Public Sector Accounting Standards Board

Strategic Plan for 2015/16 – 2020/21

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Foreword

The PFM Act, 2012 Sections 192 to 195 provide for the establishment of the Public Sector Accounting Standards Board. Since the gazettement of the PSASB members on 28th February 2014, significant progress has been made. In line with its mandate, the Board has been able to pronounce accounting and internal audit standards for use in the public sector.

The standards include the International Public Sector Accounting Standards (IPSAS), International Financial Reporting Standards (IFRS) and the International Professional Practice Framework. To enable the public sector entities to adhere to the pronounced and gazetted standards, the Board in conjunction with the National Treasury-Accountant General's department organised a series of workshops and on the job technical assistance.

The standards were gazetted on 8th August 2014 and used retrospectively for the year ended 30th June 2014. Financial statements were prepared in the formats prescribed by the Board hence ensuring uniformity across the spectrum which has facilitated efficiency while carrying out the audit by the Office of the Auditor General. The National Treasury was able to produce consolidated set of financial statements for the first time in October 2014 as is required by the PFM Act, 2012. This was mainly facilitated by the uniformity of financial statements produced by the public sector entities.

This 5- year strategic plan seeks to consolidate and institutionalise the gains we have made so far. It also sets out the Board's work plan for the next five years.

Acknowledgement

This 5-year strategic plan would not have been possible without the generous support and commitment from the Public Accounting Standard Board's (PSASB) key stakeholders. We are grateful for the support from the all the Board Members and the interim Secretariat of the Board under the able leadership of the Board's Chairman. This strategic plan has been overseen throughout the development and finalization process by the Strategy and Governance Committee of the Board who provided critical insights and direction throughout the process.

The support and cooperation of the National Treasury, through the Directorate of Accounting Services where the Board is currently housed was invaluable in completing this plan, and ensured that the strategic plan was well aligned to the overall public financial management reform programme. The views and consultations with other stakeholders including reporting entities at both National and County level were also essential to ensuring an insightful and relevant strategic plan.

Finally, the strategic plan would not have been possible without the financial support from the Royal Danish Embassy (DANIDA) which enabled the commissioning of Cedar Consultants Limited's technical team led by Wairimu Njage supported by Nyawera Kibuka, Njeri Ngugi and Antony Mburu to facilitate the planning process in close collaboration with PSASB.

Abbreviations

Abbreviation	Description
APSEA	Association of Professional Societies of East Africa
CBK	Central Bank of Kenya
CRA	Commission on Revenue Allocation
DAS	Directorate of Accounting Services
FY	Financial Year
GOE	Government Owned Enterprises
IAC	Internal Audit Committee
IAS	International Accounting Standards
ICPAK	Institute of Certified Public Accountants of Kenya
ICPSK	Institute of Certified Public Secretaries of Kenya
IFMIS	Integrated Financial Management Information System
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IPSAS	International Public Sector Accounting Standards
IRA	Insurance Regulatory Authority
KENAO	Kenya National Audit Office
Ksh	Kenya Shillings
NCG	National and County Governments
NT	National Treasury
OCOB	Office of the Controller of Budget
PFM	Public Financial Management
PFMA	Public Financial Management Act, 2012
PSASB	Public Sector Accounting Standards Board
RBA	Retirement Benefits Authority
SWOT	Strengths, Weaknesses, Opportunities and Threats

Executive Summary

The Public Sector Accounting Standards Board (hereinafter referred to as "PSASB") is a statutory, standard setting body established under Sections 192 to 195 of the Public Financial Management Act of 2012. This document presents the 5-year strategic plan for PSASB for 2015 to 2020 and lays out our strategic vision and objectives to be attained over this period. In addition, it includes the key strategic priorities and action plans to be implemented over the first three years of the plan period as well as detailed business plan for year 1 of the strategic plan.

This strategic plan has been developed through a highly collaborative, transparent and best practice based approach. PSASB's Board Members and Secretariat have been involved in all stages of the strategy development, which has also been enriched and informed through interactions with the Board's main stakeholders. The strategic plan outlines the **vision** that we propose to pursue which is:

"Safeguarding public interest through setting reliable and quality financial and internal auditing standards"

This vision is in turn supported by our statement of purpose or our **mission** which is:

To promote sound financial reporting and internal auditing standards for transparency and accountability in the Public Sector

The mission and vision are intended to ensure that we retain our focus on the mandate and functions of the Board as outlined in the governing statute i.e. the Public Finance Management Act (2012) as well as supporting the financial management principles as outlined in Chapter 12 of the Constitution of Kenya, 2010. The Board's **mandate** is primarily to:

- Set generally accepted accounting and financial system standards for the Public Sector.
- Develop and pronounce generally accepted internal auditing standards.
- Mainstream best practices for good governance, internal controls and risk management in the Public Sector.

In order to attain this mandate, the Board has defined **4 strategic pillars** for the next 5 years as follows:

1. Standards setting, dissemination and monitoring compliance

This pillar of the 5-year strategy relates to the core mandate and function of the Board i.e. setting, disseminating and monitoring compliance of the standards in financial reporting and internal audit in the Public Sector. Key strategies within this pillar relate to: the process by which the Board goes about setting standards including adoption, customization or update of international standards in both internal audit and financial reporting; how the Board disseminates the standards that it has set for the various reporting entities; monitoring implementation of the standards and developing initiatives to enhance the entire standards cycle.

2. Stakeholder engagement

This pillar recognizes that the Board has several stakeholders that it must deal with as it executes its mandate. This pillar and its associated objectives are geared towards ensuring that the Board is implementing specific strategies in engaging with stakeholders and that these engagements are strategic. Therefore, stakeholder engagement includes strategic priorities related to communications, brand building and raising awareness about PSASB.

3. Legal and institutional framework

This strategic pillar is focused on ensuring that the Board establishes robust legal and institutional frameworks to manage its operations. As a new institution, the Board will focus on implementing and fully operationalising Board and Secretariat structures.

4. Capacity building

The success of PSASB will largely be measured by the impact that it has on improving the quality of financial reports and internal audit frameworks in the Public Sector. Implementers and reporting entities and other key stakeholders therefore need to have adequate capacity to play their roles in fulfilling the Board’s mandate. This includes the ability of implementers in the Public Sector to apply the Board’s prescribed standards in financial reporting and internal audit. The Board will focus in continuously enhancing the capability of various stakeholders through various capacity building interventions, which fall under this strategic pillar.

Each of the four strategic pillars is supported by a detailed strategic framework that includes strategic objectives, action plans and priorities over the plan period. Additionally a detailed one-year business plan for year 1 of the strategic plan period is also included.

The successful implementation of this strategic plan is based on the implementation of an effective monitoring and implementation framework to be used throughout the 5-year plan period. The results framework highlights the key performance indicators that will be the metrics for success and outlines key indicators for each strategic objective, the targets to be attained and the frequency of measurement. In order to be successful, this strategic plan will be supported by efforts to ensure:

- Buy in of the strategic plan from all key stakeholders: the strategic plan must be well understood by the key implementers at the Board including Directors and the Secretariat. Additionally, key external stakeholders need to understand the strategy.
- Continuous communication and dissemination of the strategic priorities. Successful implementation requires that the strategic priorities as outlined in the strategic plan are communicated to all levels of the Organization to ensure successful cascading of the Plan's objectives, activities and targets.
- Availability of resources to implement the Plan activities: This strategic plan identifies the resources that the Board will have in order to implement the indicated strategic initiatives.

Purpose of this Strategic Plan

This 5-year strategic plan articulates the expected outcomes and targets to be attained at the end of the plan period. The Board will measure its success over the course by the progress made towards attaining these goals and objectives. The plan provides guidance and alignment for the Board members and Secretariat in executing the mandate on a day to day basis through the cascading of this plan into yearly action plans supported by a robust results framework. Additionally, this strategy is a means of publicly conveying to our stakeholders our intended plan of action in executing our mandate over and is therefore a powerful communication tool as well as a measure of accountability and transparency in our operations.

1. Introduction

PSASB's strategy has been developed and will be implemented in an evolving public financial management environment. It is therefore important to understand how Public Sector financial reporting and internal audit have evolved in the Country and the challenges that have brought about the establishment of this Board. This Chapter discusses the evolution of public financial management reporting in the Country and provides the background and context within which PSASB has prepared and will be implementing this plan over the next 5 years.

1.1 Background

Kenya's public financial reporting and internal audit standards have traditionally been built on the frameworks inherited at independence from the United Kingdom, with a powerful and omniscient Treasury and Ministry of Finance. The National Treasury by virtue of control over the Exchequer was considered to be the senior Ministry compared to others in the Cabinet. The National Treasury issued circulars and guidelines to all other ministries, departments and agencies of the Public Sector including all arms of Government. These circulars provided policy guidelines and detailed regulations on the accounting and reporting for public funds to be executed by the various ministries, departments and agencies of the Public Sector.

During the period from independence to 2003, public financial management in Kenya was characterised by:

Total control and command by the Executive, through the Ministry of Finance over public financial management in the Country. The PFM cycle right from planning and budgeting, management of the Exchequer (i.e. disbursement of funds), revenue collection, financial accounting and reporting was dominated and domiciled at the Ministry of Finance. Consequently, the Minister of Finance had immense powers with regard to management of public funds. With the one party governance system that obtained from 1969 to 1992 and domination of one party from independence to 2003. This meant that public financial management including decisions on disclosure on allocation of resources, financial accounting and reporting and the audit and oversight functions lagged behind compared to new developments around the world and in the country.

Increasing emasculation and marginalisation of Parliament and other oversight bodies, such as the Controller and Auditor General in the review and oversight of financial management in the Public Sector. The independence constitution was amended over 30 times between 1963 and 2003 resulting to an over powerful executive and corresponding diminution in the oversight functions of Parliament and the Judiciary. For instance, Parliament's powers to review and amend the national budget were removed and the Executive tabled the budget and a pro forma debate on the budget was undertaken with more or less automatic approval. Financial reporting requirements that required various ministries, departments and agencies of Government to table financial reports for review by Parliament were frequently ignored and where followed, there were significant delays. For example, in 2003, the Government's financial reports were 5-years behind schedule for review by Parliament. The Public Accounts and Public Investment Committees were largely emasculated in the absence of an official opposition under the one-party rule environment in the 23-year period from 1969 to 1992. The Judiciary's independence was significantly compromised with the Chief Justice and Judges of High Court and Court of Appeal appointed by Presidential authority. The Judiciary was also subject to The National Treasury's financial control and as a result had minimal or no fiscal independence. Consequently, recourse to judicial review of use of public funds was minimal and subject to influence from the Executive. The office of the Controller and Auditor General was expected to provide oversight to the execution of the Budget as well as subsequent preparation of audited financial statements for the entire Public Sector. However, this function was reduced to being largely ceremonial and toothless as reports were frequently delayed and even when tabled in Parliament there was no palpable impact on improving or changing financial management in the Public Sector.

Lack of accountability and transparency in utilisation of public resources: The public financial management cycle from budgeting and planning to reporting and accounting for public funds was characterised by opaque structures that were the sole purview of the Ministry of Finance. As outlined above, the oversight institutions were diminished to the extent that accountability was largely non-existent in public financial management. Processes and procedures used to manage public funds were not transparent and there was no public participation in any areas of public financial management. Citizens had limited knowledge (if any) on how public resources were allocated, collected or subsequently spent. Financial reports that were produced were not widely disseminated or shared in the public domain and it was difficult to get any information on items such as the national budget, votes for various ministries, departments and agencies or audited financial reports on funds utilisation. This opacity helped to limit accountability as there was no clarity on institutional or individual responsibilities in managing various aspects of the public financial management cycle.

