



REPUBLIC OF KENYA

OFFICE OF THE INSPECTOR - GENERAL
CORPORATIONS

Strategic Plan

2013~2017



An Eye for Excellence

INSPECTORATE OF STATE CORPORATIONS

STRATEGIC PLAN

An Eye for Excellence



2013~2017

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FOREWORD BY THE PRINCIPAL SECRETARY

The Ministry of Planning and Devolution is mandated to plan and co-ordinate the functions and affairs of the national government at the county level. The Inspectorate of State Corporations (ISC) is a department under this Ministry charged with the responsibility of advising the Government on all matters affecting the effective running of State Corporations.

The previous strategic plan for ISC for the period 2010-2012 lapsed in June 2012 thereby necessitating formulation of a new strategic plan for the period 2013-2017. This new strategic plan has been aligned with the prevailing legal, political social and economic frameworks with special references to the Constitution of Kenya 2010, The Kenya Vision 2030, Medium Term Plan 2013-2017, Millennium Development Goals and the Jubilee Manifesto 2013-2017.

To meet the rigorous demands of the prevailing operating environment it will be necessary to ensure that the Inspectorate acquires the necessary capacity in terms of ICT, Human Resource and other facilities and equipment which will be complemented by embracing the best management practices.

In this regard, this Ministry pledges to continue providing the necessary support to the Inspectorate to ensure successful implementation of the plan.

MR/MRS/DR/PROF

PREFACEBY INSPECTOR-GENERAL (CORPORATIONS)

The Inspectorate of State Corporations developed her first Strategic Plan for the period 2005-2010 which was based on the Economic Recovery Strategy for Wealth Creation and Employment (ERS). This plan was reviewed for the period 2010-2012 in order to align the strategy the department with that of the new Office of the Prime Minister under which the department was placed.

With the lapse of the previous strategic plan in June 2012, it became imperative to formulate a new strategic plan taking into account the prevailing and emerging national, regional and international realities.

In formulating the new strategic plan special attention was given to ensuring that it was aligned with the Constitution of Kenya 2010, Kenya Vision 2030, the Medium Term Plan, Millennium Development Goals and the Jubilee Manifesto 2013-2017.

This plan has addresses five functional areas namely, compliance, investigatory and advisory services; surcharge and restitution, performance management and resource management & administration. Strategic objectives for each functional area activities have been articulated.

The Inspector-General will provide overall leadership in ensuring that the ISC implements this plan.

Bruno Linyiru
INSPECTOR-GENERAL (CORPORATIONS)

ACRONYMS

CIAS	Compliance Investigation & Advisory Services
CID	Criminal Investigations Department
CEOs	Chief Executive Officers
DS	Deputy Secretary
EMU	Efficiency Monitoring Unit
ERS	Economic Recovery Strategy for Wealth and Employment Creation
HIV/AIDs	Human Immunodeficiency Virus /Acquired Immune Deficiency Syndromes
HRO	Human Resource Officer
HRD	Human Resource Development
ICT	Information and Communication Technology
ISC	Inspectorate of State Corporations
IG (C)	Inspector-General (Corporations)
IBEA	Imperial British East Africa Company
ISO	International Organization for Standardization
KENAO	Kenya National Audit Office
KACC	Kenya Anti-Corruption Commission
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MTP	Medium Term Plan
OP	Office of the President
PESTEL	Political Economical Social Technological Environmental and Legal
PIC	Public Investments Committee
PM	Performance Management
PC	Performance Contracting
PRO	Public Relations Officer
R&D	Research and Development
SDIG(C)	Senior Deputy Inspector-General (Corporations)
SDIG(CG)	Senior Deputy Inspector-General (Corporate Governance)
SDIG(PM)	Senior Deputy Inspector-General (Performance Management)

SDIG(S&R)	Senior Deputy Inspector-General (Surcharge and Restitution)
SCAC	State Corporations Advisory Committee
SCAT	State Corporations Appeals Tribunal
SCMO	Supplies Chain Management Officer
SWOT	Strengths, Weaknesses, Opportunities and Threats
SCs	State Corporations
SCSC	State Corporation Surcharge Committee
SMIS	Surcharge Management Information System

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DEFINITION OF TERMS

Board	~	Board of Directors of State Corporations
Board Committee	~	Committees of the Board of Directors of State Corporations
Court	~	State Corporation Appeal Tribunal
Department	~	Inspectorate of State Corporations
Government	~	Government of Kenya
Inspectorate	~	Inspectorate of State Corporations
Plan	~	ISC Strategic Plan
State Corporations	~	A body corporate established under the State Corporations Act Cap, 446, Laws of Kenya or under any other Act of Parliament
Tribunal	~	State Corporations Appeals Tribunal
The Act	~	The State Corporations Act Cap.446 Laws of Kenya
The Vision 2030	~	Kenya Vision 2030

EXECUTIVE SUMMARY

CHAPTER ONE

1.0 Introduction

1.1 Historical Background

The origin of State Corporations (SCs) in Kenya dates back to the late nineteenth century with the construction of the Kenya-Uganda Railway line by the Imperial British East African Company (IBEAC), which was a state corporation under the colonial government. The colonial administration subsequently established several other statutory boards mainly agricultural commodity, regulatory and marketing. After attaining independence, in 1966, the then Ministry of Agriculture and Animal Husbandry found it necessary to set up an Inspectorate of Statutory Boards to monitor and evaluate performance of statutory boards in the agricultural sector.

