

**Summary of Technical FM Discussions for
Kenya Social and Economic Inclusion Project & Kenya National Safety Net Program
February 4 - 9, 2019**

I. Introduction

1. As part of the overall mission for the Kenya Social and Economic Inclusion Project (KSEIP) & National Safety Net Program (NSNP) technical discussions were held related to financial management (FM). The primary purpose for the FM discussions were to (i) take stock of the progress made in the implementation of the agreed critical FM actions detailed in the Consolidated Action Plan (CAP) for the NSNP; and (ii) review the FM implementation arrangements for KSEIP and agree on an action plan and implementation support to further progress the KSEIP implementation.

II. Key Findings

2. The following are the highlights and key messages from the discussions:

Priority FM Action Items from CAP (NSNP)

3. It was noted that important progress has been made on most of the progress indicators of the Priority FM actions (see Annex II) and it was noted that SDSP has achieved 80 percent of the agreed actions (DLI11 under NSNP) and SDSP is in the process of formally submitting the evidence to National Treasury for onward transmission to the World Bank by February 22, 2019. Another 10 percent has been achieved and evidence is expected to be submitted by end of March. The following is the status of the actions achieved:

(a) Reconciliation Module (Action item # B.2 to B.4): The design of the new Consolidated Cash Transfer MIS (CCTP-MIS) now include a reconciliation module. A review of this module was undertaken in a test environment using sample data and also live data, and it appears that it serves the intended use. It takes into account clawback amounts, funds requested, beneficiary payments (successful payments), commissions and ending balances as per the MIS. These balances are compared with balances as per the bank statements of holding project accounts for each of the PSPs and any differences explained. *Task B.1 (FM Manual for NSNP) was already completed and verified in the previous missions and disbursements has already been made against the DLI. After verification of the evidence submitted by the Ministry for the Completion Indicators in relation to tasks B.2, B.3 and B.4 during the mission, MLSP is entitled for an additional 25 percent of the funding assigned to DLI 11.*

(b) PSP Contracts (Action item # E.1): The new contracts signed with the multiple PSPs adopts a performance-based formula to calculated commissions to PSPs. Commissions will only be paid to PSPs when beneficiaries have withdrawn their entitlements wholly or partially. Ministry compiled the evidence to support this and the completion indicators were successfully verified by the World Bank during the mission. **After verification of the evidence submitted by the Ministry for the Completion Indicators in relation to this task during the mission, MLSP is entitled for an additional 8 percent of the funding assigned to DLI 11.**

(c) Payments to Un-carded Beneficiaries (Action item # G): Under the old payment model, there were instances where payrolls to KCB would include un-carded beneficiaries leading to loss of funds in form of commissions paid to PSPs for funds that will not be collected given that the related beneficiaries do not have payment cards. Under the new payment model, the key requirement in place is that payment cannot be made to a beneficiary if they do not have an active bank account. **After verification of the evidence submitted by the Ministry for the Completion Indicators in relation to this task during the mission, MLSP is entitled for an additional 3% percent of the funding assigned to DLI 11.**

(d) Amendment in the Payment Procedures (Action item # H): The procedure has been duly amended in the polices and procedure manual to included only those benefits who have bank accounts. The same workflow has been incorporated in the new CCTP-MIS. The manual was approved last year and the CCTP-MIS is now in live environment. **After verification of the evidence submitted by the Ministry for the Completion**

Indicators in relation to this task during the mission, MLSP is entitled for an additional 3 percent of the funding assigned to DLI 11.

4. In addition to the achieved actions, it was also confirmed that the following actions have been partially completed:

(a) Deployment of the Project Accountant and Payment Officer (Action item # C.1 to C.4): Some progress under this action item has been reported. However, no withdrawal can be claimed until all tasks are completed under this action item. The current status is as follows: -

- i. HR Plan (task C.1) and the job descriptions (task C.2) of the existing and proposed positions have been developed. Two assistant payment officers have been engaged and are assisting the Payments Officer in the Payments function (task C.4). Evidence for C.1 and C.2 has been submitted while for C.4 will be presented by March 31, 2019.
- ii. The mission reemphasized that it is critical to have a *full-time deployment* of the Project Accountant and Payment officer to SAU (task C.3). The Head of Accounts has indicated that the Ministry Accounts department is currently understaffed and as such cannot deploy the current Programme Accountant on a full-time basis. Similarly, a letter for full-time deployment of the payments officer is still pending. SAU agreed to follow up with the HR unit of the Ministry to have the letter finalized by March 31, 2019.