Delayed and inadequate quality of financial reporting: Where financial reports were issued, they were usually late and outdated by the time of issue. The most common financial reports were those issued by the Controller and Auditor General and tabled in Parliament. With the introduction of multi-party rule in 1992, there was an attempt to query financial reports by the Public Accounts Committee (PAC) and Public Investment Committees (PIC) of Parliament. They were however stymied by the fact that significant control of structures was with the Executive and the role of Parliament had been diluted through constitutional amendments since independence. There were extensive delays in provision of financial reports which reduced the usefulness of these reports to users. The quality of financial reporting was severely compromised by extensive under resourcing of the office of the Controller and Auditor General, poor quality of accounting systems and financial information availability in the Public Sector (accounting records were largely manual and centralized accounting was a lengthy procedure contributing to delays and errors in financial reporting).

Ineffective internal audit: On the eve of independence in 1962, internal audit was removed as a function in The National Treasury and in Government generally. However, in 1984 with the recognition of the growing laxity in compliance to Treasury regulations and financial policies as well as increasing reported cases of misuse of public resources, the internal audit function was restored. In 2004, this was centralized under an Internal Auditor General based at the Ministry of Finance with responsibility and oversight of internal audit functions across the entire Public Sector. Focus was placed on "pre audit" functions in which internal audit staff were deployed in operational processes such as review and approval of payment vouchers, review and approval of local purchase orders (LPOs) and Authority to Incur Expenditure (AIE) and so on. As a result, the internal audit processes, institutional capabilities and establishment were completely inefficient and ineffective and followed outdated internal audit practices. The existence of internal audit in Government was not particularly value adding and certainly prior to 2003 did not really impede misuse of public funds, the growth and spread of corruption in the Public Sector.

***Gross misuse of public resources and numerous collapsed projects*:** The environment of weak financial governance structures led to and encouraged misuse of public resources. Indeed, in the 1990's Kenya acquired a reputation as a highly corrupt Country with a public service whose integrity was seriously compromised. This led to a self-reinforcing cycle where weak and inadequate public financial management systems allowed corruption flourish and where corruption was a key driver against any initiative to reform and enhance public financial management.

In 2003, Kenya experienced a major change with the election of the first ever opposition Government since independence in 1963. One of the key drivers in the change of Government was the perception that public financial management was completely dysfunctional with public resources poorly accounted for, inequitably shared and reporting ineffective. The new Government had an undisputed mandate to reform and transform public financial management in order to address the accumulated challenges. The focus was to be on transparency and accountability and was entrenched in law with the enactment of the Government Financial Management Act of 2004 and supported by regulations and Treasury Circulars that attempted to address the challenges in public financial management. As a result, the new Government was able to significantly improve resource mobilisation, enhance transparency in the management of financial resources as well as commence a set of comprehensive reforms of the public financial management systems (in 2006). There was also an immediate move to replace the much amended independence constitution with a new constitution in which aspirations for transparency, accountability and public participation in management of public finances could be entrenched.

The Constitution of Kenya, 2010 introduced fundamental changes to the governance structures of the Country and therefore how public finances are managed. The Kenyan Constitution distinguishes itself from many others with specific mention of public financial management. This was in response to the challenges that had been experienced in public financial management since independence (see above). The Constitution in Chapter 12 (i.e. Sections 201 to 231) spells in significant detail the scope and institutional framework of public financial management. Broadly, it is established that the Country's financial management should be focused on entrenching the following principles: openness; accountability; public participation; equitable sharing of expenditure, revenue and tax burden; prudent and responsible utilisation of public funds; responsible borrowing; effective financial management; and clear fiscal reporting.

The Public Finance Management Act (PFMA) was enacted in 2012 as one of the statutes that operationalised key sections of the Constitution. The PFMA was established to "provide for the effective management of public finances by the national and county governments; the oversight responsibility of Parliament and county assemblies; the different responsibilities of government entities and other bodies, and for connected purposes" (PFM Act, 2012 – preamble). The PFM Act is the statutory basis for the formation of the Public Sector Accounting Standards Board (PSASB).The PSASB is established through Section 192 to 195 of the PFMA which outlines its composition, mandate and functions, procedures for appointment and removal of Board members as well as general principles for the Board's operations. The PFMA is expected to be supported by detailed regulations which further operationalise the implementation of the PFMA. As at 2015, the PFM regulations have been completed but not yet gazetted to give them legal force. The PFM regulations will replace existing Government financial regulations and various Treasury circulars including those related to financial reporting and internal audit.

1.2 The Legal and Institutional Framework of PFM in Kenya

Due to the historical evolution of PFM in Kenya, PSASB will therefore be operating in highly dynamic environment that has experienced significant change. As at 2015, the broader institutional and legal parameters of the PFM institutional and legal environment have been largely established.

The legal framework of PFM in the Country is mainly drawn on the Constitution and the PFM Act as articulated above. In addition to the PFM Act, other critical statutes to public financial management include:

a. The Intergovernmental Relations Act, 2012
b. County Governments Act, 2012
c. Public Audit Act, 2015
d. Public Procurement and Disposal Act, 2015

From an institutional perspective, the key institutions in public financial management are:

a. The National Treasury as the key driver and developer of the Country's fiscal policies as well as being the primary implementer of the PFM Act, 2012 and is responsible for a large proportion of the PFM cycle including: coordinating national budgeting, receipt and disbursement of public resources from the Exchequer, accounting and reporting on expenditure of public funds;

b. Parliament's oversight committees, particularly the Public Accounts Committee, Public Investments Committee that review all financial reports tabled by the Public Sector entities;

c. County Governments that form the second tier of Government and are responsible for prudent and responsible management of devolved resources (currently set at 15% of the national budget).

d. Constitutional and independent offices established to provide additional safeguards to transparency and accountability in public financial management including:
- The Office of Controller of Budget;
- The Commission on Revenue Allocation;
- The Salaries and Remuneration Commission;
- The Office of the Auditor General;

e. Central Bank of Kenya: the banker to the National and County Governments in which all the Government's bank accounts are held and centrally managed. Additionally, CBK is tasked with developing and executing the Country's monetary policy.

As can be seen, the PSASB therefore is part of a wider PFM ecosystem that is all meant to achieve the overall PFM objectives established in Chapter 12 of the Constitution.

2. Mandate and Functions of PSASB

The strategies adopted by the Board for the next 5 years must be understood in the context of its mandate, functions and institutional framework of public financial management in the Country as well as previous successes and challenges faced.

2.1 Mandate of PSASB

The mandate and functions of the PSASB are established in Part VI of the Public Financial Management Act i.e. Sections 192 to 195 of the Act. The purpose or mandate of the Board can be summarised as follows:

1. Set generally accepted accounting and financial system standards for the Public Sector.
2. Prescribe and pronounce generally accepted internal auditing standards.
3. 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.

2.2 Functions of PSASB

The specific functions to be undertaken by the Board are clearly outlined in Section 194 of the PFMA, 2012.

1. The Accounting Standards Board shall provide frameworks and set generally accepted standards for the development and management of accounting and financial systems by all State organs and public entities, and shall in particular perform the following functions:
    a. Set generally accepted accounting and financial standards;
    b. Prescribe the minimum standards of maintenance of proper books of account for all levels of Government;
    c. Prescribe internal audit procedures which comply with the PFM Act;
    d. Prescribe formats for financial statements and reporting by all state organs and public entities;
    e. Publish and publicise the accounting and financial standards and any directives and guidelines prescribed by the Board;
    f. In consultation with the Cabinet Secretary on the effective dates of implementation of the standards, gazette the dates for application of the standards and guidelines; and
    g. Perform any other functions related to advancing financial and accounting systems management and reporting in the Public Sector.

2. In setting the standards under subsection, the Board shall take into account any relevant factors including:
    a. International accounting best practices; and
    b. The capacity of the relevant entity to comply with the standards.
3. The Board may set different standards for different categories of entities to which these standards apply including to develop content, structure and format of county frameworks and accounting and financial guidelines which are in line with the setting of county standards.
4. The Board shall monitor the adherence to the standards by all State organs and public entities.
5. The standards set by the Board shall promote transparency and other Constitutional values and principles in effective, prudence and efficient management of revenue, expenditure, assets and liabilities of the institutions to which these standards apply.

2.3 Scope of PSASB

The mandate and functions of PSASB are geared towards the Public Sector. The Public Sector is traditionally defined as being that sector of the Country that consists of "Government" i.e. those institutions and entities that are funded out of public resources. In the case of Kenya, the Public Sector inter alia consists of:

1. National and County Governments and all their related entities. National and County Government entities include:
    - National and County Government ministries, departments and agencies;
    - Semi-autonomous National and County Government Agencies;
    - Commercial National and County Government state corporations;
    - Non-commercial National and County Government state corporations;
    - Regulatory National and County Government state corporations;
2. The Judiciary;
3. Parliament consisting of the National Assembly and the Senate;
4. Independent commissions and constitutional offices;

2.4 Board Composition

The composition of the membership of the PSASB is defined in Section 193 of the PFM Act, 2012. Section 194 outlines the process of removal and for the remuneration of Board members. The Board is a representative entity and consists of nominees from the following representing entities:

i. The National Treasury;
ii. The Controller of Budget;
iii. The Intergovernmental Budget and Economic Council;
iv. The Auditor-General;
v. The Institute of Certified Public Accountants of Kenya;
vi. The Association of Professional Societies of East Africa;
vii. The Capital Markets Authority;
viii. The Institute of Internal Auditors; and
ix. The institute of Certified Public Secretaries of Kenya

Nominations of Board members are presented to the Cabinet Secretary of the National Treasury by each of these organizations. One of the nominees is appointed as the Board's Chairperson by the Cabinet Secretary in charge of the National Treasury. Board members serve for a period of 3 years and on a part-time basis. The table below provides an overview of the mandate of each of the nominating organizations and therefore their expected contribution to the governance of PSASB.

Table 1: Nominating Entities to PSASB

	Nominating Organization	Mandate / Purpose
1	The National Treasury	The state organ established by Section 11 of the PFM Act as per Section 225 of the Constitution and is responsible for overall fiscal management of the Country among other responsibilities. The National Treasury is charged with overall prudent management of public funds.
2	The Controller of Budget	This is an independent, constitutional office established under Section 228 of the Constitution with overall responsibility for implementing budgets at national and county levels by authorising withdrawals from public funds by National and County Government entities.
3	The Intergovernmental Budget and Economic Council	This is a body established under the PFM Act (Section 187) to provide a forum for coordination and discussion between National and County Governments on matters related to national and county budgets as well as other fiscal and economic matters.
4	The Auditor-General	The Auditor General heads the Office of the Auditor General and is charged with auditing the financial accounts of all Public Sector entities and producing audited annual financial statements.
5	The Institute of	ICPAK is the professional association that brings together the

	Nominating Organization	Mandate / Purpose
	Certified Public Accountants of Kenya (ICPAK)	Accounting profession in Kenya. The Institute has a statutory mandate to maintain professional standards and integrity of the accounting profession in the Country.
6	The Association of Professional Societies of East Africa (APSEA)	APSEA is the umbrella body that is composed of the leading professional associations in the East Africa region. Members include associations representing: legal, medical, accounting professions among others in the East African Region i.e. Kenya, Uganda, Tanzania, Rwanda and Burundi.
7	The Capital Markets Authority (CMA)	CMA is a regulatory entity established and run by the Government of Kenya to oversee activities in the capital markets including the Nairobi Stock Exchange.
8	The Institute of Internal Auditors (IIA)	The Institute of Internal Auditors is the professional body overseeing the internal audit profession in Kenya. IIA is affiliated with the International Institute of Internal Auditors.
9	The Institute of Certified Public Secretaries of Kenya (ICPSK)	ICPSK is the professional association of certified public secretaries in the Country. ICPSK provides oversight of the profession regulates standards and certification of practitioners and is the leading centre of excellence for governance practice.