With the establishment of State Corporations in other sectors under various ministries, the Inspectorate of Statutory Boards was transferred from the Ministry of Agriculture to the Office of the President in order to spread appraisal and monitoring services to all Government Ministries. In 1986 the State Corporations Act, Cap 446 was enacted establishing the Office of the Inspector of State Corporations with the mandate of advising the Government on the effective management of State Corporations thus assuming the functions of the Inspectorate of Statutory Boards. Subsequently the department of Inspectorate of State Corporations (ISC) was established within the Office of the President.

Since its inception, the Office of the Inspector was active until 1990 when its technical capacity was reduced from 30 senior technical officers to 5 and most state corporations were also exempted from the provisions of the State Corporations Act. Consequently, the performance of State Corporations deteriorated as a result of mismanagement of resources. In order to address this poor performance, wide ranging amendments were made to the State

Corporations Act through the Statute (Miscellaneous Amendments) Act, 2002 among them, the lifting of exemptions and the renaming of the Office of the Inspector to Inspector General (Corporations).The Office was consequently strengthened in 2003 by recruiting seventeen (17) additional technical officers.

The signing of the National Accord on 6th March, 2008, created the Office of the Prime Minister with the responsibility for coordination and supervision of Government functions. The Inspectorate of State Corporations among other departments was therefore transferred to the Office of the Prime Minister.The Office of the Prime Minister ceased to exist with the promulgation of the Constitution of Kenya 2010 and the subsequent general elections 2013. Currently the Office of the Inspector General (Corporations) is placed under the Office of the Deputy President, Ministry of Devolution and Planning.

1.2 Mandate of ISC

The mandate and core functions of ISC are as spelt out in the Act as:-

- Advise the Government on all matters affecting the effective running of state corporations;
- Report periodically to the relevant arms of Government on management practices within any state corporation;
- Report to the Auditor-General any cases where moneys appropriated by Parliament are not being applied by state corporations for the purposes for which they were appropriated;
- Conduct special investigations of any state corporation on behalf of the State Corporations Advisory Committee and the Auditor-General;
- Undertake surcharge action against any person who incurs or authorizes irregular expenditure of state corporation funds or any person who through negligence or misconduct causes loss of funds to the state corporation.

This mandate was expanded through the Legal Notice No. 93 of 2004 which introduced performance contracting in State Corporations. The expanded

mandate include:-

- Evaluating actual results of operations and management by state corporations on the basis of the agreed performance targets;
- Determining methods for evaluating performance in state corporations on the basis of specified and agreed targets;
- Developing performance evaluation criteria; and
- Advising on the administration of performance contracts.

1.3 Linkages with National Policies and Strategies

The review of this Strategic Plan was influenced by the need to align with the Constitution of Kenya 2010, the Kenya Vision 2030 and the Medium Term Plan 2013-2017, Millennium Development Goals and the Jubilee Manifesto of 2013-2017.

The Inspectorate, as one of the watchdog agencies over state corporations, takes cognizance of the fact that it must play a role in ensuring that the obligations imposed on the public service in respect of citizen's economic and social rights, consumer rights, fair administrative actions and responsibilities of leadership are fulfilled in line with the Constitution of Kenya, 2010.

The Kenya Vision 2030, currently being implemented through the second Medium Term Plan (2013-2017), is anchored on three pillars namely the political, social and economic. ISC will ensure improved public service delivery through improved governance in state corporations by ensuring compliance with the set legal and regulatory frameworks and giving advice to Government and other stakeholders on matters relating to management of state corporations.

The Jubilee Manifesto(2013-2017) is anchored on three pillars of transformative leadership namely; unity (umoya), economic (uchumi) and openness (uwazi). These pillars complement the economic, social and political pillars of the Kenya

Vision 2030. The ISC as an oversight agency mandated to ensure compliance with legal and regulatory frameworks in State Corporations and advise the government thereon, will endeavour to improve the performance of state corporations towards the realization of the Jubilee Manifesto.

The Millennium Development Goals (MDGs) focus on poverty reduction and sustainable development. ISC through its performance management function will strive to improve the performance of state corporations towards realization of the MDGs.

1.4 Rationale for the Strategic Plan

The rationale for reviewing this Strategic Plan is two-fold:-

- i) To align the Strategic Plan to the national policies and strategies as outlined among others; the Constitution of Kenya 2010, Kenya Vision 2030 and the Medium Term Plan (2013-2017), Millennium Development Goals and the Jubilee Manifesto (2013-2017).
- ii) To address the internal dynamics of the Inspectorate which have emerged due to:-
 - a) Increasing number of State Corporations.
 - b) Size and complexity of some of the State Corporations.
 - c) Devolution that has been occasioned by the implementation of the Constitution of Kenya 2010.
 - d) Growing global and national interests in Corporate Governance.
 - e) Enlightened citizen demand for transparency, accountability and compliance with the set legal and regulatory frameworks governing state corporations.

1.5 Methodology

This Strategic Plan 2013-2017 is a result of extensive consultations and preparations. A team of officers was appointed and tasked to spearhead the development of the plan. The team retreated to a workshop during which a draft strategic plan was developed. In the development of this plan the team took cognizance of current strategic plan, the legal frameworks, relevant government policies and other emerging issues. In order to enhance ownership, the draft was presented to officers in the Inspectorate and other stakeholders. The views and suggestion arising thereof were considered and incorporated into the draft to produce the final Strategic plan 2013-2017.

1.6 Organization of the Strategic Plan

The Strategic Plan is presented in five chapters. Chapter one is on introduction while chapter two examines the situational analysis. Chapter three discusses the organizational strategy and chapter four presents the implementation of the strategy. The final chapter outlines the management of the strategy.

CHAPTER TWO

2.0 SITUATIONAL ANALYSIS

2.1 Introduction

Situational analysis involves a critical evaluation of key factors both internal and external that are likely to influence an organization in achieving its mission and the strategic goals. The ISC situation was analyzed through the processes of Performance Review, SWOT, PESTEL and Stakeholders analysis.