(b) Improvements in the Existing MIS (Action item # D.1-D.7): Progress on many tasks under this action item has been reported. However, no withdrawal can be claimed until all tasks are completed under this action item. The current status is as follows: -

- i. The task D.1 (Pre-payroll review enhancement to include National Single Registry data validation) is '**Achieved,** subject to submission of evidence for task completion. A draft pre-payroll verification protocol including validation from the national Single Registry data is in place in the MIS. *Evidence to support task completion will be compiled and submitted to World Bank by March 31, 2019.*
- ii. The tasks D.2, D.3 & D.4 (secure data transfer with PSPs) is '**Achieved,** subject to submission of evidence for task completion. Under the new CCTPMIS, payroll data files are shared through a secure portal using a checksum process that eliminates exchange through emails and loose data sets. Payrolls are now fully encrypted when being sent to service providers. Data updates to the MIS by PSPs is real time using an API including transfer to the beneficiary accounts and account numbers of the new beneficiaries. Because of the improved process for funds transfer, the payrolls will only include those beneficiaries who are carded given that payments will be made directly to beneficiary bank accounts and a prerequisite for this in new solution is beneficiary to be issued with a card. Also, new CCTPMIS has been designed such that beneficiaries without active bank accounts will be flagged up as exceptions and will therefore not filter into the payroll. *Evidence to support task completion will be compiled and submitted to World Bank by March 31, 2019.*
- iii. The task D.7 (MIS HR Assessment) is '**Achieved,** subject to submission of evidence for task completion. MIS Strategy has been developed and approved. Documentation exists addressing system access rights, formal user authorization mechanism, and MIS Database controls. Besides, Training Needs Assessment for SAU, including MIS, is already done for existing staff and a framework proposed for future engagements. There is also a training/ capacity building plan for SAU is in place. *Evidence to support task completion will be compiled and submitted to World Bank by March 31, 2018.*
- iv. Implementation of remaining tasks namely D.5 (Disaster Recovery Management Plan) and D.6 (Succession planning for MIS) require support from development partners. *A formal TA request to the development partners will be made by the Ministry by March 31, 2019 and agree on a completion time lines of before June 30, 2019;*

(c) Internal Audit (Action item # F.1 to F.3): Some progress under this action item has been reported. However, no withdrawal can be claimed until all tasks are completed under this action item. The current status is as follows: -

- i. The Training Calendar (Task F.1) was prepared for 2017, but it was never submitted formally. It has been now agreed that a three-year calendar (2018-2021) will be made which will be reviewed

from time to time and the same will be submitted as evidence of completion for this task by March 31 2019.

- ii. The Audit Committee (Task F.2) has still not been constituted. The Ministry should take immediate steps to ensure the timely appointment of the Audit Committee. The new date for the task completion is June 2019.
- iii. The Principal Secretary has notified process for obligating the funds for the internal audit by the Principle Secretary. **Therefore, the status for Task F.3 is 'Achieved,' subject to submission of evidence for task completion. Evidence to support task completion will be compiled and submitted to World Bank by Match 31, 2019.**

5. **It was agreed that the Ministry would continue to work intensely towards achieving the FM actions and adhere to agreed deadlines. The most immediate action agreed is to compile all the evidence for completed actions (full or partial) and submit them to the World Bank by March 31, 2019, for approval to enable disbursement and for record purposes.**

6. **Adoption of the New Payment Protocols:** The first payroll for the three NSNP programs using the new MIS and the new payment protocols will be processed in February 2019.