The Board of PSASB is vested with the responsibility of carrying out the mandate and functions as set out in the PFM Act, 2012.

2.5 PSASB Secretariat

The Board is supported in its functions by a full time Secretariat. The Secretariat as detailed in Section 195 of the PFM Act is provided by the National Treasury. The Secretariat's functions are to provide administrative and technical support to the Board in execution of its mandate and functions.

2.6 Achievements of PSASB

The PFM Act was formally enacted into law in July 2012 thereby setting the legal foundation for PSASB to be inaugurated. The Board was officially established through a gazette notice no.1199 dated 28th February 2014 and commenced operations in the financial year (FY) 2013/14.

Once formally established, the Board got off to a quick start in its activities. Board meetings commenced and a detailed work plan was developed outlining the key activities and tasks to be undertaken. The Board established Committees to oversee various aspects of its work i.e.

- Government Owned Entities Committee: to provide oversight on entities operating under IPSAS and IFRS such as state corporations under national and county governments.
- National and County Governments Committee: to oversee aspects relating to these entities including the various Ministries, Departments, Agencies (MDAs) and County Governments entities;
- Strategy and Governance Committee: responsible for oversight of development and implementation of PSASB's strategy as well as implementation of effective governance structures.
- Internal Audit Committee: responsible for supervising PSASB's internal audit mandate.

2. A Secretariat was established within the then Accountant General's Department (now part of the Directorate of Accounting Services and Quality Assurance) of the National Treasury. Secretariat staff was appointed from various departments within The National Treasury. These include the Director of Accounting Services (DAS), Internal Audit Department (IAD), Directorate of Public Investment and Portfolio Management (DPIPM). In Addition, technical staff was seconded from ICPAK. The Secretariat developed structures and working arrangements to support each of the Board Committees in their operations as well as overall support to Board members. This included preparation for Board meetings based on the schedule of Board meetings per the Board calendar and subsequent recording of Board meeting minutes and implementation of Board instructions.

3. In July 2014, the Board prescribed the first set of standards and guidelines to be applied in the preparation of financial reports for FY 2013/14. The decision was made to adopt International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standards (IFRS) applicable to the different categories of Public Sector entities. This required an initial mapping of the reporting entities and a determination made of the relevant financial reporting standards. Entities were categorised as reporting using: IFRS, IPSAS-cash basis or IPSAS accrual. This was a major achievement as previously there was no consistent guideline for Public Sector entities on the financial reporting framework to be applied. The adoption of these standards puts Public Sector on the path of producing credible, high quality financial reports that align with internationally recognized financial

reporting standards. Rollout of the standards to be adopted was accompanied by dissemination of the relevant reporting templates applicable to each category of reporting entities. In addition, a capacity building programme was undertaken for the implementing agencies in which Accountants, Internal and External Auditors were trained on application of the new reporting framework.

4. For FY 2013/14 and 2014/15, financial reports were prepared using the gazetted reporting standards from the PSASB. This has enabled The National Treasury to prepare consolidated financial statements for the entire Public Sector. The financial reports are comparable across entities due to the standardization of reporting templates thereby promoting transparency and accountability in financial management. Availability of consistent and harmonized financial reports has and is expected to ease the work of the Auditor General. Other users of Government financial information will have a source of information that allows comparison and benchmarking among various public entities as reporting frameworks have been simplified, updated and harmonized. In addition, the centralization and alignment of financial reporting in the Public Sector will enable increasing automation as these templates are adopted into computerized accounting systems such as IFMIS which will enhance the timeliness and quality of the financial reports produced.

5. The Board is also responsible for prescribing internal audit standards in the Public Sector. International Professional Practices Framework was adopted for internal audit in FY 2013/14 outlining the key benchmarks for internal audit practice and reporting in the Public Sector. This has been supported by training and capacity building for internal auditors in the Public Sector on these policies as documented in the internal audit manual.

2.7 Challenges facing PSASB

The PSASB has also faced a number of challenges in executing its mandate since it was established.

1. PSASB faced the usual challenges inherent in launching a new entity in the Public Sector. Among the areas in which significant improvement will be required include:
   - The Board had a fairly aggressive timeline to commence its activities and as a result internal structures and processes are yet to be fully established.
   - PSASB's mandate is in a highly technical area and as a result requires significant expertise in accounting standards, public financial management and internal audit practice. This requires robust technical support from the Secretariat to its Board.

Fully fledged functions and capabilities in research and development to support standard setting and training are not yet in place.

- The Board is supported by staff drawn from various Departments within the National Treasury and based at the Directorate of Accounting Services and Quality Assurance. These employees have in addition to their regular responsibilities taken on the secretariat role. As a result, the Secretariat is not yet fully operationalised and appropriately staffed. An organisation structure and staff establishment has not yet been approved for the PSASB secretariat.

2. The environment in which PSASB is operating is quite challenging and highly dynamic. As has been noted, 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. With the completed financial reporting cycles in FY 2013/2014 and 2014/2015, a number of challenges were noted including:
   - Varying levels of financial reporting and preparedness to prepare financial reports based on the PSASB standards among the reporting entities.
   - Internal audit capability to perform its mandate.
   - Resistance to change by reporting entities in adopting the new reporting frameworks or changing basis of accounting to comply with PSASB's requirements.
   - New governance structures at the County level with corresponding new public financial management requirements – making the uptake of financial reporting standards at the County level a challenge.
   - Inadequate and missing financial information due to record keeping challenges at many reporting entities led to numerous unreconciled items, erroneous opening balances, incomplete disclosures, unreported subsidiary reporting entities, and absence of prior audited financial statements among other challenges.

3. Closing the loop between setting and disseminating standards, monitoring compliance to standards and enforcing compliance to the standards. The PSASB is charged with the first two functions i.e. setting standards and monitoring their implementation. Reporting on compliance to the standards is a function of the Auditor General through audit reports issued at the end of the financial year. Accounts may be qualified due to non-compliance to the prescribed financial reporting standards. However, the audited accounts are often significantly delayed which reduces incentives to compliance. In addition, ensuring compliance of the standards lies with the National Treasury and not with the Board as per the PFM Act, 2012.

4. PSASB as a new regulatory entity has not yet had a high profile or built awareness among its stakeholders and the general public on its role and mandate. The PSASB is still in the process of establishing a distinctive corporate identity that is somewhat independent of the National Treasury. As the Board seeks to disseminate the financial reporting and internal audit frameworks, it must first sensitize the reporting entities on its role and mandate in order to gain a buy in and compliance to its requirements. Other key stakeholders outside of the Public Sector such as development partners, the private sector and the general public have limited knowledge of the Board and its activities.

5. The PSASB is also charged with responsibility and oversight for internal audit standards within the Public Sector, in addition to financial reporting. The initial focus of the Board was on issuing financial reporting standards and as a result internal audit took a relative back seat. However, internal audit in the Public Sector has also been significantly evolving and this poses a challenge as PSASB seeks to issue guidelines.

6. The Board's credibility in prescribing and monitoring compliance to financial reporting and internal audit standards is reliant on appearing as being independent and having effective governance structures. A number of challenges may be noted in this regard:
   - The initial setup phase has seen the Board incubated and based at the National Treasury. In addition, the PFM Act, 2012 in the sections establishing the Board (section 192 – 195) directs the National Treasury to provide Secretariat services to the Board. The Board is clearly expected to work closely with the National Treasury as the lead PFM implementing agency. The PSASB did not initially have an independent vote head within the DAS budget and relied on the National Treasury for funding, administrative support, and Secretariat staffing and office space. This linkage needs to be reviewed in future in order not to impair the perceived independence of the Board.
   - The Board's governing statute is the PFM Act (2012) which sets out the nine (9) organisations that nominate Board members. It should be noted that these are broadly diverse and represent the key stakeholders that have the greatest interest in PSASB's mandate and functions. However, the statute does not spell out the key skills required by the Board members. This is critical, bearing in mind that the Board is regulating and functioning in a highly technical area of financial reporting and internal audit.

- The PFM Act sets out a 3-year term for Board members but does not specifically allow for rotation and all terms lapse simultaneously which may result in a loss of institutional memory and lack of continuity.
- Effective Boards also require knowledge on their expected roles and responsibilities which requires appropriate induction, ongoing training and capacity building on good practices in governance as well as evaluation of Board performance to ensure that they are attaining their expected outcomes. So far PSASB has not had an opportunity to formally induct Board members or have an independent evaluation of the Board's performance.

3. PSASB External Environment

PSASB does not exist in a vacuum and operates within the context of a highly dynamic environment that is subject to several influences. Our strategy must therefore respond appropriately to these environmental factors within the context of the statutory mandate. The analysis of the external environment is performed at 2 levels i.e.

- A broad environmental scan that evaluates political-legal, economic, socio-cultural and technological factors and their impact on PSASB's strategic direction.
- An analysis of the Board's stakeholders with a view to establishing the key stakeholders, their interaction with PSASB and their likely impact on the Board and vice versa.

3.1 PESTEL Analysis

The PESTEL analysis is an environmental assessment tool that is used to highlight the key factors which may impact on an organization operating in a particular environment. These factors are outlined below with regard to PSASB.

