REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING

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THE NATIONALTREASURY
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REF. TNT/IFMIS/MIN/ 099 (A) `63'

August 20, 2021

TO: **ALL ACCOCUNTING OFFICERS (MDAs)**

ACCOUNTING OFFICERS FOR CONSTITUTIONAL COMMISSIONS

COUNTY EXECUTIVE COMMITTEE MEMBERS, FINANCE

CLERKS OF COUNTY ASSEMBLIES

Dear   ALL

RE: **IMPLEMENTATION OF INVOICE REGISTER & ONLINE PAYMENT TRACKING**

The National Treasury is mandated to provide a financial management information system for use in National and County Governments as contemplated in the Constitution and the PFM Act 2012. The information system that is deployed for this purpose is IFMIS, whose main objective is to ensure transparent financial operations and standard reporting in all government entities.

As you are aware, suppliers are currently issued with both manual and system generated purchase orders (POs) of goods, services and works to government agencies. Subsequently, these POs are matched to supplier invoices that are entered through IFMIS to commence the payment process. This 'dual ordering' has unfortunately led to commitments outside the system.

The invoice management process is also partly automated in the system. Suppliers submit invoices for goods, services or works after receipt and inspection of the purchase has been done. Government entities normally record suppliers' invoices in a manual register for tracking purposes. The procuring entity subsequently prepares a payment voucher which is used to create an invoice in IFMIS. The invoice is matched to a fully approved receipt and inspected purchase order. This procedure has led to

challenges in tracking of suppliers' invoices, incomplete information on pending commitments in the IFMIS system and accumulation of pending bills.

In order to create efficiency and increase transparency in the POs and invoice management processes, The National Treasury embarked on the automation of the generation and transmission of POs to suppliers in IFMIS as well as submission of invoices by suppliers through the Kenya supplier portal, the tool that the suppliers use to interact with the Government on procurement process.

In preparation for rolling out the new solution, the IFMIS department in collaboration with selected pilot MDAs has already done the following:-

    i.   Reviewed the proposed business flow.
    ii.   Developed the solution in the IFMIS, and
    iii. Conducted User Acceptance Tests.

The solution is now ready for roll out to all Government entities. Once this solution is rolled out, all government entities using IFMIS will be required to use sourcing process to generate POs. Thereafter, only POs generated from the system will be available for payment using this solution.

Further, to enhance the security and enable verification of POs generated from the system, we have incorporated document barcoding in all POs. A barcode is a one of a kind code comprised of numbers with a specific pattern of stripes that represents particular information. The barcode will be captured on the documents to provide information of the PO number, PO amount, supplier name and issuing entity. This will help suppliers and financial institutions to easily identify genuine POs. In order to verify the authenticity of POs, any digital device can be used to scan the code and read the stored information.

The purpose of this letter therefore is to inform you of the planned roll out of the new enhancement to the IFMIS system which will take effect from 1st September 2021.

Yours Sincerely

Julius Muia PhD, CBS
PRINCIPAL SECRETARY/NATIONAL TREASURY

Copy to: **Dr. Joseph K. Kinyua, EGH**
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