines for strategic planning, National development framework e.g. Vision 2030, Bottom-up transformative Agenda, MTP. • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation. **Test of Operating Effectiveness** • Obtain and review the currently developed Strategic Plan. • Verify the plan's contents are aligned with the format prescribed in the Revised Guidelines for preparation of Strategic plans. • Review the Strategic Objectives and Goals section of the SP. Verify that the objectives are SMART (Specific, Measurable, Achievable, Relevant, Time-bound) and have clearly defined, quantifiable indicators and targets. • Confirm the Vision, Mission, and Core Functions are derived from and clearly flow from the entities' legal mandate • Review the section on Core Values and Principles. Confirm the document enshrines the national values and principles of public service as mandated by the Constitution and relevant laws. • Obtain documentation of the internal and external environmental analysis (PESTLE, SWOT).

	• Verify the analysis is current, evidence-based, and comprehensively covers the operational landscape for the SP period. • Trace the entity's strategies and programme back to the specific National Policy Priorities and the entities's strategic goals. Verify the SP explicitly references and aligns its objectives with the Government Agenda) and the Medium Term Plan • Obtain and review the mandatory Implementation Matrix (as detailed in the Guidelines). • Verify the matrix includes: Specific Activities, Deliverables, Timeframes, Responsible Officers, Performance Indicators, and the Total Cost for each intervention. • Review the comprehensive Financing Plan. Confirm that the plan includes a detailed costing of all strategies and activities, and that financing requirements are aligned with the Medium-Term Fiscal Framework **PFM Act, 2012 S 68(2)(g)** • Obtain and review the M&E Framework within the SP. Verify the framework defines the reporting structure, frequency of monitoring (e.g., quarterly, annual), baseline data, targets, and the mechanism for performance review. • Review the SP's section on Risk Management. Confirm the document includes a comprehensive risk profile, outlining strategic risks, their likelihood and impact, and corresponding mitigation strategies. • Review the documented implementation plan, including timelines, responsibilities, and key performance indicators (KPIs) and perform the following tests;

	• From the strategic plan ,extract activities for the period under review and obtain the strategic plan implementation report submitted to Governing Body and Senior Management • From the SP and report, extract targets not met. Note any unmet targets not reported in the quarterly report. • Enquire of the directorate management why targets have not been met (if not met) • Sample projects/activities from the SP and trace their execution status, expenditure, and documentation from the project implementation Committee. • Assess the formal mechanism for cascading the SP to departmental/Directorates and individual Performance Contracts Mid Term Review (MTR) of Strategic Plan • Obtain the Terms of Reference (ToR) for the MTR. • Review the composition and independence of the MTR team (Internal vs. External, expertise, neutrality). • Obtain and review the final Mid-Term Review Report and management's formal response/action plan. • Select a sample of high-priority Strategic Objectives/KPIs.

	• For the sample, trace the MTR's reported progress (e.g., % achieved) back to the original source documents (e.g., departmental performance reports, financial reports, project completion certificates, M&E system data). • For goals reported as off-track, review the MTR's documented reasons for variance and determine if they are complete, accurate, and supported. • Review whether the MTR assessed the allocation and utilization of financial and human resources relative to the Strategic Goals. • Compare budgeted vs. actual expenditure for key strategic projects identified in the MTR • Review MTR documentation to confirm an adequate re-assessment of the internal and external operating environment (e.g., updated SWOT/PESTLE analysis). • Review a sample of departmental/annual operational plans to confirm their alignment with the Strategic Plan's overarching goals for the remainder of the period. • Evaluate the MTR's findings/recommendations to ensure they are specific, relevant, achievable, and time-bound for the remaining period of the SP. • Review management's formal action plan (if one exists) to address the MTR recommendations. • Assess the governance and monitoring process established by management to track the implementation of the MTR's recommendations • Confirm if the Strategic Planning Committee had appointment letters.