Table 2: PSASB's PESTEL Factors

Environmental Factor	Political-Legal	Economic	Socio-Cultural	Technology
Critical Factors for PSASB	• International standards for internal audit and financial reports; • Introduction and implementation of PFM regulations; • Political instability due to electoral politics; • Change in administration due to elections; • Continued implementation of devolution and other Constitutional structures; • Linkages with other PFM institutions • Gaps in PFM Act with regard to PSASB setup.	• Economic and fiscal policy adopted by Government including taxation levels; • Levels of support from external donors; • Appropriateness of investment policies; • Government monetary policies e.g. inflation targets adopted etc. • Level of key economic indicators e.g. interest rates, inflation rates, exchange rates etc. • Ongoing East African Community and other regional economic integration initiatives.	• Historical mismanagement of public resources • Demographic changes which requires new strategies in disclosure and dissemination of use of public funds e.g. millennials do not necessarily read written reports; • Increasing education levels increase the levels of literacy and general awareness and demand for accountability and transparency.	• Utilisation of IFMIS in Government financial management; • New and emerging communication channels for disseminating information e.g. social media etc. • High cost of implementing technology in Public Sector business processes; • Automation of Government processes e.g. procurement
Impact on PSASB	• Change in policy direction may impact on standards adopted; • Clarity of PSASB's role in a new institutional and legal framework; • Management of key PFM stakeholders to foster cooperation, avoid duplication and enhance independence.	• Level of budgetary support provided to PSASB by Government and/or development partners. • Integration may require changes / harmonization of accounting standards;	• Requirement for increased disclosure, clarity of information; • Enhanced need for timely and quality governance reports; • Awareness of PSASB and role in enhancing PFM good practices.	• Emerging disruptive technology means PSASB must be agile and innovative; • Potential scope for dissemination of information is widened; • Automation of financial reporting;

3.2 Stakeholder Analysis

PSASB operates within the wider Public Sector financial management ecosystem which is characterised by a number of institutions and organisations. These form the key stakeholders for the Board. The Board's stakeholders may be categorized by the nature of the cross-relationship between the entity and the PSASB. PSASB's stakeholders are illustrated in the diagram below:

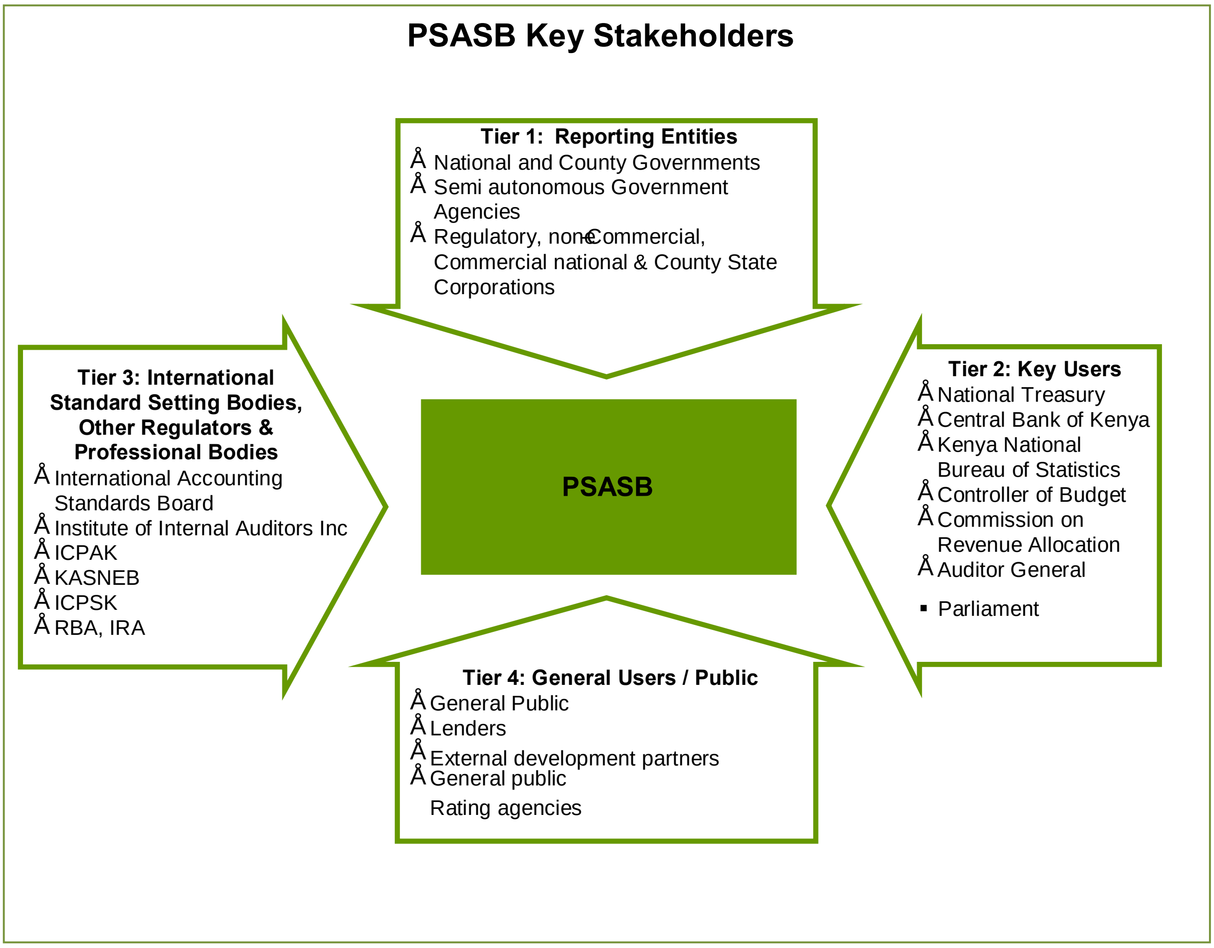


Figure 1: PSASB Stakeholders

As illustrated in the diagram above, PSASB's stakeholders can be grouped into 4 tiers.

Table 3: PSASB Stakeholder Analysis

Tier	Types of Stakeholders	Expectations from PSASB	Influence over PSASB	PSASB's influence over the stakeholder
Tier 1	Reporting Entities	• Provision of adequate and best practice in financial reporting and internal audit standards;	High	High

Tier	Types of Stakeholders	Expectations from PSASB	Influence over PSASB	PSASB's influence over the stakeholder
		• Capacity building to implement recommended standards; • Guidance in implementing the standards.		
Tier 2	Key users of PSASB outputs	• Financial reporting templates with relevant data; • High quality financial report formats;	High	High
Tier 3	International financial reporting and internal audit standard setting bodies, professional institutes (local and international), other regulators.	• Feedback on draft international financial reporting standards, internal audit standards or Public Sector audit standards; • Knowledge sharing and lessons learnt on implementation of standards; • Guidance on any customisation of international standards;	High	Medium
Tier 4	General financial reporting output users	• Timely and high quality financial reports that include relevant and appropriate data.	Medium	Low

4. SWOT Analysis

The SWOT analysis identifies:

a. **Strengths:** The areas of key internal capabilities that PSASB can take and build on in implementing its strategic plans;
b. **Weaknesses:** The areas in which the organization needs to improve and which should be addressed in the strategic plan;
c. **Opportunities:** Areas in the external environment that represent opportunities that PSASB can take advantage of in the next 5 years.
d. **Threats:** Areas in the external environment that may pose a strategic threat to PSASB in the next 5 years and for which the Board must mitigate against.

Table 4: PSASB SWOT

Strengths	Weaknesses
• The Board is anchored in its governing statute i.e. the PFM Act 2012 (Sections 192 – 195) which provides a solid statutory and legal foundation for the Board. • The Board composition has an appropriate diversity of technical skills as well as range of nominating agencies representing a cross section of key stakeholders required to execute its functions and mandates. • The Board has established solid relationships and strong links with all its key stakeholders resulting in goodwill and support in executing its mandate. • The Board has highly committed and engaged members and Secretariat. • The Board has received extensive support from the National Treasury including support processes, office space, and funding. • International standards for financial reporting in the Public Sector and internal audit already exist so PSASB does not have to deploy resources to develop standards for Kenya.	• The current structure and composition of the Secretariat is lean and relies on part-time staff who have other responsibilities resulting to low output. The current structure is also missing some key skills, competencies and capabilities. • The current governance structures provide for a perception that the Board is not a fully independent entity – it is based at the National Treasury, staffed with part-time NT staff. • The Board has lengthy and bureaucratic processes due to its reliance on Government processes that are long and bureaucratic. • There are certain gaps in its governing statute e.g. on skills required, on representation of some stakeholders, on lack of rotation of Board member terms. • There is a broad lack of awareness of the Board's existence, its function and mandate among key stakeholders. • The Board is currently relying on limited office space and physical infrastructure provided by the NT, this is inadequate.

Opportunities	**Threats**
• Goodwill from key external stakeholders including development partners, National Treasury and other critical external entities. • There is a gap between existing financial reporting capabilities in the reporting entities and the agreed standards – opportunity to significantly improve the Public Sectors financial reporting and internal audit. • Leverage on ICT in Kenya and the Public Sector in particular to: disseminate PSASB's prescribed standards, execute key functions, automate reporting and communicate PSASB's mandate. • Technical expertise in accounting profession is readily available. • Availability of international standards and standard setting bodies with broad knowledge networks and research resources; • Public demand for timely and transparent financial reporting. • Regulatory and constitutional requirements for robust public financial management;	• Reduced funding due to pressures on Government funds e.g. due to increased funding requirements. • Possibility of unfavourable legislation that may encroach on the Board's existing mandate. • Adverse publicity with regard to public misuse of funds results in loss of confidence in financial reports; • Adverse or competitive relationships with other regulators or public financial management actors. • Perceived lack of independence of the Board which may impact negatively on its credibility. • Inadequate technical capacity within implementing agencies. • Weak and / or inadequate underlying systems used by implementers which may impact on ability to adhere to standards e.g. low uptake of IFMIS, manual systems etc. • Change management challenges in implementation of standards by some reporting entities.

STRATEGIC DIRECTION

5. PSASB Vision, Mission, and Values

The strategic direction adopted by the Board for the next 5 years is based on the defined vision and mission of PSASB and is implemented through the strategic objectives. In developing the strategic direction of PSASB some of the key considerations included:

- What is PSASB's mandate?
- What are PSASB's key functions?
- What is PSASB's relationship and interlinkage with the wider PFM legal and institutional ecosystem?
- What does PSASB aspire to achieve in the next 5 years?
- How do PSASB members, secretariat and key stakeholders view as a successful organisation?

5.1 Our Vision

The vision of an organisation is defined as *'an idealized view of a desirable and potentially achievable future state i.e. where or what the organization would like to be in the future'.* PSASB's vision is intended to be:

- Attainable enough to establish buy in by key stakeholders who will eventually help attain it;
- Clear and compelling;
- Inspirational to tap people's physical and emotional energy;
- Traverse all levels of the Organization, and
- Articulate and adequately focused to be realizable.

The vision of PSASB is:

"Safeguarding public interest through setting reliable and quality financial and internal auditing standards"

The intent behind this vision is to recognize that PSASB is a key player in promoting sound public financial management in Kenya, that the organization is committed to enhancing transparency and integrity in financial reporting. PSASB also strives to promote good governance practices through its own operation as an institution as well as through its financial reporting and internal audit standards. PSASB also envisages itself as a driver for an effective internal control environment in the Public Sector.

5.2 Our Mission

The mission statement describes what the organisation does, who it does it for, why it does it and how it does it. The mission provides a simple and easily communicated summary of the purpose of PSASB. The mission statement of PSASB is:

To promote sound financial reporting and internal auditing standards for transparency and accountability in the Public Sector

5.3 Our Values

Core values are the ideals and enduring principles that underpin an organization's performance and culture. PSASB's core values are:

1. **Integrity:** Honest, ethical, and forthright behavior in relationships with all stakeholders.
2. **Objectivity:** Impartial decisions informed by credible research and thorough deliberations, including due consideration of the views of all stakeholders and the work of other standards setters.
3. **Transparency:** An open process that encourages and values public participation in setting Public Sector standards.
4. **Thought leadership:** Centre of excellence in Public Sector standard setting
5. **Consultative**: inclusivity and engaging all stakeholders
6. **Team work:** Our teams work in close collaboration with each other.
7. **Professionalism:** Recognizing that we must uphold professional accounting and internal audit conduct and ethics in all our activities.