2.2 Performance Review of Strategic Plan 2010-2012

In implementing the Strategic Plan 2010-2012, ISC prepared work plans on annual basis and achieved the following milestones in the key functional areas:-

2.2.1 Compliance, Investigation and Advisory Services

- i) Maintained high rating of good corporate governance in state corporations as indicated by corporate governance surveys of 2010 and 2012 resulting in reduced numbers of surcharge cases.
- ii) Carried out successful management audits, routine inspections and adhoc assignments whose recommendations have had positive impact on the management of state corporations.
- iii) Actively engaged with stakeholders in consultations, collaborations and participation in furtherance of good corporate governance.
- iv) Developed an operational manual on management audits

2.2.2 Surcharge and Restitution

- i) Implemented surcharge recommendations contained in the PIC reports upto the 17th report of 2012.
- ii) ISC has since initiation of surcharge action in 2003 processed

.....surcharge certificate amounting to approximately Kshs. 50 million of which approximately Kshs. 10 million has been recovered to date.

- iii)Cases relating to recovery of surcharge amount are ongoing in the courts.
- iv) Effectively participated in State Corporation Appeal Tribunal (SCAT) and High Court.
- v) Developed a database for surcharge cases
- vi) Developed a surcharge manual

2.2.3 Performance Management

- i) Effectively monitored the performance of State Corporations through timely quarterly reviews.
- ii) Carried out annual evaluation of performance of State Corporations
- iii) Advised the Government on the performance of state corporations.

2.3.4 Resource Management and Administration

- i) Enhanced staff capacity through recruitment of additional technical staff.
- ii) Improved procurement and ICT systems.
- iii) ISC Service Charter was developed and launched
- iv) Developed ISC Website
- v) Developed policy and procedures manuals for ISC operations and for the purposes of ISO 9001:2008 standards.
- vi) Actively participated in ISO certification process for the former Office of the Prime Minister

2.3 Lessons Learnt

In the course of the implementation of the 2010-2012 Strategic Plan, the Inspectorate learnt a number of lessons that informed the review of this Plan.

- i) There is a direct correlation between good corporate governance and performance in state corporations.

- ii) It is important to involve internal stakeholders in the development and implementation of the strategic plan.
- iii) It is important to set priorities in line with the strategic plan and cascade them through the work plans and the performance contracts/performance appraisal system.
- iv) It is important to benchmark with similar organizations, regionally and globally.
- v) There is need to attract and retain competent and motivated staff and provide adequate financial and physical resources.
- vi) The use of ICT in the management and operations of ISC enhanced effectiveness and efficiency in service delivery.
- vii) It is important to have an effective monitoring and evaluation framework for the management of the Strategic Plan.
- viii) There is need to operationalize the Committee on the management of the Strategic Plan and actively engage all the internal stakeholders.
- ix) Surcharge and restitution are effective deterrents of misappropriation of funds in State Corporations.
- x) There is need to enhance the effectiveness of the surcharge and restitution function by fully computerizing and securing the Surcharge and Restitution Information Management System.
- xi) There is need to recruit staff with legal background to provide full time services on matters of surcharge and restitution.

2.4 Challenges

The Department has faced the following challenges in the implementation of the Strategic Plan 2010-2012;-

- i) Inadequate financial resources to carry out the organization's mandate.
- ii) Inadequate staff.
- iii) Inadequate training opportunities to equip the existing staff with the necessary skills.
- iv) Lack of control of training funds.

- v) Lengthy and costly court processes on Surcharge matters.
- vi) Inadequate ICT facilities.
- vii) Inadequate office space.
- viii) Poor visibility of the Inspectorate of State Corporations.
- ix) Uncertain operational environment due to the new constitutional dispensation.
- x) Inadequate transport facilities.

2.5 Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

The Inspectorate's environment has been examined at both internal and external levels to establish what factors have impacted on its capacity to achieve planned objectives over the plan period. This was done through SWOT analysis to identify areas that require consideration in determining the strategic direction. Pertinent features of our internal and external environment are described in the matrix below.

Table: 1

SWOT Analysis Matrix

<p><u>Strengths</u></p>	<p><u>Weaknesses</u></p>
<ul style="list-style-type: none"> • An act of Parliament Cap. 446, Laws of Kenya establishing the Office of the Inspector-General with necessary powers. • Placement of ISC in a strategic office in the Public Service. • Professional Staff with diverse skills • Availability of information on state corporations • Team spirit • Positive reputation for effectiveness • Committed staff • Practice Open door policy • Consultative approach to management 	<ul style="list-style-type: none"> • Inadequate financial resources • Lack of succession planning • Inadequate professional staff • Insufficient office support services • Lack of a centralized data bank • Inadequate training opportunities • Lack of a modern resource centre • Limited office accommodation • Inadequate transport facilities • Poor visibility • Inadequate ICT infrastructure and personnel • Lack of legal framework to enforce the implementation of recommendations of the Inspector-General (Corporations).
<p><u>Opportunities</u></p>	<p><u>Threats</u></p>
<ul style="list-style-type: none"> • Enlightened citizenry. • Collaboration with other stakeholders, other oversight bodies and Government Ministries and Departments. • Entrenchment of performance contracting in public service. 	<ul style="list-style-type: none"> • Entrenched culture of political patronage in state corporations. • Lengthy and costly court processes on surcharge matters. • Insecurity of officers in ISC.
<p><u>Opportunities</u></p>	<p><u>Threats</u></p>