	• Confirm if the Committee members had the right education mix to deliver a strategic plan.
Risk: Staff constraints on SP formulation	
Control	**Test**
Appointed officers possessing the necessary qualifications and technical skills Training of officers involved in SP formulation	**Test of Design** • Establish the key requirements, policies and procedures on selection of technical staff to the sector groups • If the control is not documented, enquire from the process owner how it is meant to be executed. **Test of Implementation** • Obtain the Guidelines for strategic planning, National development framework e.g. Vision 2030, Bottom up transformative agenda, MTP. • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation. **Test of Operating Effectiveness** • Obtain a sample of the appointment letters for the technical working groups and confirm the education background and work experience of individuals. • Confirm if selection of technical staff has been done in consideration of the expertise required for each sector group. **(Guidelines for preparation of strategic plans).**
Risk: Challenging credibility of SP through litigation on the basis of failure to undertake stakeholder engagement	
Control	**Test**
Approved stakeholder engagement Framework. Stakeholder engagement periodic reports	**Test Design** • Establish the key requirements of laws, regulations, policies and procedures on public participation. • If the control is not documented, enquire from the process owner how it is meant to be executed. **Test of Implementation** • Obtain the approved stakeholder engagement Framework.

	• Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Obtain list of participants and ascertain that there was stakeholder engagement **{(Constitution of Kenya 2010 Article 10 (2a), 118 (1b), 174 (c), 196 (2),}** • Confirm that there are approved guidelines for stakeholder engagement **PFM Act section 175(9b)** • Confirm compliance with **PFM Act section 207 and Regulation 7** on stakeholder engagement. • Sample and establish that budgets have been informed by stakeholder engagement. • Ascertain involvement of stakeholders as per the National Guidelines for preparation of strategic plans.
Control	**Test**
Signed minutes of Senior Management Committee Signed resolutions of the Governing Body and agenda Approved Strategic Plan	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on validation of the strategic plan. • If the control is not documented, enquire from the process owner how it is meant to be executed. **Test of Implementation** • Obtain the draft strategic plan, minutes of Senior Management Committee & Governing Body; • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Confirm that the strategic plan was validated by the Senior Management Committee by reviewing minutes and agenda. • Confirm with Governing Body resolutions that the SP was adopted. • Ascertain that the SP was approved by the Governing Body. • Confirm that the approved SP was publicized and published.
Risk: Improper/inadequate allocation of resources	
Control	**Test**

Approved budget	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on monitoring & evaluation of the strategic plan. • If the control is not documented, enquire from the process owner how it is meant to be executed. **Test of Implementation** • Obtain the approved strategic plan, budget ceilings as per SP and printed estimates, • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Confirm that a resource mobilization and management framework is reflected in the strategic plan and shall at least— (a) include the budget projection required under the law governing financial management; (b) indicate the financial resources that are available for capital project developments and operational expenditure; (c) Include a financial strategy that defines sound financial management and expenditure control: as well as ways and means of increasing revenues and external funding and its development priorities and objectives, which strategy may address the following— (i) revenue raising strategies; (ii) asset management strategies; (iii) financial management strategies; (v) capital financing strategies; (vi) operational financing strategies; and (vii)strategies that would enhance cost- effectiveness. (d) Carry out any other test
Audit Objectives: To ascertain execution of programs in line with approved strategic plan	
Risk: Implementation of projects not in the strategic plan.	

Control	**Test**
Approved Strategic Plan Published Annual Work Plan	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on implementation of the strategic plan. • If the control is not documented, enquire from the process owner how it is meant to be executed. **Test of Implementation** • Obtain the approved strategic plan, • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation. **Test of Operating Effectiveness** Obtain a list of projects, **s**ample and ascertain that the program in SP have been provided in the Annual Work plan and implemented through the budget. • Establish if there are implementation plans with clear outcomes (Implementation Matrix). • Evaluate programs by measuring outcomes or result indicators of programs or projects which capture expected effects on intended beneficiaries**.** • Confirm implementation of SP through Annual Work Plan **(Guidelines for preparation of strategic plans)** • Confirm the Budget is based on the Annual Work Plan priorities**.** • Confirm if the entity has created the right culture to facilitate the implementation of Strategic plan. Confirm appropriateness of methods management has used
Audit Objective: To ascertain whether there is an operational M & E mechanism	
Risk: Inadequate monitoring mechanisms	
Control	**Test**
Approved Monitoring and evaluation framework	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on monitoring & evaluation