6. Strategic Pillars and Objectives

The attainment of our strategic direction for FY 2015/16 to 2020/21 is organised around 4 strategic pillars each with corresponding strategic objectives, all geared towards attaining the overall vision and mission as articulated in the preceding chapter.

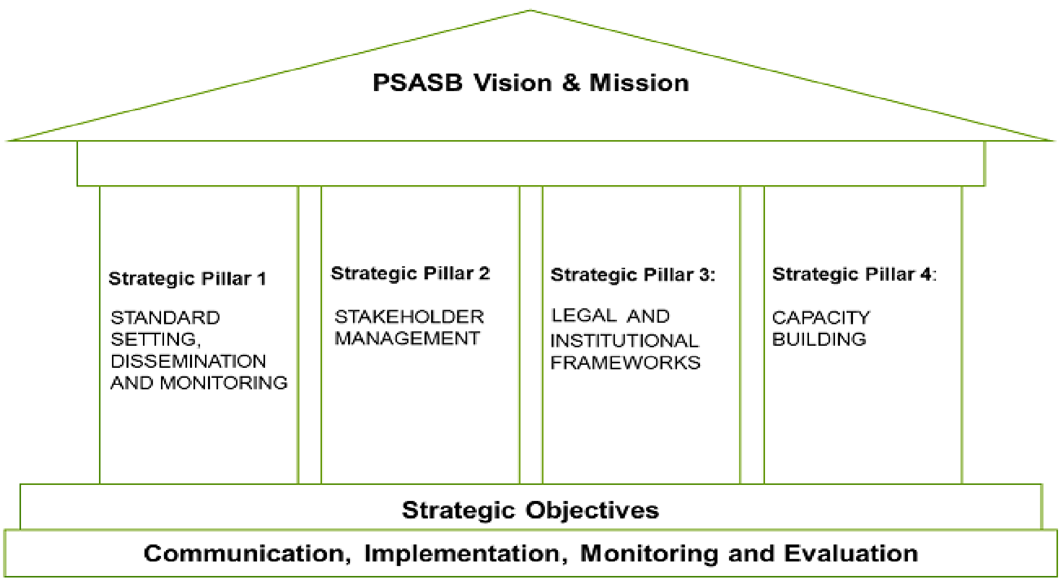
6.1 Strategic Pillars

This strategy is built upon 4 pillars that bring together common thematic areas that are similarly aligned. The strategic pillars enable:

- Logical flow and alignment in the definition of strategic objectives, so that common objectives are grouped together under appropriate pillars;
- Ease of definition and reporting on tasks and activities to be undertaken in implementing this plan;
- Facilitate monitoring and evaluation of implementation of strategy as owners can be assigned to each pillar and activities easily tracked;
- Enable definition of an organization structure that is aligned to the strategic pillars ensuring that the organisations functions are organised in a manner that promotes attainment of the strategic direction.

PSASB's four strategic pillars are summarised below.

Figure 2: PSASB Strategic Pillars



The strategic pillars and their respective objectives are outlined below.

Pillar 1: Standard Setting, Dissemination and Monitoring for Financial Reporting and Internal Audit

This pillar of the strategic plan focuses on the core responsibilities of the PSASB as laid out in the PFM Act, Section 194. The pillar recognises that PSASB is tasked with setting standards for financial reporting and internal audit frameworks for all Public Sector entities in Kenya. PSASB has selected a phased approach aimed at ensuring that Public Sector entities utilize the appropriate international standards which may be IPSAS accrual or IFRS depending on the nature of the entity. The phasing is necessary as currently a variety of basis for financial reporting are being used whereas the internal audit frameworks need a complete realignment to internationally recognised best practices. To that end, this pillar is therefore focused on standard setting for both financial reports as well as internal audit, in line with PSASB's statutory mandate. The critical objectives to be met during the 5 year period are outlined below along with the proposed key performance indicators.

	Strategic Objective	Key Performance Indicator (s)
1	**To prescribe effective financial reporting standards**	• Existence of updated financial reporting standards; • % Scope / coverage of reporting entities by financial reporting standards
2	**To prescribe effective internal audit standards**	• Existence of updated internal audit standards; • % Scope / coverage of reporting entities by internal audit standards
3	**Effective dissemination of financial reporting and internal audit standards**	• Awareness levels by reporting entities of financial reporting and internal audit standards
4	**Monitor the implementation of financial reporting and internal audit**	• No. or % of varied audit opinions • Risk ratings of entities

	Strategic Objective	Key Performance Indicator (s)
	standards	• Score on independent evaluation of internal audit functions
5	**Carry out research and development to support best practice standard adoption, dissemination and monitoring**	• Level of research output (e.g. No. of exposure drafts commented on; No. of research papers issued etc.) • External recognition of research (e.g. no of papers published in reputable journals, industry / professional awards etc.)

Strategic Pillar 2: Stakeholder Engagement

This strategic pillar groups together all strategies, tasks and action plans related to the engagement of stakeholders by PSASB. Having recognised that PSASB's success is highly correlated to successful engagement of its stakeholders, this pillar details the objectives to be attained in the successful engagement of our key stakeholders. The key objective of this strategic pillar is to successfully communicate and engage with all our key stakeholders using appropriate and relevant strategies.

The key objectives under this pillar are detailed in the table below along with their key performance indicators i.e. the measures of success.

	Strategic Objective	Key Performance Indicator (s)
1	**Engage and consult with all key stakeholders for effective relationships**	• No. of quality stakeholder interactions p.a. • % Perception rating of PSASB by key stakeholder • Brand / awareness rating of PSASB (a % that is externally measured)

2	**Develop and manage information sharing with key stakeholders**	• No. of publications / external information disseminated (e.g. annual reports, press briefings etc.) • % of knowledge management strategy implemented.

Pillar 3: Legal and Institutional Frameworks

PSASB as a setter of the financial reporting standards has a critical role in the successful development of effective public financial management in Kenya. The mandate and functions of the Board as established in the PFM Act, 2012 have a solid legal foundation. The aim of this pillar is to:

- Ensure that the Board continues to be appropriately grounded in the Law and aligned to: the Constitution's requirements on financial management; to any emerging dynamics from other newly enacted legislation; as well as to strengthen governance frameworks and where necessary review / enhance the provisions in the PFM Act.

- At the end of the 5-years the Board is expected to be fully operational and operate independently or quasi-independently of the National Treasury. This pillar envisages that all relevant institutional frameworks have been put in place. These include the management and organization structures of the Secretariat, appropriate Secretariat functions and processes established and a fully-fledged Secretariat is established.

Key objectives under this pillar include:

	Strategic Objective	Key Performance Indicator (s)
1	**Effective Board and Committees**	• Board attendance rates • Results of independent Board evaluation • Feedback from entities on PSASB
2	**Fully-fledged and efficient Secretariat**	• Existence of approved organisation structure

	Strategic Objective	Key Performance Indicator (s)
		• % of filled positions in the approved organisation structure • % of positions with job descriptions • Process turnaround times vs. target • % of staff scoring satisfactory ratings in performance appraisal • % completion of work plan p.a. • No. of outstanding internal audit queries p.a. • Audit opinion on PSASB financial reports
3	**Strengthening the legal framework**	• Amendments to PFM Act where necessary • % of compliance to all legal requirements

Pillar 4: Capacity Building

The capability of reporting entities to comply with PSASB's requirements in both financial reporting and internal audit will be a significant, measure of the success of the Board in executing its mandate. Based on the experience in FY 2013 to FY 2015, just prior to this plan period, the need for comprehensive capacity building of reporting entities and other critical stakeholders is a fundamental requirement for PSASB to achieve its ambitious reporting targets such as transitioning from a cash basis of accounting to full IPSAS accrual.

This pillar therefore has the following capacity building objectives:

	Strategic Objective	Key Performance Indicator (s)
1	**Develop and implement training programme for financial reporting standards and internal audit implementers across the Public Sector.**	• % of training programme completed; • % of training budget utilised vs. total budget • No. of training programmes • No. of average training hours attained by implementers. • Reduction in qualified audit reports • Number of accountants and auditors trained
2	**Develop and disseminate appropriate training / capacity building material.**	• Feedback from trainees (% of positive feedback) • External, independent quality review scores of training material
3	**Conduct onsite capacity building interventions for implementing entities.**	• Improved financial reporting and / or internal audit post training • No. of onsite interventions achieved • % of implementers receiving onsite capacity building.

6.2 Strategic Initiatives

Each of these strategies will be supported by the implementation of the "strategies" or strategic initiatives. These are outlined in the table below.

Table 5: PSASB Strategies

<table>
<tr><th></th><th>Strategic Objective</th><th>KPI (s)</th><th>Strategies</th></tr>
<tr><td colspan="4">Pillar 1: Standard Setting, Dissemination and Monitoring for Financial Reporting and Internal Audit</td></tr>
<tr><td>1.1</td><td>To prescribe financial reporting standards</td><td>• Existence of updated financial reporting standards;
• Scope / coverage of reporting entities by financial reporting standards</td><td rowspan="2">1. Develop new and / or updated financial reporting templates
2. Develop a roadmap to full IPSAS accrual and / or IFRS as may be relevant.
3. Develop new and updated internal audit standards and guidelines.</td></tr>
<tr><td>1.2</td><td>To prescribe internal audit standards</td><td>• Existence of updated internal audit standards;
• Scope / coverage of reporting entities by internal audit standards</td></tr>
<tr><td>1.3</td><td>Effective dissemination of financial reporting and internal audit standards</td><td>• Awareness levels by reporting entities of financial reporting and internal audit standards</td><td>4. Issue updated and / or new circulars for internal audit and financial reporting
5. Utilise multiple channels to publicize new or</td></tr>
</table>

	Strategic Objective	KPI (s)	Strategies
			updated standards 6. Carry out awareness survey as and when necessary.
1.4	Monitor the implementation of financial reporting and internal audit standards	• No. or % of varied opinions issued • Risk ratings of entities • Score on independent evaluation of internal audit functions	7. Review and analysis of Auditor General reports to assess compliance; 8. Make recommendations on enhanced compliance 9. External evaluations through award schemes such as FiRE or COGA.
1.5	Carry out research and development to support best practice standard adoption, dissemination and monitoring	• Level of research output (e.g. No. of exposure drafts commented on; No. of research papers issued etc.) • External recognition of research (e.g. no of papers published in reputable journals, industry / professional awards etc.)	10. Review and contribute to exposure drafts issued by international standard setters. 11. Develop research concepts in relevant PSASB functional areas 12. Establish resource centre or library 13. Collaborate with other researchers and institutions 14. Conduct benchmarking of PSASB activities

	Strategic Objective	KPI (s)	Strategies
Pillar 2: Stakeholder Engagement			
2.1	Engage and consult with all key stakeholders for effective relationships	• No. of quality stakeholder interactions p.a.; • % Perception rating of PSASB by key stakeholder • Brand / awareness rating of PSASB (% that is externally measured)	15. Develop an integrated communication policy to include: public relations plan, brand identity (logo etc.), media strategy, and targeted communication plan for key stakeholders. 16. Develop a stakeholder interaction calendar including a variety of events: meetings, media briefings etc. 17. Implement the multi-channel communication plan 18. Develop MOUs with critical stakeholders for structured engagement
2.2	Develop and manage information sharing with key stakeholders	• No. of publications / external information disseminated (e.g. annual reports, press briefings etc.) • % of knowledge management strategy implemented.	19. Develop an information sharing portal 20. Develop a publication calendar