- | | |
|--|---|
| <ul style="list-style-type: none"> • Goodwill from stakeholders for ongoing public sector reforms e.g. performance contracts, result based management, public private partnership. • Operationalization of the Public Procurement and Disposal Act, 2005 and Public Procurement and Disposal Regulations, 2006. • Well established national policies, legal and regulatory frameworks. • Advancement in technology. • Growing global and national interests in Corporate Governance. • Increasing number of SCs. • Availability of similar institutions for benchmarking at regional and global levels. • Devolution of functions from the national to the county governments. | <ul style="list-style-type: none"> • Administrative interferences such as influence by parent ministries on decisions made by state corporations. • Culture of Impunity. • The proposed repeal of State Corporations Act Cap 446. • Duplication of roles of oversight agencies. |
|--|---|

2.6 PESTEL Analysis

Trends and events in the external environment affect the performance of any organization and ISC operates under such a dynamic environment. In order to chart the strategic direction therefore, there is need to understand the dynamics of this environment through PESTEL analysis.

2.6.1 Political

The Inspectorate of State Corporations derives her mandate from an Act of Parliament, the State Corporations Act, Cap 446. In the execution of this mandate ISC contributes towards the formulation of policies that affect the operations of state corporations. ISC therefore realigns her strategies based on the prevailing Government policies and ideologies. However, political dynamics have occasionally influenced the role of Inspectorate in management of state corporations.

2.6.2 Economic

The implementation of the Kenya Vision 2030, has contributed to the expansion of business and services in the public sector. Further, it is expected that the Jubilee Manifesto (2013-2017) will provide additional impetus for realization of accelerated economic growth, which to some extent, will be as a result of improved performance of State Corporations. The oversight role of ISC will therefore be critical in sustaining the improved performance.

2.6.3 Socio-Cultural

The social cultural dynamics have resulted in an enlightened citizenry, with high expectations and demands for quality services and equitable distribution of resources. The State Corporations, in their diverse mandates, have been playing a significant role in meeting these demands. ISC therefore is expected to oversee that these corporations meet these expectations through promotion of good corporate governance.

2.6.4 Technological

The advancement of information and communication technology provides an opportunity for improved performance of State Corporations as it is applied in the management and operations of organizations for efficacy and efficiency. ISC requires to improve its ICT capacity in order to enhance its performance and to be in tandem with prevailing technological trends.

2.6.5 Environmental

The need for clean, safe and healthy environment is a necessity in any organization, ISC included. The ISC aims at improving its internal working environment.

2.6.6 Legal

The State Corporations sector is governed by the State Corporations Act Cap.446, and the individual enabling legislations. ISC has a responsibility for ensuring that state corporations comply with this legal framework. The on-going implementation of the Constitution of Kenya 2010 may however result in changes to the existing legal framework.

2.7 Stakeholders Analysis

Stakeholders play a role in determining the achievement of the goals and objectives of ISC. In developing this Strategic Plan, ISC carried out a stakeholders analysis as presented in the following matrix:-

Table 2: Stakeholders Analysis Matrix

Stakeholder	Stakeholders' Expectations	ISC Expectations
Internal Stakeholder 1. ISC Staff	<ul style="list-style-type: none"> • Provide a conducive working environment • Performance related pay • Job Security • Favourable terms and conditions of service • Training and Development • Equal and fair treatment 	<ul style="list-style-type: none"> • Commitment and productivity • Adherence to the set rules • To be good ambassadors of the Inspectorate • Upholding confidentiality • Embrace Integrity • Competence
External Stakeholders 2. Suppliers of goods and services	<ul style="list-style-type: none"> • Clear specifications and instructions • Clear timeframe • Prompt pay • Fair competition and treatment • Timely communication on any variation 	<ul style="list-style-type: none"> • Adherence to specifications and instructions • Timely delivery • To be treated with respect • Timely communication on any variation
3.State	<ul style="list-style-type: none"> • Timely response on any 	<ul style="list-style-type: none"> • SCs to be conversant with the

Stakeholder	Stakeholders' Expectations	ISC Expectations
Corporations	<p>enquiry and other correspondences</p> <ul style="list-style-type: none"> • Timely communication on any policy or changes in policies • Guidance on the provision of State Corporations Act and other aspects of good corporate governance • Continuous monitoring, evaluation and feedback • ISC to understand the clients' operations and the environment under which they operate • Harmonious working relations 	<p>State Corporation Act, Cap.446 and their enabling Legislation</p> <ul style="list-style-type: none"> • compliance with set rules and regulations • Prudent management of the resources availed to them • Provide an enabling environment to Inspectors • Timely submission of accurate quarterly and annual reports • Disclosure of any information required by ISC and other legislation • Implementing recommendations by ISC
4. Government Ministries/ <u>County Governments</u>	<ul style="list-style-type: none"> • Provide timely and appropriate information on management of state corporations • Advise state corporations on the provisions of the State Corporations Act Cap.446 and other legal and regulatory aspects of good governance • Monitor state corporations compliance with the relevant legislation • Carry out quality management audits 	<ul style="list-style-type: none"> • Advice given by ISC will be acted upon • Consultations where necessary • Prompt appointments of Directors and CEOs • Timely approval of state corporations budgets • Timely release of all allocated funds • Compliance with the Terms of Service for CEOs, Directors and Staff of State Corporations.
5. Oversight Agencies	<ul style="list-style-type: none"> • Effective participation in the inter-agency Forum • Effective execution of decisions agreed upon and assigned to ISC by the 	<ul style="list-style-type: none"> • Goodwill from other oversight agencies • Timely notices and information for PIC meetings • Commitment from other