M & E periodic reports	of the strategic plan. • If the control is not documented, enquire from the process owner how it is meant to be executed. **Test of Implementation** • Obtain the Monitoring and evaluation framework, • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test Operating Effectiveness** • Ascertain the existence of a monitoring & evaluation system. • Confirm that there is established a monitoring and evaluation function. • Check the terms of reference for the monitoring and evaluation function. • Confirm the reporting structure of the M & E Function. • Sample some of the M&E reports and ascertain the implementation of recommendations thereof. • Confirm whether there are M&E reports • Sample periodic performance reports and reconcile reported achievements/indicators against source documentation and the M&E data. • Assess whether reports clearly highlight deviations from the plan, their root causes, and corrective actions taken by management **(Guidelines for preparation of strategic plans, Kenya National Monitoring & Evaluation Policy, 2022)**

Sub-process: Annual Work Planning

Audit Objectives: To ascertain whether Annual Workplan is aligned to the Strategic Plan

Risks: Entity deviating from long term goals and objectives.	
Control	**Test**
Approved Strategic Plan Annual budget Key performance indicators	**Test of Design** • Establish the key activities relevant for the year under review is derived from the strategic plan. • Establish that resources are allocated and budgeted for the annual plan • If the controls and objectives are not documented, enquire from the process owner how it is meant to be executed. **Test of Implementation** • Budget allocations against planned activities. • Obtain quarterly and semiannual reports on Strategic Plan implementation. • Confirm that the affected units/departments/directorates have submitted and documented the reports. **Test of Operating Effectiveness** • Confirm that the Annual Plan is aligned to the Strategic Plan • Confirm existence of the Annual Plan and implementation matrix • Confirm the activities have been allocated the relevant resources for implementation. • Confirm inclusion of a financial strategy that defines sound financial management and expenditure control: as well as ways and means of increasing revenues and external funding for the entity and its development priorities and objectives, where the strategy may address the following— (i) revenue raising strategies; (ii) asset management strategies; (iii) financial management strategies;

	(v) capital financing strategies; (vi) operational financing strategies; and (vii) strategies that would enhance cost- effectiveness.

Sub-Process: Performance monitoring and reporting

Audit Objective: To ascertain that there is a linkage between departmental performance with the entity's Strategic Plan and Performance contract.	
Risk: Departmental Performance targets not aligned to the entity's strategic objectives	
Control	**Test**
Approved Departmental Annual Work Plans Signed Performance Contracts	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on Public Service Commission Human Resource Management Policy and Procedures of May 2016 and PSC guidelines on Performance Contracts. **Test of Implementation** • Obtain the Departmental annual work plans, Performance agreements, performance appraisal forms • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Confirm existence of approved Departmental Annual Work Plans and Performance contracts • Ascertain that prior to the beginning of the performance period; HODs prepare work plans based on the strategic plans from which individual performance targets and performance Appraisal Contracts are derived. **Sec G.2 (2) of PSC HR Policies and Procedures Manual 2016** • Ascertain that at the commencement of the review period, supervisors and employees formally meet for

	the purpose of: • setting of performance targets and specific activities against which each employee's performance will be measured • Developing performance contracts. • Targets are set as agreed in the cascading session with the supervisor by the latest 31st July of each year. **Sec G.7 of PSC HR Policies and Procedures Manual 2016** • Ascertain that each employee upon agreement on the targets and the work plan, sign a performance contract with the supervisor and enter the targets into the performance management Tool. Sec G.3 (3) of PSC HR Policies and Procedures Manual 2016.
Audit Objective: To ascertain whether there is an operational M & E mechanism	
Risk: Inadequate monitoring mechanisms	
Control	**Test**
Approved Monitoring and evaluation framework M & E periodic reports	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on monitoring & evaluation of the strategic plan. • If the control is not documented, enquire from process owner how it is meant to be executed. **Test of Implementation** • Obtain the Monitoring and evaluation framework • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Ascertain the existence of a monitoring & evaluation system.

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- Confirm that there is established a monitoring and evaluation function.
- Check the terms of reference for the monitoring and evaluation function.
- Confirm the reporting structure of the M & E function.
- Sample some of the M&E reports and ascertain the implementation of recommendations thereof.
- Confirm whether there are M&E reports

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<tr><td colspan="2">Audit Objective: To confirm that performance monitoring and reporting is carried out in compliance with the law</td></tr>
<tr><td colspan="2">Risk: Ineffective performance management processes</td></tr>
<tr><td>Control</td><td>Test</td></tr>
<tr><td>Performance Management Guidelines</td><td>

Test of Design

- Establish the key requirements of laws, regulations, policies and procedures on Public Service Commission Human Resource Management Policy and Procedures of May 2016 and PSC guidelines on Performance appraisal system.