7. As agreed during the previous mission, the Tier one (1) reconciliation using the previous payment mechanism with KCB and ECB have been completed covering the period from January 2018 to December 31, 2018. The Ministry will submit the reconciliation to the PSP's by February 15, 2019. This will conclude the 'financial closure' of current accounts with the PSP using the previous payment mechanisms and allow the PSPs to start a "Clean Slate" before using the new payment mechanism, where the tracking of payments is limited to the transfer of funds to the beneficiary account, and no beneficiary withdrawals are recorded in the system.

8. **Agreements on Action Items to be included in Extended Comprehensive Action Plan (eCAP):** Building upon the excellent learning experience from the implementation of the CAP which is now 80% complete and expected to be 95% complete before June 2019, there is a need to agree on additional tasks that are required to enhance transparency, accountability and efficiency of the FM systems. The Ministry is in the process of drafting an Extended Comprehensive Action Plan (eCAP) while keeping the procedure for monitoring the progress the same as for the original CAP, i.e. using progress and completion indicators.

9. During the mission, the WB FM team met senior representatives of the Ministry from the MIS team, WFP, Development Pathways (software development firm for CCTP-MIS funded by WFP) and OPM (TA firm for Social Protection funded by DFID). Following tasks have been identified during our discussion to be part of the eCAP:

- (a) **Enhancements to the Tier-2 Reconciliation:** The MIS is now operational in live environment. Certain enhancements have been agreed in the system to give added support to the end user during processing of the payroll. This includes, introducing the concept of 'Unreconciled' difference in the Monthly Activity Report. This will allow the report to be processed any time and the unreconciled difference can be monitored regularly until the difference is zero and the Payroll can achieve the status of 'financial closure'. **This task is proposed to be funded by WFP and a formal request will be submitted by February 19, 2019.**
- (b) **Payroll Verification:** To give added information about the current payroll at the time of payroll approval, it is recommended that the system should create a report reconciling the current payroll with last processed payroll. This will allow the approver of the payroll to get additional insight to the data by comparing what has changed since the last payroll was processed. **This task is proposed to be funded by WFP and a formal request will be submitted by February 19, 2019.**
- (c) **NSNP Program Dash Board:** The need of a program dashboard by combining the transactional level data of all cash transfer programs under NSNP using Business Intelligence (BI) technology for big data has been long felt to improve monitoring of the program and support evidence-based decision making for the program. Now that the ministry has the new CCTP-MIS operational this is just the right time to roll out the dash board. The Ministry is very keen to take this forward. **This task is proposed to be funded through the TA firm (OPM) hired by DFID and a formal request will be submitted by February 19, 2019.**

10. Below is a list of people who participated in these technical discussions. Progress update on CAP based on the feedback and agreements reached during the mission is attached as Annex-I.

FM discussion participants

Name	Organization
Mr. James Odour	CEO, NDMA
Mr. Sidney Achia	Payments, SAU
Mr. Hashim Adan	Director Corporate Services, NDMA
Ms. Patricia Mumo	Ag. Finance Manager, NDMA
Mr. Franklyn Makhulu	MIS, SAU
Mr. Paul Njoroge	MIS, SAU
Mr. Moses Muga	Accountant, ML& SP
Mr. Brian Magara	Payments, SAU
Mr. Stanley Waweru	MIS, SAU
Mr. Timothy Njoroge	MIS, SAU
Mr. Boniface Kibicho	Development Pathways
Ms. Consolata Nkatha	Development Pathways
Mr. David Kamau	WFP
Mr. Fred Mertens	OPM
Ms. Agha Hussein	World Bank Consultant
Mr. Charles Kabuthu	World Bank Consultant
Ms. Emma Mistiaen	World bank
Mr. Henry Amuguni	World Bank
Ms. Nadia Selim	World Bank

Annex I: Priority FM actions – Status Update (80% Complete)