Stakeholder	Stakeholders' Expectations	ISC Expectations
	<p>Forum</p> <ul style="list-style-type: none"> • Flow of information between the agencies • Carrying out investigations on behalf of any of the agencies • Implementation of PIC reports • <input type="checkbox"/> Active participation in PIC meetings and functions 	<p>oversight agencies</p> <ul style="list-style-type: none"> • Information sharing on need basis • Prompt implementation of recommendations made in the ISC reports • Feedback from the agencies • Cooperation and collaboration
6. State Corporations Advisory Committee (SCAC)	<ul style="list-style-type: none"> • Timely information on management of state corporations where necessary • Provide management audit reports on request 	<ul style="list-style-type: none"> • Flow of information from and to SCAC • SCAC to view ISC as a strategic partner
7.State Corporations Appeal Tribunal (SCAT)	<ul style="list-style-type: none"> • Comprehensive investigations based on facts • Effective representation in all surcharge cases • Adequate preparedness during the defence of cases • Timely submission of cases to the Court • Adherence to ruling made by the Court 	<ul style="list-style-type: none"> • Expeditious completion of Surcharge appeal cases by the court
8. The National Treasury	<ul style="list-style-type: none"> • Prompt information on state corporations on request • Monitoring of the utilization of allocated funds 	<ul style="list-style-type: none"> • Prompt approval of budget estimates • Advise the Inspectorate on issues of the budget • Communicate financial policies and issues regarding SCs to ISC

Stakeholder	Stakeholders' Expectations	ISC Expectations
9. Attorney General	<ul style="list-style-type: none"> • Seek legal advice on issues relating to state corporations • Communicate and provide feedback on legal matters 	<ul style="list-style-type: none"> • Timely response to ISC legal enquiries • Provide legal support where ISC is challenged on acts of omission and commission
10. General Public	<ul style="list-style-type: none"> • Timely response to complaints on state corporations • Transparency, accountability and value for money in public service delivery • Information received from the public being treated in confidence. 	<ul style="list-style-type: none"> • Genuine and factual complaints • The public will demand efficient services from state corporations • The public will without fear provide information to ISC • Provide feedback on actions taken

CHAPTER THREE

3.0 ORGANIZATIONAL STRATEGY

3.1 Introduction

The ISC strategy will be driven by the mandate, vision and the mission. The mandate and the functions of ISC shall be organized into four functional areas namely: compliance, investigation and advisory services; surcharge and restitution; performance management; and resource management and administration. In order to effectively execute the mandate, strategic objectives and activities have been identified under each functional area.

3.2 Vision, Mission and Core Values

The ISC strategy will be driven by the following Vision, Mission and Core Values.

Vision

To be the leading oversight agency in the region.

Mission

To continuously improve public service delivery through promotion of good corporate governance in state corporations

Core Values

The Inspectorate has adopted core values in line with the Constitution of Kenya 2010, Public Officers Ethics Act, 2003 and the Civil Service Code of Regulations.

These core values will be:-



Motto

“An eye for excellence”

3.3 Key Functional Areas

To effectively execute its mandate, ISC identified the following key functional areas:-

- Compliance, Investigation and Advisory Services;
- Surcharge and Restitution;
- Performance Management; and
- Resource Management and Administration.

3.3.1 Compliance, Investigation and Advisory Services

The Inspectorate has been mandated by the State Corporations Act Cap 446 of the Laws of Kenya to advise government on all matters affecting the effective running of State Corporations and periodically report on management practices within any state corporation. This is promotion of good corporate governance which encompasses transparency and accountability, good management practices and prudent use of public resources.

This functional area therefore involves carrying out management audits in State Corporations to ensure compliance with set policies, rules and procedures; and

providing advisory services to Government and other stakeholders on matters affecting State Corporations.

Strategic objectives

- i) Improved management practices in state corporations
- ii) Enhanced compliance with rules and regulations by State Corporations.
- iii) Prudent utilization of resources in State Corporations.

3.3.2 Surcharge and Restitution

Effective service delivery by state corporations is dependent on prudent management of resources. To safeguard public resources, the Inspector-General (Corporations) is empowered under the State Corporations Act, Cap 446 section 19 to surcharge and reconstitute lost funds in state corporations. This function entails recovery of lost funds to the State Corporations in which cases for surcharge emanate from management audits, routine inspections, Public Investment Committee (PIC) reports and other sources.

Strategic objective

Enhanced recovery of lost funds through expeditious surcharge action.

3.3.3 Performance Management

Result Based Management is an indispensable tool in tracking achievements in key result areas and providing feedback that enables performance improvement in any organization. In recognition of this, the government introduced performance contracting as a performance management tool to monitor and evaluate performance of the public sector for improved service delivery. In this regard therefore, the government introduced Legal Notice No. 93 of 2004 which expanded the mandate of ISC to include, monitoring and evaluation of performance in State Corporations. This functional area therefore involves review and provision of feedback on the quarterly and annual performance reports of State Corporations.

Strategic objectives

- i) Effective monitoring and evaluation of performance of all State Corporations.
- ii) Effective communication and feedback on performance of State Corporations to the stakeholders.

3.3.4. Resource Management and Administration

The successful implementation of this strategic plan will be dependent on availability of adequate resources in terms of human, financial, ICT, physical infrastructure and general administrative services. This Inspectorate will strive to mobilise resources through proper budgeting and engaging in collaboration with other strategic partners. This service facilitates the execution of the other functions.

Strategic objective

Optimal utilization of available resources for development and sustainability of ISC.