	Strategic Objective	KPI (s)	Strategies
Pillar 3: Legal and Institutional Frameworks			
3.1	**Effective Board and Committees**	• Board attendance rates • Results of independent Board evaluation • No. of adverse feedback from entities on PSASB • Budget reports of actual vs. budget expenditure and receipts	21. Hold annual Board evaluations (independent) 22. Hold formal Board induction 23. Develop and implement a training and capacity building plan 24. Entrench "mwongozo" guidelines
3.2	**Fully-fledged and efficient Secretariat**	• Existence of approved organisation structure • % of filled positions in the approved organisation structure • % of positions with job descriptions • % of staff scoring satisfactory ratings in performance appraisal • % of automated (or manual) processes	25. Develop and implement a training and capacity building plan for secretariat 26. Fully establish Secretariat offices 27. Develop and receive approval for organisation structure 28. Develop and execute own budget 29. Define and operationalise business processes

	Strategic Objective	KPI (s)	Strategies
		• % completion of work plan p.a. • No. of outstanding internal audit queries p.a. • Audit opinion on PSASB financial reports	30. Document Secretariat policies and procedures.
3.3	Strengthening the legal framework	• Amendments to PFM Act where necessary • % of compliance to all legal requirements	31. Amendments to PFM Act 32. Active contribution of legal frameworks that impact on PSASB mandate and functions.
Pillar 4: Capacity Building			
4.1	Develop and implement training programme for financial reporting standards and internal audit implementers across the Public Sector.	• % of training programme completed; • % of training budget utilised vs. total budget • No. of training programmes • No. of average training hours attained by implementers. • Number of Accountants and Auditors trained	33. Develop annual training programme 34. Conduct training interventions 35. Evaluate training outcomes

	Strategic Objective	KPI (s)	Strategies
		• Reduction in qualified audit reports	
4.2	Develop and disseminate appropriate training / capacity building material.	• Feedback from trainees (% of positive feedback) • External, independent quality review scores of training material	36. Develop appropriate training material/curriculum 37. Develop capacity building plan outlining interventions e.g. documented guidelines on conducting training, benchmark training 38. Evaluate and independently assess quality of training material/curriculum
4.3	Conduct onsite capacity building interventions for implementing entities.	• Improved financial reporting and internal audit post training • No. of onsite interventions achieved • % of implementers receiving onsite capacity building.	39. Develop channel appropriate training and / or awareness material e.g. brochures, blog posts etc. 40. Develop and implement remote learning channel e.g. through e-learning

6.3 Year 1 Implementation Plan

Annexe 2 of this strategic plan outlines the action plans that will be undertaken in Year 1 of the strategic plan (FY 2015/16) in the implementation of the strategies detailed in the preceding section. This implementation plan indicates: the action plans to be undertaken under each strategic pillar and objective; the responsibility for executing those actions and the expected timing of the tasks (mapped in Quarters throughout the first year of the strategy). This provides a roadmap for the first year of the strategy (i.e. the business plan) and will be rolled forward in each subsequent year of the plan period.

7. Management and Organization Structure

Attainment of the strategic objectives and successful implementation of the strategies outlined in the preceding sections is based on the rollout of an updated management and organisation structure that is aligned to the strategic pillars, vision and mission of PSASB. This section outlines out proposed management and organisation structure to be implemented.

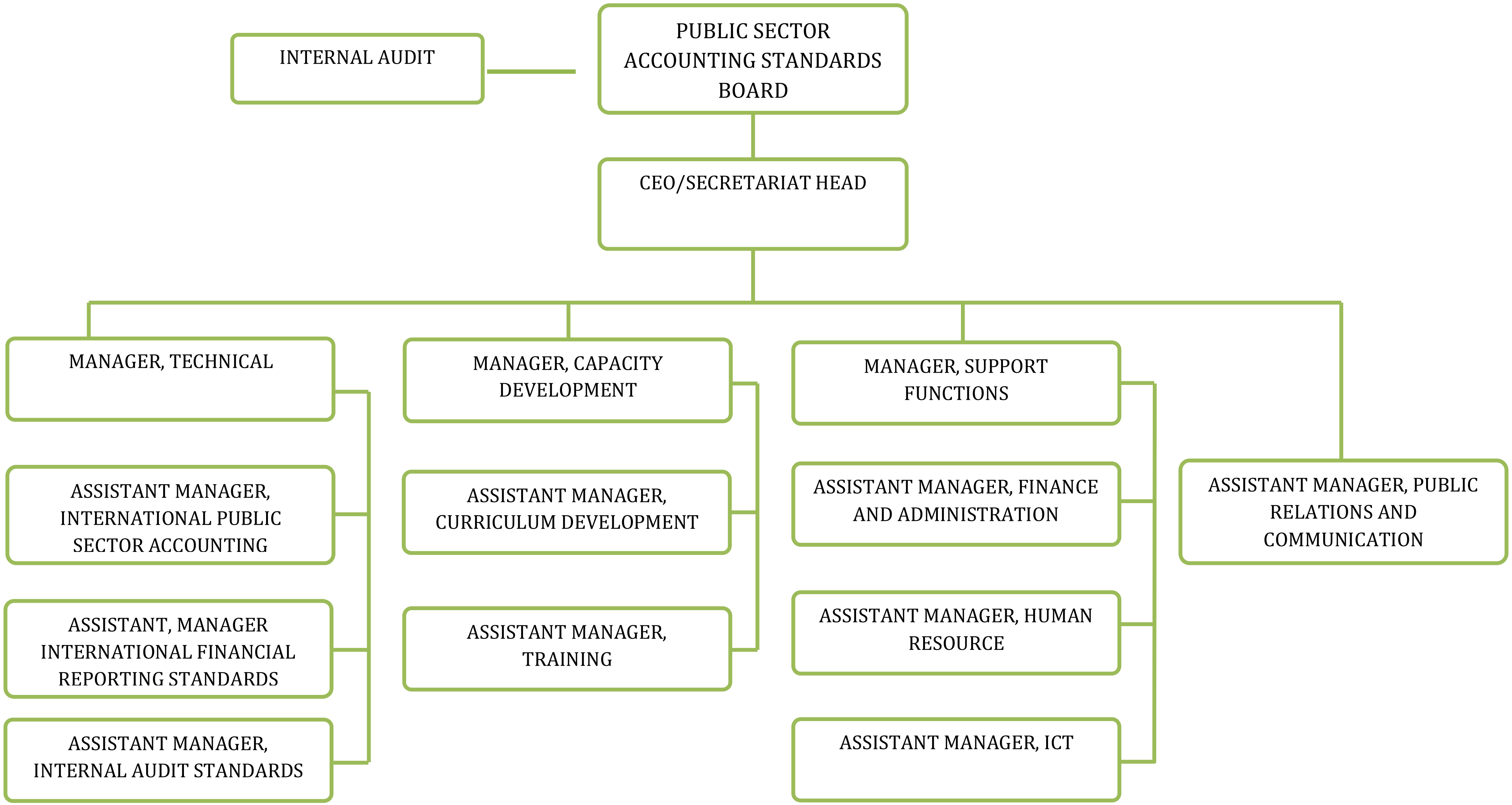
7.1 Organisation Structure

The proposed organisation structure is intended to ensure that it is:

1. Reflective of all of PSASB's functions as outlined in Section 194 of the PFM Act with regard to both financial reporting and internal audit.
2. Operating as an independent and credible standard setter in whom various stakeholders may confidently expect objective standards for financial reporting and internal audit.
3. Promotes transparency and accountability through its governance, organisation and management structures.
4. Fully aligned to the strategic objectives as defined in the four strategic pillars:
    a. Standard setting, dissemination and monitoring: encompasses technical expertise that will be required in this area and supported by appropriate reporting structures.
    b. Stakeholder engagement the structure enables information flow and sharing and is able to continuously manage and maintain PSASB's public profile.
    c. Legal and institutional frameworks: is aligned to the requirements of the PFM Act and at a higher level those of the Constitution of Kenya and encourages efficient institutional processes.
    d. Capacity building: allows for innovative capacity building and knowledge transfer programmes to be developed and implemented throughout the Public Sector.
5. Lean staff to ensure no overlap of activities and elimination of inefficiency and bureaucracy.
6. Allows for effective governance and decision making in line with good practices in governance.
7. Enables the utilisation of technology where possible.

Based on the foregoing, the organisation structure that is proposed for implementation during this plan period is as illustrated below.

Figure 3: PSASB Proposed Organisation Structure



Each of the main departments in the organisation and management structure are briefly described below.

7.2 Management Structures

CEO/Secretariat Head

The office of the CEO is answerable to the Chair of the PSASB and is responsible for the planning development and implementation of the Board's strategic mandate for Public Sector accounting, reporting and internal audit standards for the Kenya Government and government run entities.

Technical Unit

The Technical unit will be headed by the Manager, Technical. The unit is responsible for carrying out research to inform the development and continuous improvement of the accounting, reporting and internal audit standards. The unit will be responsible for partnering with relevant research institutions and experts to design, implement and publish relevant research.

The unit will also be responsible for contributing to the domestic and international debate on relevant topics and to influence the Public Sector Accounting Standards Board of Kenya, International Accounting Standards Board and the International Public Sector Accounting Standards Board and therefore the content and quality of IFRS and IPSAS through seminars, workshops and other learning forums.

The unit will be responsible to inform the Board on research findings and analysis useful for educating and training the Board and staff. The unit will also play a monitoring role to ensure that the standards are effectively adopted and utilised by all reporting entities and recommend any necessary actions for improvement.

Capacity Development Unit

The capacity building unit will be headed by the Manager, Capacity Development. The unit will be responsible for the standards curriculum development and training programmes design and execution, ensuring that all relevant stakeholders are adequately equipped with skills and knowledge for the effective implementation of Public Sector accounting, reporting and internal audit standards.

They will be responsible for identifying training and capacity development gaps and developing plans to address those needs. The unit will constantly evaluate the training and learning effectiveness and recommend improvement measures to the Board.

Support Functions Unit

The support functions unit will be headed by the Manager, Support Functions. The unit will be responsible for planning and executing of financial, administrative and human resource functions in support of the PSASB and the Secretariat's mandates. The unit will advise the Board on best practice to be adopted in financial, administrative and human resource management in order to effectively and efficiently fulfil its statutory and strategic mandates of development and implementation of Public Sector accounting, reporting and audit standards. The unit will also have oversight of procurement related functions related to the Secretariat in addition to ensuring that both PSASB core mandate functions and the support functions have sufficient ICT support for effective and efficient execution.

Internal Audit

The Internal Audit function will be responsible for assessing and reporting on the adequacy of internal controls and in the identification and management of risk within the Secretariat. Due to the Secretariat's size, this function can initially be outsourced to an external entity to perform.

Staff Establishment

The total proposed staff numbers are **23** to fully operationalize the Secretariat. The detailed listing of the roles, their grade and salaries are provided in (REF: Appendix 4 – PSASB staffing cost schedule).

8. Training and Capacity Building Plan

A high level training and capacity building plan will be developed to support the implementation of the PSASB strategic plan. Key training and capacity building areas include, amongst others:

- Training in governance for Board members;
- Training in accounting standards ;
- Training in internal audit standards;
- Training in research on emerging trends in International Public Sector accounting standards;
- Training in report writing and publishing of annual reports and other materials;
- Training in policy development;
- Training in quality assurance on the standards for the Board and the Secretariat;
- Investment skills for public entities ; and
- Stakeholder engagement and communication.