Achieved (Previously or during this mission)	Achieved (Previously or during this mission) – Pending evidence compilation and submission	Pending
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A: Reconciliation of the Payroll					
#	Tasks	Assigned	Time	Progress Indicators	Status update
A.1	Completion of reconciliation of the backlog in the Kenya Commercial Bank (KCB) holding bank account from the inception of the program and initiation of periodic reconciliation of each payment cycle.	Program Accountant	September 30, 2017	Reconciliation statements duly signed by: <ul style="list-style-type: none"> Respective ICT Accounts Head (Nyaoke & Allan) from PSPs Head of Social Assistance Unit (SAU) 	Previously Achieved Evidence submitted to the World Bank
A.2	Completion of beneficiaries' level reconciliation between the payroll and the PSPs for the backlog and initiation of a periodic process for each payment cycle going forward.	Program Accountant		Reconciliation statements duly signed by: <ul style="list-style-type: none"> Respective ICT Accounts Head (Nyaoke & Allan) from PSPs Head of SAU 	
A.3	Resolution of the reconciliation differences with each PSP to manage the financial closure of the past payrolls and initiation of a periodic process for each payment cycle going forward.	Program Accountant	September 30, 2017	Financial Closure for the payroll jointly signed by: <ul style="list-style-type: none"> Respective ICT Accounts Head (Nyaoke & Allan) from PSPs Head of SAU 	Previously Achieved Evidence submitted to the World Bank
A.4	Management decisions available on: <ol style="list-style-type: none"> Policy on the beneficiaries benefiting from more than one cash transfer program Uncarded Beneficiaries Beneficiaries with no National IDs. Caregivers with same OVCs. 	Head of Targeting, SAU	July 31, 2017	Official Notification from SAU specifying policy decision on each case (a to d). Updated Operational Manual to ensure that there are in-built systems to identify cross-program beneficiaries.	Previously Achieved Evidence submitted to the World Bank
Completion Indicators: <ul style="list-style-type: none"> Two consecutive monthly reconciliation of the holding account as at the date of the review Reconciliation of the past payrolls disbursed as at the time of the evaluation 					

A: Reconciliation of the Payroll					
#	Tasks	Assigned	Time	Progress Indicators	Status update
	<ul style="list-style-type: none"> Financial closure of at least 75% of the payroll disbursed as at the time of the review Approved operational manual with the updates under A4. 				

B: Development of Financial Policies and Procedures Manual for the Program and Development of a Reconciliation Module					
#	Tasks	Assigned	Time	Progress Indicators	
B.1	Development of Financial Policies and Procedures manual for the program	TA	November 30, 2017	Draft available to SAU by end October 2017. Approval of the manual through a notification by SAU by end November 2017.	Previously Achieved Evidence submitted to the World Bank
B.2	Development of specifications and the software for the reconciliation module	TA	June 30, 2018	Midterm presentations	Achieved now – Evidence to be submitted A reconciliation module has been incorporated into the design of the new CCTMIS that has been undertaken by Development Pathways. The designed module takes into account any opening balances with PSPs, transfers to PSPs, successful payments/ credits to beneficiaries, PSP commissions, claw back amounts and ending bank account balance. SAU MIS and Development Pathways took the WB team through the module at it appears adequate. Evidence to be submitted to World Bank by November 30, 2018.
B.3	Dry Run of the software	TA	September 30, 2018	User Acceptance Certificates	Achieved now - Evidence to be submitted

B: Development of Financial Policies and Procedures Manual for the Program and Development of a Reconciliation Module					
#	Tasks	Assigned	Time	Progress Indicators	
					<p>A dry run of the designed Module has been undertaken and is performing as per expectations. User Acceptance Certificates to be provided by SAU to demonstrate achievement of this.</p> <p>Evidence to be submitted to World Bank by November 30, 2018.</p>
B.4	Payroll generation and reconciliation using the new reconciliation module	TA	October 31, 2018	Software Acceptance Certificate	<p>Achieved now – Evidence to be submitted</p> <p>Evidence of the system-based reconciliation to be submitted by December 31, 2018.</p> <p>Evidence to be submitted to World Bank by November 30, 2018.</p>
<p>Completion Indicators:</p> <ul style="list-style-type: none"> • Approved Financial Policies and Procedures manual • Reconcile two (2) consecutive ‘cycles’ using the new software. Submit system generated reports, substantiating the verification, data upload to PSPs, reconciliation, and financial closure of each payroll processed using the new system. 					