CHAPTER FOUR

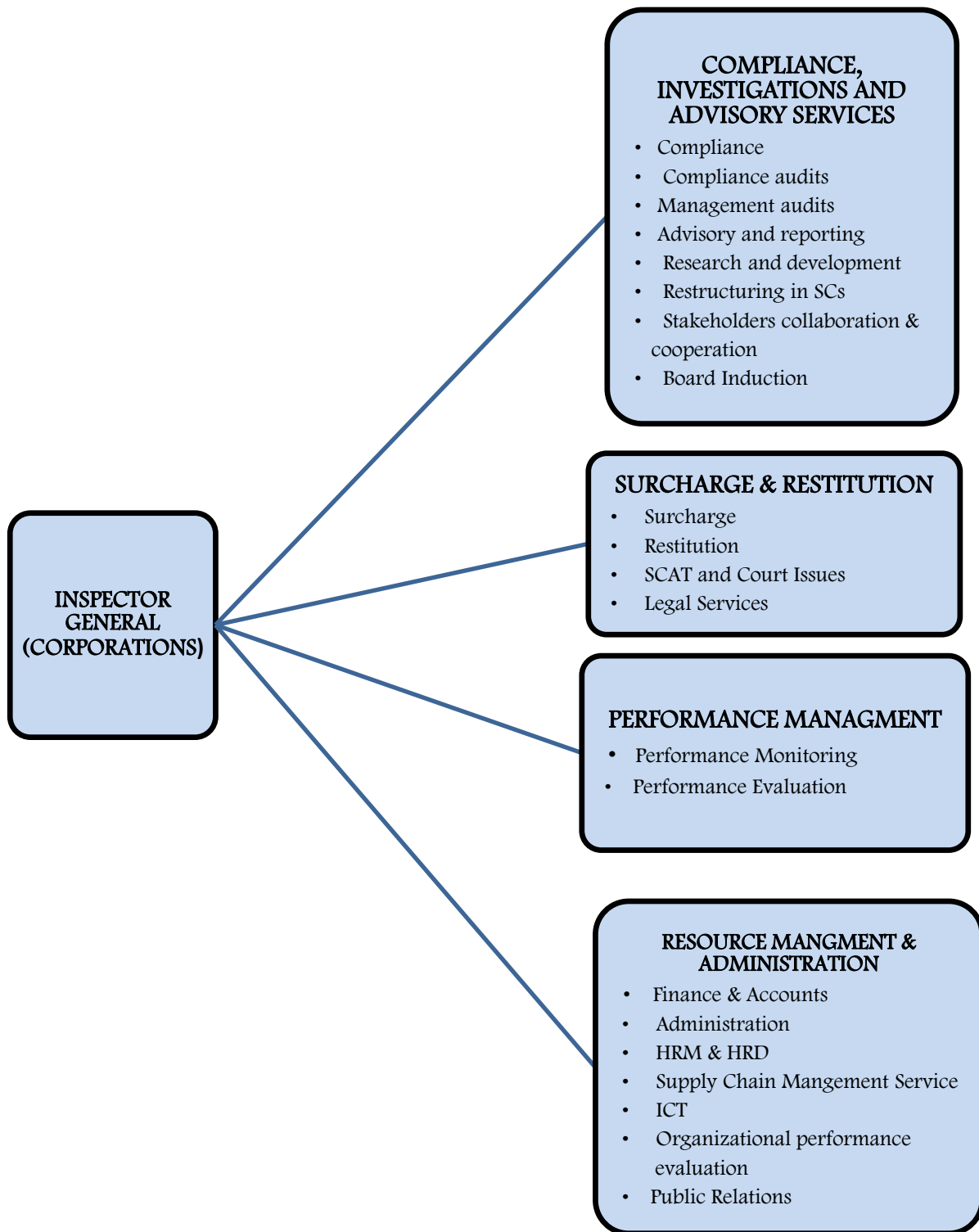
4.0 STRATEGY IMPLEMENTATION

4.1 Introduction

The successful implementation of this Strategic Plan will depend not only on the quality and commitment of the ISC staff but also on the availability and efficient utilization of other resources that will be required for the various activities to be undertaken. Clearly defined activities have been identified for each strategic objective as presented in the implementation matrix (*Annex I*)

In determining how successfully this Plan can be implemented, the number, size and complexity of State Corporations were considered. The functional structure, to drive this strategy is as presented in figure 1 below:-

Figure 1: Functional Structure



4.2 Organizational structure and staffing

Based on the functional structure the organogram for ISC has been developed as *Annex II*. Currently the department has an approved staff establishment of 106 within post. It is proposed that the staff establishment is implemented in full to facilitate successful implementation of the strategy. The staff establishment is presented as *Annex III*.

CHAPTER FIVE

5.0 STRATEGY MANAGEMENT

5.1 Introduction

Monitoring and Evaluation is a critical aspect in the implementation of any strategic plan. It provides an opportunity to track, focus and react on time on the set objectives, activities, and targets.

The planned activities for each financial year will form the basis of the departmental annual work plan. Every division will draw its annual work plan from the departmental annual work plan clearly spelling out strategic objectives, activities, outputs, principal actors and resources required. Each divisional work plan will be approved by the Inspector-General (Corporations). From the divisional work plans, each employee will be required to draw an individual work plan.

5.2 Monitoring

Performance monitoring will be carried out on a quarterly basis. In this regard, the strategic plan implementation committee will compile a report on actual performance against planned activities on a quarterly basis. This report will be tabled by the Chairman of the Committee at the departmental quarterly meetings. These meetings will provide a forum for review of the progress and putting in place corrective actions... For this purpose ISC will use the monitoring and evaluation instrument annexed (**ANNEX IV**).