Test of Implementation

- Obtain the performance Management Policy and the Performance Management Review Committee minutes.
- Obtain the Departmental annual work plans, Performance contracts, performance appraisal forms/system.
- Confirm that the design documented under TOD is implemented as documented.
- Walkthrough and document the process flow/ map. Note any gaps in implementation

Test of Operating Effectiveness

- Ascertain that the PMRC has been properly constituted in line with the PM Policy & PSC guidelines on performance management with clear terms of reference. Sec G.16 of PSC HR Policies and Procedures Manual 2016 and PSC SPAS Guidelines 2016

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<tr><td></td><td>Ascertain that sufficient training on the Performance Appraisal System is provided to all employees by Human Resources Department to ensure all staff understands what is expected of them at the end of the appraisal period. PSC SPAS Guidelines 2016
Check that the Staff and supervisors are accordingly advised on the tool in use and also sensitized on how to effectively use the performance appraisal tool. PSC SPAS Guidelines 2016</td></tr>
<tr><td colspan="2">Audit Objective: To confirm reporting of the entity’s performance is done within the stipulated timelines</td></tr>
<tr><td colspan="2">Risk: Failure to meet set deadlines for submission of performance reports</td></tr>
<tr><td>Control</td><td>Test</td></tr>
<tr><td>Quarterly reports

Mid-year reviews</td><td>Test of Design
Establish the key requirements of laws, regulations, policies and procedures on Public Service Commission Human Resource Management Policy and Procedures of May 2016 and PSC guidelines on Performance appraisal system.
Test of Implementation
Obtain the quarterly performance reports
Obtain the mid-year review reports
Test of Operating Effectiveness
Ascertain that the Authorized Officer submitted a performance report within fifteen days after the end of each quarter (sec 25 (1) PSC (Performance Management) Regulations (Legal Notice 114 of 2021))
Confirm that the performance report is in the format prescribed by the Public Service Commission. (sec 25 (2) Public Service Commission (Performance Management) Regulations (Legal Notice 114 of 2021))
Confirm that feedback provided by the Inspector-General or the relevant Ministry as the case may be, on areas for improvement to the public body Secretariat was incorporated by the entity (sec 25 (3) Public Service Commission (Performance Management) Regulations (Legal Notice 114 of 2021))</td></tr>
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	• Confirm the Departmental Heads conducted a mid-year performance review for the purpose of tracking progress and ensuring that the implementation of the performance contracts is on course, identify challenges and propose remedial action where necessary

Sub-Process: Performance Contracting

Audit Objectives: To confirm alignment of the preparation and approval of the Performance Contract with National government policies	
Risks: Noncompliance with national policies on Performance Contract preparation and approval	
Control	**Test**
Approved Performance Contract	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on Performance Contracting • If the control is not documented, enquire from the process owner how it is meant to be executed. **Test of Implementation** • Obtain a sample signed PC and confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **Test of Operating Effectiveness** • Confirm existence of PC • Confirm whether the required PC indicators and targets are aligned with government priorities, support achievements of the mandate of the institution and derived from the SP, annual workplan and approved budget for the financial year (The National Government's Performance Contracting Guidelines for the Financial Year); • Confirm that Performance Contracting Committee is established as Per Public Service Commission (Performance Management) Regulations 2021 (Sec.10.1,2,3)

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	• Confirm that Performance Contracting Committee coordinated the performance contracting process as stipulated in (Performance Management) Regulations 2021 (Sec.10.4) • Confirm that the Institution complied with the stipulated timelines.
Control	**Test**
Cascaded Performance Contract	**Test of Design** • Establish the key requirements of laws, regulations, policies and procedures on Performance Contracting • If the control is not documented, enquire from the process owner how it is meant to be executed. **Test of Implementation** • Obtain the Guidelines for strategic planning, National development framework e.g. Vision 2030, Bottom-up transformative Agenda. • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation. **Test of Operating Effectiveness** • Confirm that the signed PCs are cascaded to lower levels and signed by Heads of Departments/ Sections as per the National Governments Performance Contracting Guidelines.; • Confirm that the signed PCs link to specific deliverables and targets to individual officers through work plans and the staff performance appraisal tool. • Confirm that all other Officers have signed the Staff Performance Appraisal tool (Sec. 6.5 of the National Governments Performance Contracting Guidelines.