C: Human Resource Deployment in Accounting					
#	Tasks	Assigned	Time	Progress Indicators	
C.1	Finalization of HR plan for additional resources required together with the justification, job descriptions, and hiring plan.	Martin HR	September 30, 2017	Submission of the HR Plan for the World Bank's technical team review.	<p>Achieved now – pending evidence compilation and submission</p> <p>HR Plan has been developed and has already been shared with the World Bank.</p> <p><i>Evidence to be Submitted to the World Bank by March 31, 2019</i></p>

C.2	Amended job descriptions of the existing staff segregating the duties between processing, verifying, approvals, financial approval for disbursement to PSPs, reconciliations and financial closure of the payroll. The role of the internal audit department should be in the post disbursement stage and be clearly defined in the document.	Martin HR/ Meeme	September 30, 2017	Amended Job descriptions for the World Bank's technical team review.	<p>Achieved now – pending evidence compilation and submission</p> <p>Job descriptions have been developed and included as part of the above HR plan. These have already been shared with the World Bank.</p> <p>Evidence Submitted by the World Bank.</p> <p><i>Evidence to be Submitted to the World Bank by March 31, 2019.</i></p>
C.3	Full-time deployment of the Project Accountant and Payment officer to SAU who are currently allocating their time between SAU and the other departments of the Ministry.	Martin HR/ Charity	September 30, 2017 Revised date March 31, 2019.	Notification from: a. Head of Accounts for Project Accountant b. Principal Secretary (PS) for Payment Officer	<p>Pending</p> <p>Head of Accounts has indicated that the Ministry Accounts department is currently understaffed and as such cannot deploy the current Programme Accountant on a full-time basis. This effort needs to be escalated to PS for further guidance and direction.</p> <p>A letter for full-time deployment of the payments officer not yet done. SAU following up with HR unit of the Ministry to have this finalized by November 30, 2018</p>
C.4	Deployment of additional HR resources is complete, if applicable	Martin HR	September 30, 2017	Joining Report of additional HR resources, if applicable.	<p>Achieved now – pending evidence compilation and submission</p> <p>Two (2) Assistant payment officers and an assistant accountant are already on Board and are currently working in SAU.</p> <p><i>Evidence to be Submitted to the World Bank by March 31, 2019.</i></p>

Completion Indicators:

- The Job descriptions of the key resources for the accounting and MIS resources have been approved by Head of SAU.
- Notification for full-time deployment of the Project Accountant (Moses) by the Head of Accounts
- Notification for full-time deployment of the Payment Officer (Sydney) by the PS\
- The hiring process of the new employees as per the HR plan initiated/request for no objection to engaging new consultants has been submitted to the World Bank

D: Improvements in the Existing MIS					
#	Tasks	Assigned	Time	Progress Indicators	
D.1	Pre-payroll review enhancement to include National Single Registry data validation.	Franklyn/ Paul	September 30, 2017	Protocols submitted to the World Bank's technical team review.	<p>Achieved now – pending evidence compilation and submission</p> <p>A draft pre – payroll verification protocol now including National Single Registry data validation is in place. Duly approved protocol yet to be provided to the World Bank.</p> <p><i>Evidence to be Submitted to the World Bank by March 31, 2019.</i></p>
D.2	Development of secure data transfer protocol and the design of the encryption tool for exchanging payroll data between the program and the PSP.	Franklyn/ Paul	September 30, 2017	Protocols submitted to the World Bank's technical team review.	<p>Achieved now – pending evidence compilation and submission</p> <p>For old CCTPs, secure data transmission already in place for KCB. Payroll files are shared with KCB through an upload on an online portal which is secure. For EBL, an encryption tool is already in place and being used to transfer files to PSP. A write up on the encryption tool and the process to be submitted to the WB by November 30, 2018.</p> <p>Under the new payment solution, secure transmission of files (70</p>