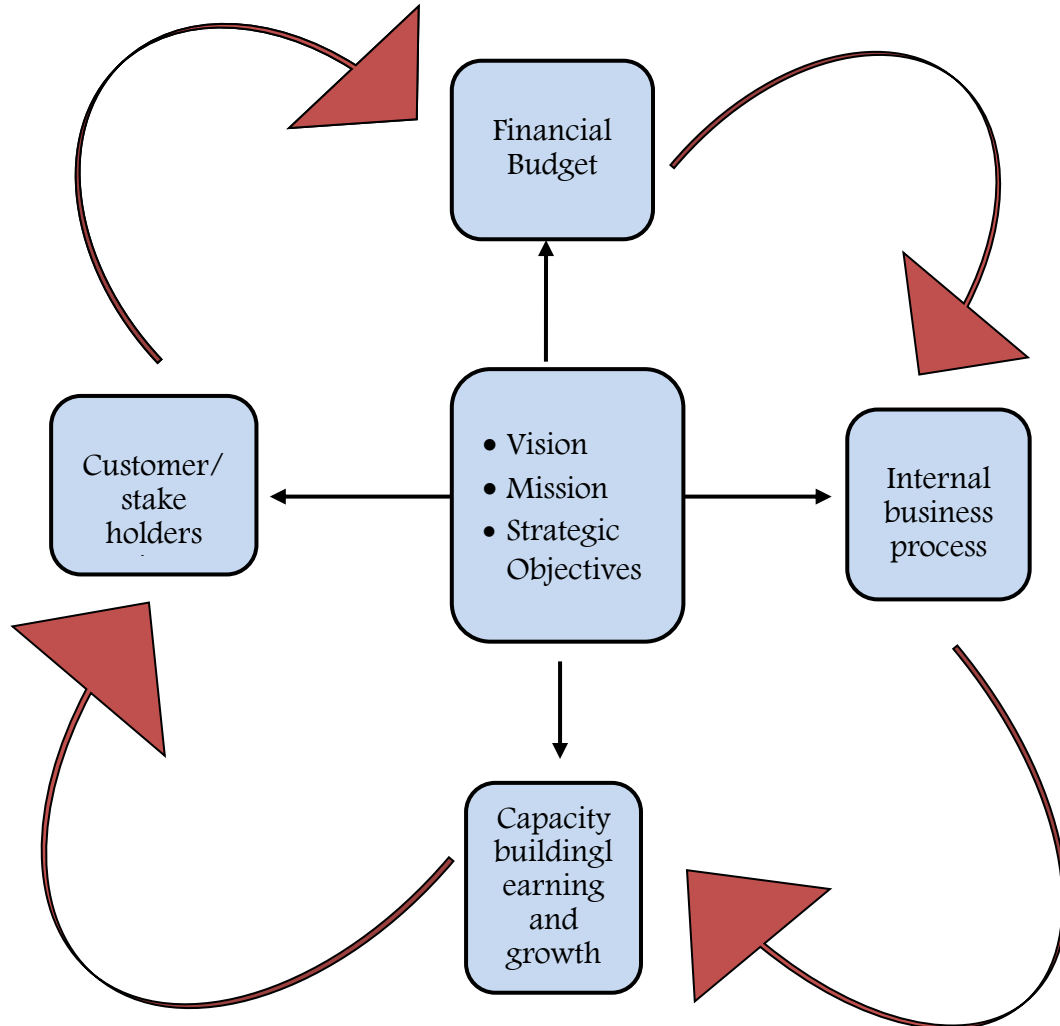
5.3 Evaluation

Evaluation will be conducted at the end of each financial year. To build and cultivate an effective control system, ISC will adopt the Balanced Score Card approach. The Balanced Score Card will develop a logical connection between

the mission, vision and strategic objectives with the desired results in terms of customer and stakeholders needs, financial/budget, internal processes and capacity Building (learning and growth) and link strategic objectives to long term targets and annual budgets as shown in Figure 2 below:-