8.1 In House Training Programmes

Technical Skills

Table 6: Proposed PSASB training and capacity building plan – technical skills

	Technical training	Objective	Target group	Timeline	Resources required
A	**Public Sector accounting and reporting standards**	The objective of this training is to enhance knowledge and competencies for public accounting and reporting standards including IFRS, IPSAS and the financial reporting templates	National and County Government reporting entities	January 2016 and June every year	In-house training programmes and Technical Assistance
B	**Internal audit standards**	The objective of this training is to equip with relevant knowledge and skills for effective internal audit implementation	PSASB internal audit Committee and internal audit staff in the secretariat	July- December 2016	In-house training programmes and Technical Assistance
C	**IFMIS**	The objective of this training is to equip all users with relevant knowledge about the systems available for accounting and reporting	All accountants and in particular those responsible for accounting and development of financial reports	March 2016 – March 2017 Thereafter trainings will be undertaken as and when necessary due to system changes	Combination of IFMIS Academy and in-house training programmes and Technical Assistance

	Technical training	Objective	Target group	Timeline	Resources required
D	**Research and development**	The objective of this training is to equip with technical research knowledge and skills on emerging trends in Public Sector accounting standards	PSASB research committee and research and development unit staff at the Secretariat	July 2016 – June 2017 Thereafter training will be conducted as and when necessary.	External trainers
E	**Report writing and publishing of annual reports and other materials**	The objective of this training is to enhance report writing and publishing skills	Secretariat	January 2017 – June 2017	External training and internal technical support
F	**Standards benchmarking**	The objective of this training is to equip the Board and technical staff with relevant standards' bench marking knowledge and skills	Board and Secretariat	Continuous	External training and bench marking exposure tours
G	**Standards quality assurance**	The objective of this training is to equip participants with relevant knowledge and skills for standards quality assurance	Board and Secretariat	October 2017- March 2018	External expert training
H	**Policy development**	The objective of this training is to equip participants with	Board and Secretariat	June 2018 - September 2018	External expert training

	Technical training	Objective	Target group	Timeline	Resources required
		relevant financial standards policy development knowledge and skills			

Soft skills – internal

	Soft skills training	Objective	Target group	Timelines	Resources required
A	**Governance**	The objective of this training is to enhance Governance capabilities for Board members in order to effectively fulfil their mandate	Board members	July – June 2017	Combination of expert training, exposure tours and executive coaching
B	**Leadership development**	The objective of the training is to enhance the leadership effectiveness of the senior management team	Secretariat: • CEO/Secretariat Head • Unit managers • Assistant managers	March 2016 – June 2018	External training
C	**Project management and monitoring**	The objective of the training is to equip senior managers with skills and competencies on project management for effective implementation, monitoring and learning of financial standards	Secretariat: • CEO/Secretariat Head • Unit managers • Assistant managers	October 2016 – June 2018	External expert trainers

	Soft skills training	Objective	Target group	Timelines	Resources required
D	**Change management**	The objective of the training is to equip senior managers with skills to successfully lead and manage change for the effective implementation of financial reporting standards	Secretariat: • CEO/Secretariat Head • Unit managers • Assistant managers	January 2016 – June 2018	In-house training with support of Consultants
E	**Team building**	The team building programme is intended to build cohesion and unity amongst the staff.	All staff	June 2016 – June 2018	External trainer
F	**Performance and reward management**	The objective of this training is to sensitize staff on performance management, the process, tools and support available	All staff	June 2016 – June 2018	External trainer

8.2 Stakeholder Training Programmes

	Technical training	Objective	Target group	Timeline	Resources required
G	**Investment skills**	Equip participants with relevant skills and knowledge on investment best practices for the effective management of investment of project funds	National and County Government entities running commercial projects	October 2016 – June 2018	External trainers

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9. Strategic Monitoring and Control

This Strategic Plan has clearly defined PSASB's strategic aspirations for the next five years. To ensure that the strategic objectives are achieved, PSASB will develop departmental plans aligned to this overall plan and constantly revisit the strategies, action plans, responsibilities and time frames. In addition, departmental work plans will be cascaded to individual work plans which will be linked to company's performance management system.

9.1 Communicating and cascading the Strategic Plan

The success of this strategic plan is heavily reliant on the buy in from the key internal and external stakeholders of PSASB who will be involved in elements of execution. To that end, effective communicating and cascading of the strategic plan will be supported by:

- Extensive validation of the strategic plan prior to finalization to ensure that multiple stakeholder views are incorporated.
- A formal launch of the strategic plan to ensure maximum coverage and awareness of the Plan's contents and the general PSASB mandate and functions.
- A detailed internal rollout of the strategic plan covering the Board and Secretariat to ensure that roles and responsibilities vis-a-vis the strategic plan are well understood.
- An external communication campaign to raise awareness among our key external stakeholders on the Plan's contents and their envisaged role. This may be through one on one meeting or broader stakeholder forums.
- Linking the strategic plan pillars, objectives and key performance indicators to departmental / functional performance goals and consequently to individual performance goals so as to maximize alignment.

9.2 Monitoring

Monitoring is the consistent periodic review of the implementation of the strategic plan to establish the extent to which input deliveries, work schedules, other required actions and targeted outputs are proceeding according to plan, so that timely action can be taken to correct deficiencies. Specifically,

- Overall responsibility for implementation of the Strategic Plan will be with the Strategy and Governance committee of the Board who will report to the full Board on the progress of implementation on a quarterly basis.

- The Head of the Secretariat is responsible for the overall implementation of the business plan and for day to day monitoring of plan implementation.
- The managers of each section or unit are charged with achieving their respective strategic pillars.
- The Support Services function will monitor the implementation of the plan and provide results to management for decision-making.

The status of the implementation, including progress towards each of the overall strategic goals, will be reported regularly and on an annual basis to the Board.

9.3 Evaluation

Evaluation will be used to determine systematically and objectively as possible, the relevance, effectiveness and efficiency, of strategic plan in the light of specified objectives for achieving the targeted performance. We will also endeavour to carry out a mid-term review and an end term review of the strategy to be conducted by external parties.

- The midterm evaluation will be used to verify whether the plan is on the right track and provide information for corrective action of observed deficiencies, including the revision of objectives, strategies or activities.

- The final evaluation will assess the achievement of the activities of the plan, identify and document the success or failure together with any other outcomes.

During implementation, a periodic review of actual results will be conducted to determine performance. These will be compared against the targets as outlined in the ***Results Framework (Annexe 3)*** .The results and conclusions will also help identify whether resources are being used properly and if the strategy is on track for achievement. The section or unit heads will be expected to keep track of implementation in their areas and report to the Head of the Secretariat of any major variances together with corrective actions taken or necessary.

10. Conclusion

This strategic plan is important to enable PSASB to successfully establish itself as envisaged in the PFM Act. To that end, care must be taken to ensure certain critical factors are in place for successful outcomes to be reached. These include:

- Availing the necessary resources to execute on the plan. Resources include financial, staffing, skills, physical infrastructure among others;
- Continuous review and update of the strategic plan in the event of significant changes in the environment. The plan should be implemented in a dynamic and flexible manner;
- An assessment of the risks that may be encountered during implementation and ensuring that these are mitigated against;
- The full commitment and engagement of the Board and Secretariat to the execution of these strategies;
- Support from key stakeholders;
- Timely implementation of action plans;
- Effective communication and cascading of the strategic plan to Departmental work plans and individual performance appraisals;
- Develop some change management strategies to accompany implementation of the strategic plan so as to minimise resistance and maximise buy in from all stakeholders.

Appendix 1: Stakeholder Interviews

These are the key stakeholders who were interviewed as part of developing the strategic plan and organisation structure.

#	Key Informant	Designation/Department
1.	Bernard Ndungu	Chairman, PSASB
2.	Macklin Ogolla	Board member representing Controller of Budget
3.	Esther Maiyo	Board member representing Capital Markets Authority and Chair of the Internal Audit Committee
4.	Humphrey Wanyama	Board member representing Office of the Auditor General
5.	Anne Owuor	Board member representing Institute of Certified Public Accountants of Kenya (ICPAK) and Chair of the National and County Government Committee
6.	Charles Cheruiyot	Board member representing Institute of Internal Auditors and member of the Audit and Governance Committee
7.	Sophie Moturi	Board member representing Association of Professional Societies of East Africa
8.	Lazarus Kimang'a	Board Member representing Institute of Certified Public Secretaries (ICPSK) and Chair of the Governance and Strategy Committee
9.	Peter Kioko	CEO, Institute of Internal Auditors of Kenya
10.	Patrick Abachi	Head of the Secretariat
11.	Mary Wanyonyi	Secretariat member
12.	Phoebe Ndonye	Head of Accounting Unit Ministry of Energy
13.	Reuben Orwaru	Technical Assistance – Secretariat
14.	Cheryl Majiwa	Secretariat member
15.	Paul Chege	Technical Assistance – Secretariat
16.	James Kasure	Director of Fiscal Affairs, CRA
17.	Mark Wambugu	Senior Analyst, CRA
18.	James Nyongesa	Chief Officer, Mombasa County Economic Planning and Finance Executive

#	Key Informant	Designation/Department
19.	Alfayo Mogaka	Internal Auditor General
20.	Julius Kilinda	National Sub-county Treasury
21.	Anne Chege	IFMIS
22.	Onderi Ontweka	Budget Department

Appendix 2: Implementation Plan

Table 7: Implementation Plan FY 2015/16

	Strategic Objective	KPI (s)	Strategies	Year 1 Action Plans	By When
Pillar 1: Stakeholder Management (Responsibility: CEO / Head of Secretariat)					
1.1	Engage and consult with all key stakeholders for effective relationships	• No. of quality stakeholder interactions p.a.; • % Perception rating of PSASB by key stakeholder • Brand / awareness rating of PSASB (% that is externally measured)	1. Develop an integrated communication plan to include: public relations plan, brand identity (logo etc.), media strategy, and targeted communication plan for key stakeholders. 2. Develop a stakeholder interaction calendar including a variety of events: meetings, media briefings etc. 3. Implement the multi-channel communication plan 4. Develop MOUs with critical stakeholders for structured	• Develop communication plan • Commission website and social media communication channels • Develop elements of corporate identity i.e. logo, motto • Develop stakeholder calendar • Design MOUs for discussion with critical stakeholders • Agree and sign off MOUs	• Q1 • Q2 • Q3 • Q1 • Q2 • Q3

	Strategic Objective	KPI (s)	Strategies	Year 1 Action Plans	By When
			engagement		
1.2	Develop and manage information sharing with key stakeholders	• No. of publications / external information disseminated (e.g. annual reports, press briefings etc.) • % of knowledge management strategy implemented.	5. Develop an information sharing portal 6. Develop a publication calendar	Design knowledge management processes and policies Develop and disseminate annual report Develop simple marketing material (brochures)	Q3 Q4 Q2
Pillar 2: Standard Setting, Dissemination and Monitoring for Financial Reporting and Internal Audit (Manager, Standards – Financial Reporting & Internal Audit respectively)					
2.1	To prescribe financial reporting standards	• Existence of updated financial reporting standards; • Scope / coverage of reporting entities by financial reporting standards	7. Develop new and / or updated financial reporting templates 8. Develop a roadmap to full IPSAS accrual and / or IFRS as may be relevant.	Review existing templates and redesign as necessary Perform environmental scan and determine areas of new standards Develop new templates Develop roadmap to full IPSAS	Q2 Q1 Q2 Q4
2.2	To prescribe internal	• Existence of updated			