D: Improvements in the Existing MIS					
#	Tasks	Assigned	Time	Progress Indicators	
					plus) to the four PSP is already in place through an online portal that is secure. <i>Evidence to be Submitted to the World Bank by March 31, 2019.</i>
D.3	Development, testing, and implementation of the Encryption tool.	Franklyn/ Paul	September 30, 2017	User Acceptance Report submitted to the World Bank's technical team review.	Achieved now – pending evidence compilation and submission See update on D.2 above <i>Evidence to be Submitted to the World Bank by March 31, 2019.</i>
D.4	Approvals and formal adoption of the protocols for data exchange, live data feeds from the core banking system of the PSP's, adjusting the excess amount paid to the beneficiaries by PSP's, pre-payroll validation with Single National Registry through updating the operational manual.	Franklyn/ Paul	March- 30, 2018	Updated operational manual submitted to the World Bank's technical team review.	Achieved now – pending evidence compilation and submission a) Approvals and formal adoption of the protocols for data exchange – <i>See update on D2 above</i> b) Protocols for live data feeds from the core banking system of the PSP's has already been included in the contracts signed with PSPs in March 2018. This MIS is already working with the 70+ cohort of beneficiaries and after that be applied to all the beneficiaries under CCTPS. Payments for the remaining CCTPs under the new solution are expected to start in January 2019. c) Approvals and formal adoption of the protocols for adjusting the excess amount

D: Improvements in the Existing MIS					
#	Tasks	Assigned	Time	Progress Indicators	
					<p>paid to the beneficiaries by PSP's – <i>This issue has mainly been with KCB and not with EBL.</i></p> <p><i>The Ministry, KCB, and the World Bank held a meeting on 6 February 2018 to discuss the issue of over/underpayments to beneficiaries as a result of delayed uploads of transactions data by some paying agents. The meeting resolved that going forward, KCB will provide a listing of all delayed uploads to the Ministry by at least five (5) days before the next payroll run. The Ministry will then formally approve this adjustment, via letter to KCB, that the delayed upload transactions to be incorporated in the next payroll by KCB as a separate line item and without amending the payroll amount sent by the Ministry, in their core banking system.</i></p> <p><i>In addition to this, the Ministry has in March 2018 signed contracts with PSPs for implementation of a new payment solution that will help address the issue of</i></p>

D: Improvements in the Existing MIS					
#	Tasks	Assigned	Time	Progress Indicators	
					<p><i>over/underpayments to beneficiaries under the new solutions, and approved entitlements will be credited directly to beneficiary bank accounts with no refunds of uncollected funds by PSPs. The issue of delayed uploads by paying agents will, therefore, be eliminated.</i></p> <p>d) Approvals and formal adoption of the protocols for pre-payroll validation with Single National Registry through updating the operational manual - <i>See update in D.1 above,</i></p> <p><i>Evidence to be Submitted to the World Bank by March 31, 2019.</i></p>
D.5	Approval and formal adoption of a Disaster Recovery Management Plan and updating the operational manual.	Franklyn/ Paul	March 30, 2018 New submission deadline March 31 2019	Updated operational manual submitted to the World Bank's technical team review.	<p>Pending</p> <p>SAU to work on Single Registry DRM plan already in place and customize it to its operations. Document to be finalized and shared with World Bank by 31 January 2019.</p>
D.6	Develop and adopt strategies to ensure the effectiveness, sustainability, and continuity of the MIS/IT operations in the event of: <ul style="list-style-type: none"> a. a key resource planned or unplanned absence or departure b. the contract with the existing MIS firm comes to an end or terminated. 	Franklyn/ Paul	March 30, 2018 New submission deadline 31 March 2019	A succession plan for the MIS submitted to the World Bank's technical team review.	<p>Pending</p> <p>MIS Strategy already developed and approved, and this will be shared with the World Bank by 31 January 2019.</p>