	Strategic Objective	KPI (s)	Strategies	Year 1 Action Plans	By When
	audit standards	internal audit standards; • Scope / coverage of reporting entities by internal audit standards		accrual	
2.3	Effective dissemination of financial reporting and internal audit standards	• Awareness levels by reporting entities of financial reporting and internal audit standards	9. Issue updated and / or new circulars for internal audit or financial reporting 10. Utilise multiple channels to publicize new or updated standards 11. Carry out awareness survey	Develop new / updated circulars for gazettement Circulate gazetted circulars / guidelines Develop dissemination strategy: post on website, on internal intranet, via email and hard copies Conduct external awareness survey	Q1 Q1 Q2 Q4
2.4	Monitor the implementation of financial reporting and	• No. or % of qualified audit reports	12. Review and analysis of Auditor General reports to assess compliance;	Review and analysis of Auditor General reports to assess compliance;	Q2

	Strategic Objective	KPI (s)	Strategies	Year 1 Action Plans	By When
	internal audit standards	• Risk ratings of entities • Score on independent evaluation of internal audit functions	13. Make recommendations on enhanced compliance 14. External evaluations through award schemes such as FiRE or COGA.	Make recommendations on enhanced compliance Participate in FiRE and COGA	Q3 Q4
2.5	Carry out research and development to support best practice standard adoption, dissemination and monitoring	• Level of research output (e.g. No. of exposure drafts commented on; No. of research papers issued etc.) • External recognition of research (e.g. no of papers published in reputable journals, industry / professional awards etc.)	15. Review and contribute to exposure drafts issued by international standard setters. 16. Develop research concepts in relevant PSASB functional areas 17. Establish resource centre or library 18. Collaborate with other researchers and institutions 19. Conduct benchmarking of PSASB activities	Review and contribute to exposure drafts issued by international standard setters. Develop research concepts in relevant PSASB functional areas Establish resource centre or library Collaborate with other researchers and institutions Conduct benchmarking of PSASB activities	Every Quarter Q4 Q4 Continuous Q4

	Strategic Objective	KPI (s)	Strategies	Year 1 Action Plans	By When
Pillar 3: Legal and Institutional Frameworks (Responsibility: CEO/Head of Secretariat and Head, Support Services)					
3.1	**Effective Board and Committees**	• Board attendance rates • Results of independent Board evaluation • No. of adverse feedback from entities on PSASB • Budget reports of actual vs. budget expenditure and receipts	20. Hold annual Board evaluations (independent) 21. Hold formal Board induction 22. Develop and implement a training and capacity building plan 23. Entrench "mwongozo" guidelines	Commission independent board evaluation Formal board induction Develop training and capacity building plan Understand and customise "mwongozo" code Develop a board charter	Q1 Q1 Q2 Q3
3.2	**Fully-fledged and efficient Secretariat**	• Existence of approved organisation structure • % of filled positions in the approved organisation structure	24. Develop and implement a training and capacity building plan for secretariat 25. Fully establish Secretariat offices	Conduct a training needs assessment Discuss with NT on Secretariat office space Submit organisation structure	Q1 Q2

	Strategic Objective	KPI (s)	Strategies	Year 1 Action Plans	By When
		• % of jobs with job descriptions • % of staff scoring satisfactory ratings in performance appraisal • % of automated (or manual) processes • % completion of work plan p.a. • No. of outstanding internal audit queries p.a. • Audit opinion on PSASB financial reports	26. Develop and receive approval for organisation structure 27. Develop and execute own budget 28. Define and operationalise business processes 29. Document Secretariat policies and procedures.	for approval Implement approved structure Document policies and procedures Develop annual work plan in each Department Carry out quarterly M&E of strategic plan	Q1 Q3 Q4 Q1 Every Quarter
3.3	Strengthening the legal framework	• Amendments to PFM Act.	30. Amendments to PFM Act 31. Active contribution of legal	Review PFM Act and make recommendations	Q4

	Strategic Objective	KPI (s)	Strategies	Year 1 Action Plans	By When
		• % compliance to all legal requirements	frameworks that impact on PSASB mandate and functions.	Reach out to other PFM actors to coordinate reform efforts	Q4
Pillar 4: Capacity Building (Responsibility: Capacity Building Manager)					
4.1	Develop and implement training programme for financial reporting standards and internal audit implementers across the Public Sector.	• % of training programme completed; • % of training budget utilised vs. total budget • No. of training programmes • No. of average training hours attained by implementers. • Reduction in qualified audit reports	32. Develop annual training programme 33. Conduct training interventions 34. Evaluate training outcomes	Develop annual training programme Implement annual training programme Develop training feedback material Develop annual training report	Q1 Continuous Q1 Q4

	Strategic Objective	KPI (s)	Strategies	Year 1 Action Plans	By When
4.2	Develop and disseminate appropriate training / capacity building material.	• Feedback from trainees (% of positive feedback) • External, independent quality review scores of training material	35. Develop appropriate training material 36. Develop capacity building plan outlining interventions e.g. documented guidelines on conducting training, benchmark training 37. Evaluate and independently assess quality of training material	Identify resources required to develop training material Develop relevant training material Develop annual capacity building plan Annual quality assurance review	Q1 Q2 Q1 Q4
4.3	Conduct onsite capacity building interventions for implementing entities.	• Improved financial reporting and / or internal audit post training • No. of onsite interventions achieved • % of implementers receiving onsite	38. Develop channel appropriate training and / or awareness material e.g. brochures, blog posts etc. 39. Develop and implement remote learning channel e.g. through e-learning	Identify relevant training channels Engage training material development providers Develop at least one remote learning programme	Q1 Q2 Q3

	Strategic Objective	KPI (s)	Strategies	Year 1 Action Plans	By When
		capacity building.			

Appendix 3: Results Framework

Targets for each KPI will be agreed at the beginning of each year and improvement vs. an agreed baseline, measured at the beginning of implementation of the strategy. The table below also presents possible sources of measurement data for the KPIs as well as the recommended frequency of measurement. It should be noted that results will be measured through a variety of qualitative and quantitative measures as well as those to be measured internally by the Board and Secretariat and some that require external or independent validation. This is to ensure that the impact of the Board's activities and strategic intent is objectively evaluated throughout the plan period.

Table 8: Results Framework

	Strategic Objective	KPI (s)	Source of Data	Recommended Frequency of Measurement
Pillar 1: Stakeholder Engagement (Responsibility: CEO / Head of Secretariat)				
1.1	Engage and consult with all key stakeholders for effective relationships	• No. of quality stakeholder interactions; • % Perception rating of PSASB by key stakeholder • Brand / awareness rating of PSASB (% that is externally measured)	• Calendar of meetings • Stakeholder survey • External brand perception survey	• Annual • Annual • Biennial (every 2 years)
1.2	Develop and manage information	• No. of publications / external information	• Standards department	

	Strategic Objective	KPI (s)	Source of Data	Recommended Frequency of Measurement
	sharing with key stakeholders	disseminated (e.g. annual reports, press briefings etc.) • % of knowledge management strategy implemented.	records • Work plan status reporting	Annual
Pillar 2: Standard Setting, Dissemination and Monitoring for Financial Reporting and Internal Audit (Manager, Standards – Financial Reporting & Internal Audit respectively)				
2.1	To prescribe financial reporting standards	• Existence of updated financial reporting standards; • Scope / coverage of reporting entities by financial reporting standards	• Gazette notices • Circulars • Directory of reporting entities • Auditor general reports on audited accounting statements	Annual
2.2	To prescribe internal audit	• Existence of updated internal audit	• Gazette notices	Annual

	Strategic Objective	KPI (s)	Source of Data	Recommended Frequency of Measurement
	standards	standards; • Scope / coverage of reporting entities by internal audit standards	• Circulars • Review and assessment by Internal Audit Unit of PSASB	
2.3	Effective dissemination of financial reporting and internal audit standards	• Awareness levels by reporting entities of financial reporting and internal audit standards	• Stakeholder survey that may be administered by PSASB • External, independent survey	• Annual • Biennial (every 2 years)
2.4	Monitor the implementation of financial reporting and internal audit standards	• No. or % of qualified audit reports • Risk ratings of entities • Score on independent evaluation of internal audit functions	• Review and analysis of auditor general reports • PSASB risk assessment • Independent internal audit evaluation	• Annual • Annual • Biennial (every 2 years)
2.5	Carry out research and	• Level of research output (e.g. No. of	• Tracking record of research	

	Strategic Objective	KPI (s)	Source of Data	Recommended Frequency of Measurement
	development to support best practice standard adoption, dissemination and monitoring	exposure drafts commented on; No. of research papers issued etc.) • External recognition of research (e.g. no of papers published in reputable journals, industry / professional awards etc.)	outputs • Tracking record of external awards etc.	Annual
Pillar 3: Legal and Institutional Frameworks (Responsibility: CEO/Head of Secretariat and Head, Support Services)				
3.1	**Effective Board and Committees**	• Board attendance rates • Results of independent Board evaluation • No. of adverse feedback from entities on PSASB • Budget reports of actual vs. budget expenditure and receipts	• Board minutes • Independent board evaluation reports • Stakeholder survey • Management accounts	Annual
3.2	**Fully-fledged and efficient Secretariat**	• Existence of approved organisation structure	• PSC approval • Internal HR data	

	Strategic Objective	KPI (s)	Source of Data	Recommended Frequency of Measurement
		• % of filled positions in the approved organisation structure • % of jobs with job descriptions • Process turnaround times vs. target • % of staff scoring satisfactory ratings in performance appraisal • % completion of work plan p.a. • No. of outstanding internal audit queries p.a. • Audit opinion on PSASB financial reports	• Quarterly and annual work plan review reports • Internal audit reports • Audited financial statements	Annual
3.3	Strengthening the legal framework	• Amendments to PFM Act where necessary. • % compliance to all legal requirements	• Updated PFM Act • Compliance checklist	When required Annual

	Strategic Objective	KPI (s)	Source of Data	Recommended Frequency of Measurement
Pillar 4: Capacity Building (Responsibility: Capacity Building Manager)				
4.1	Develop and implement training programme for financial reporting standards and internal audit implementers across the Public Sector.	• % of training programme completed; • % of training budget utilised vs. total budget • No. of training programmes • No. of average training hours attained by implementers. • No. of Accountants and Auditors trained • Reduction in qualified audit reports	• Capacity building department training records • Auditor general reports	Annual
4.2	Develop and disseminate appropriate training / capacity building material.	• Feedback from trainees (% of positive feedback) • External, independent quality review scores of training material	• Post-Training evaluation reports • External quality assurance of capacity building	• Annual • Biennial (every 2 years)

	Strategic Objective	KPI (s)	Source of Data	Recommended Frequency of Measurement
			programme	
4.3	Conduct onsite capacity building interventions for implementing entities.	• Improved financial reporting and / or internal audit post training • No. of onsite interventions achieved • % of implementers receiving onsite capacity building.	Pre and post training evaluations	Annual