D: Improvements in the Existing MIS					
#	Tasks	Assigned	Time	Progress Indicators	
	<p>This would also include developing an IT/MIS Governance and framework which would include:</p> <p>(i) IT/MIS strategy; (ii) ICT Assets Register; (iii) ICT Policies and procedures; (iv) documented change management procedures; (v) IT General Controls; (vi) System access rights; (viii) formal user authorization mechanism and (ix) MIS Database controls</p>				<p>ICT register being done – to be finalized by the end of January 2019.</p> <p>WFP will liaise with Development Pathways to have documentation on item number (iv) – MIS change management</p> <p>SAU MIS and Ministry ICT unit to work on item numbers (iii) - ICT Policies and procedures and (v) - IT General Controls</p> <p>There is an already existing document addressing item numbers (vi) - System access rights; (viii) formal user authorization mechanism and (ix) MIS Database controls – MIS to share this with World Bank for Review by November 30, 2018.</p> <p>Succession plan: Need to rethink this in line with how Government succession matters normally work. This to include formalizing the ways the Ministry engages with Consultants and Technical Assistance.</p>
D.7	A rapid assessment of the HR of the MIS department by carrying out the following activities to identify capacity gaps, the need for new hires and training needs:	Franklyn/ Paul	December 31, 2017	HR review report submitted to the World Bank's technical team review.	<p>Achieved now – pending evidence compilation and submission</p> <p>Training Needs Assessment for SAU, including IMS, already done in the last phase – for existing staff</p>

D: Improvements in the Existing MIS					
#	Tasks	Assigned	Time	Progress Indicators	
	<ul style="list-style-type: none"> a. Performance Appraisal of the existing staff. b. Training Needs Assessment (TNA) c. Capacity Building Plan for the MIS staff. 				<p>and a framework proposed for future engagements. To be provided to World Bank formally by November 30, 2018.</p> <p>Training/ Capacity Building plan for SAU this year – To be provided to World Bank formally by November 30, 2018</p> <p>Performance appraisal: There is an existing performance appraisal mechanisms within the Ministry.</p> <p><i>Evidence to be Submitted to the World Bank by March 31, 2019.</i></p>
<p>Completion Indicators:</p> <ul style="list-style-type: none"> • Successfully running two (2) consecutive cycles using the encryption protocol. • Approved operational manual with policies and procedures regarding pre-payroll data validation test with the Single National Registry, data transfers using encryption tool and DRM. • Approved Succession Plan for MIS from PS. • Implementation plan on the recommendation of the Rapid Assessment report for MIS HR review. 					

E: Contracts with PSPs					
#	Tasks	Assigned	Time	Progress Indicators	
E.1	<p>The new contracts should incorporate the following amendments:</p> <ul style="list-style-type: none"> a. the commission will be based on actual payments to beneficiaries account b. adopting a performance-based formula to calculate commission to the PSPs 	Payment Officer with support from FSD	June 30, 2018	Submission of the proposed performance-based formula for the World Bank's technical team review.	<p>Achieved now – pending evidence compilation and submission</p> <p>The Ministry has in March 2018 signed new contracts with PSPs. Under the new contracts, commissions to PSPs will be based on monthly unique withdrawal reports showing actual amounts withdrawn by beneficiaries. This will initially apply to the 70+ cohort</p>

E: Contracts with PSPs					
#	Tasks	Assigned	Time	Progress Indicators	
					of beneficiaries and thereafter be applied to all the beneficiaries (expected start date is March 2018 for 70+ and January 2019 for all other existing beneficiaries under the CCTP. <i>Evidence to be Submitted to the World Bank by March 31, 2019.</i>
Completion Indicator:					
a. Provision for performance-based payment mechanism incorporated in the new contracts of the PSPs.					

F: Internal Audit / Quality Assurance					
#	Tasks	Assigned	Time	Progress Indicators	
F.1	A 'Training Calendar' on Social Safety Nets for 2017-18 for the internal audit department listing specific training (international and local) for the staff.	Moses/ Joseph	September 30, 2017 New submission deadline March 31, 2019	Submission of the Training Calendar for the World Bank's technical team review.	Pending A training calendar had been prepared for the financial year 2017/2018. A new one for the 2018/2019 financial year needs to be prepared and approved by the PS and submitted to the World Bank by January 31, 2019.
F.2	The Audit Committee needs to be constituted at the earliest.	Moses/ Joseph	September 30, 2017 New submission deadline March 31, 2019	List of finalized members for the Audit Committee.	Pending The process was initiated in 2017 but not finalized. With the change in Ministry Cabinet Secretary and also split of the former Ministry into two, the process will start afresh. The committee is expected to be in place by the end of January 2019.

F: Internal Audit / Quality Assurance					
#	Tasks	Assigned	Time	Progress Indicators	Status
F.3	<p>Formal approval from the PS of the process for obligating the funds for the internal audit function and reporting, as follows:</p> <ol style="list-style-type: none"> The Annual Audit plan for SAU along with the budget should be submitted by the Internal Audit Unit to the Audit Committee in the fourth quarter for the next fiscal year operations. Once approved by the Audit Committee, the PS will allocate budget for the internal function and will be made available the requisite funds to the internal audit department on demand. Protocol in place for reporting of internal audit. 	Moses/ Joseph	September 30, 2017.	Submission of the procedure for the World Bank's technical team review.	<p>Achieved now – pending evidence compilation and submission</p> <p>These have been finalized and signed by the PS.</p> <p>Evidence to be submitted to World Bank by November 30, 2018.</p> <p><i>Evidence to be Submitted to the World Bank by March 31, 2019.</i></p>
<p>Completion Indicator:</p> <ul style="list-style-type: none"> - Formal Notification from the PS on Adopting the Training Calendar with Budget - Formal Notification on Audit Committee from PS - Formal Notification from the PS on adopting the Financial and Procedures (Manual) entailing procedures relating to obligating of funds for the Internal Audit as well as the reporting protocol. 					

G: Transfer of funds to KCB					Status
#	Tasks	Assigned	Time	Progress Indicator	Status
G.1	Payroll should only include those beneficiaries who are carded.	Sidney	30 April 2017	Payrolls to PSPs to include only carded beneficiaries	<p>Achieved – Evidence Submitted</p> <p>For OPTC and PWSD, payrolls to KCB only include those beneficiaries who are carded. OVC is however yet to implement this. Some beneficiaries who are not carded are included in the payroll.</p> <p>This matter is now resolved, with the new payment solution</p>

G: Transfer of funds to KCB					Status
					deployed fully in all the CT programmes by January 2019, the only beneficiary with active bank accounts and have cards will be included in payrolls. For the 70+ cohort of beneficiaries, this is already working.
Completion Indicator Payrolls to PSPs to include only those beneficiaries who have been carded					

H: Commission to KCB					
#	Tasks	Assigned	Time	Progress Indicators	
H.1	Ministry to amend procedures to avoid loss of public funds.	Sidney	30 April 2017	Payrolls to PSPs to include only carded beneficiaries – hence commission only based on carded beneficiaries	<p>Achieved – Evidence Submitted</p> <p>For OPTC and PWSD, payrolls to KCB only include those beneficiaries who are carded. OVC is however yet to implement this. Some beneficiaries who are not carded are included in the payroll. SAU MIS to ensure that cards data provided by the PSPs on carded beneficiaries will be taken into account in the preparation of payroll for the upcoming payment cycles.</p> <p>This matter is now resolved, with the new payment solution deployed fully in all the CT programmes by January 2019, the only beneficiary with active bank accounts and have cards will be included in payrolls. For the</p>

H: Commission to KCB					
#	Tasks	Assigned	Time	Progress Indicators	
					70+ cohort of beneficiaries, this is already working.
Completion Indicator Payrolls to PSPs to include only those beneficiaries who have been carded					

I: Refund by Equity Bank Limited (EBL)					
#	Tasks	Assigned	Time		Status
I.1	Reconcile outstanding amount not yet refunded by EBL	Sidney/Henry	July 30, 2017		Previously Achieved – Evidence Submitted Ministry has already shared evidence of the completion with the World Bank
How Resolved Completion Indicator: The Ministry has reconciled the outstanding amount, based on XML file from EBL.					