Figure 2: The Balanced Score Card Approach

(Key items to be evaluated on under the Balanced Score Card are as shown below



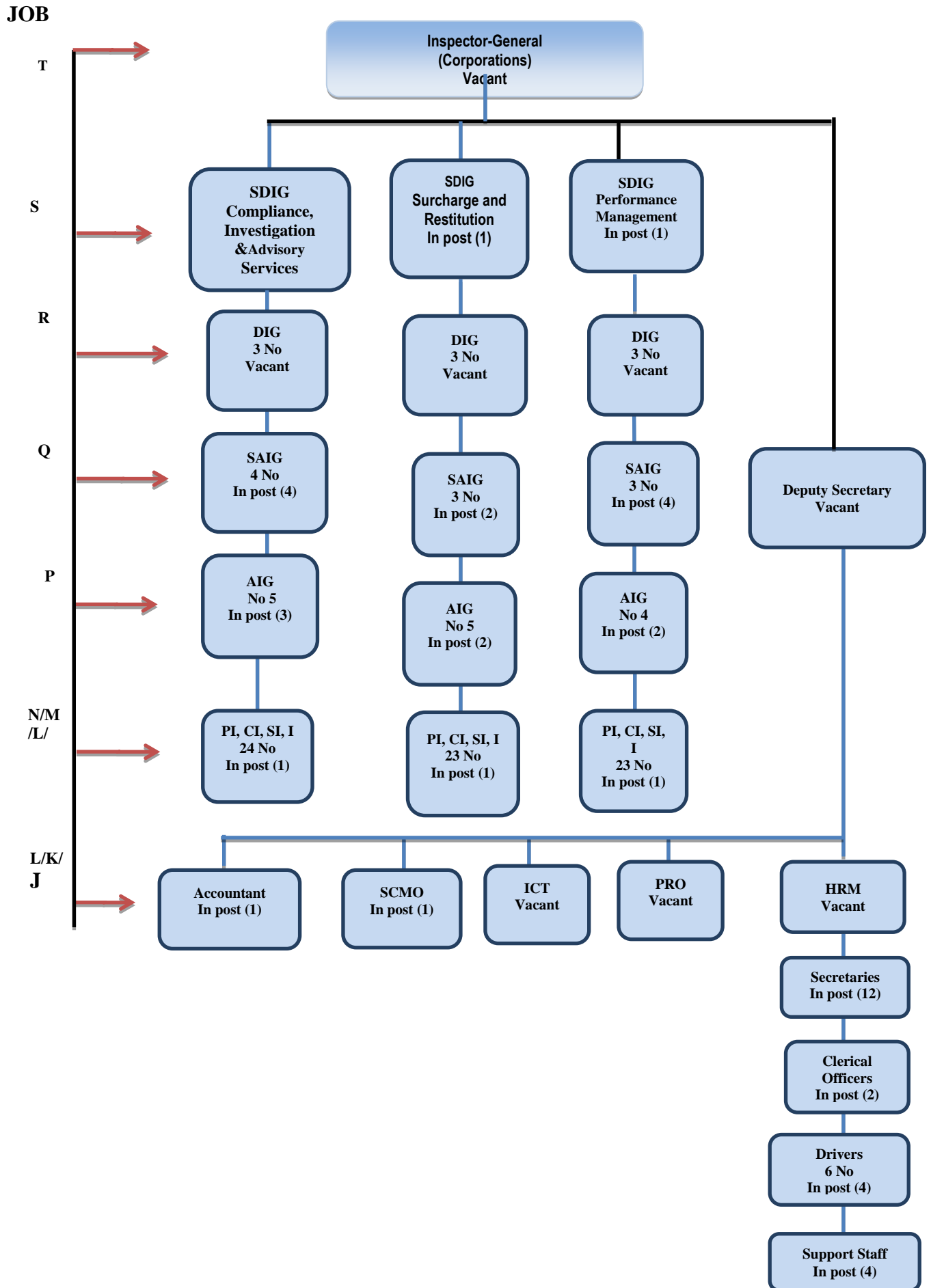
5.4 Review

There will be a midterm review of this plan or at such a time as dictated by changing circumstances. The review will focus on the action programmes, budget, timeframes, Government policies and emerging local and global issues.

5.5 Responsibility for Implementation of the Strategic Plan

The overall responsibility for implementing this strategic plan lies with the Office of the Inspector-General (Corporations).

ANNEX 1: PROPOSED ISC ORGANIZATIONAL STRUCTURE



ANNEX II: Implementation Matrix				
	Functional area 1	Compliance, Investigation and Advisory Services		
	Broad Objective	To promote good corporate governance in state corporations		
	Strategic Objective i	Improved management practices in state corporations		
	Activity	Output	Output Indicator	Responsibility
1	Carrying out comprehensive management/investigative/risk/special audits ,routine inspections	comprehensive management/investigative/special audits ,routine inspections reports	No. of completed reports	SDIG(C) CIAS
	Strategic Objective ii	Enhanced compliance with rules and regulations by State Corporations		
	Activity	Output	Output Indicator	Responsibility
2	Carrying out compliance audits.	Compliance audit reports	No. of reports	SDIG(C) CIAS
3	Attending board and committee meetings of state corporations to advise .	Board and Committee meetings attended	No. of briefs to IG(C) on Board meetings	I-G(C)
4	Assisting SCs on development of appropriate Policy & Operational manuals	Appropriate policy manuals developed	No of Briefs to IG(C) .	SDIG(C) CIAS
5	Developing a Policy framework on the dissemination of Audit findings.	A policy on dissemination of Audit findings	Policy document in place	SDIG(C) CIAS
6	Monitoring the implementation of recommendations	Monitoring report on implementation of recommendations	No. of reports	SDIG(C) CIAS
7	Conducting induction for board members	Report on induction	No. of reports	SDIG(C) CIAS
8	Hosting a biennial governance forum for boards and senior management	Governancel forum held	Report on the forum	I-G(C)
9	Developing a Research and Development policy	A research and development policy developed	An approved Research and development policy	SDIG(CG)
10	Establishing a Research and Development unit	Research and Development unit established and operationalized	A functional R&D unit in place	SDIG(CG)

	Strategic Objective iii	Prudent utilization of resources in State Corporations		
	Activity	Output	Output Indicator	Responsibility
11	Carrying out audit of ongoing projects with special emphasis on Vision 2030 flagship project	Project audit undertaken	No of projects audit reports	SDIG(C) CIAS
	Sub total			
	Functional area III	Performance Management		
	Board Objective	Enhanced service delivery by state corporations.		
	Strategic Objective i	Effective monitoring and evaluation of performance of all State C		
	Activity	Output	Output Indicator	Responsibility
12	Analyzing and providing feedback on quarterly performance reports of state corporations	Quarterly performance report analyzed	No. of reports	SDIG (PM)
13	Evaluating the annual performance against the agreed targets of state corporations.	Annual performance evaluation	No of SCs evaluated	SDIG (PM)
14	Developing a performance management information system (PMIS)	PMIS developed	PMIS operational	SDIG (PM)
15	Training staff on PMIS	Trained staff	No. of trained staff	I-G (C)
	Strategic Objective ii	Effective communication and feedback on performance of State C		
	Activity	Output	Output Indicator	Responsibility
16	Preparing quarterly status report on performance of SCs	Status reports prepared	No. of quarterly reports prepared	SDIG (PM)
	Total			
	Functional area II	Surcharge and Restitution		
	Board Objective	Promotion of accountability and transparency		
	Strategic Objective i	Recovery of lost funds through expeditious surcharge action		
	Activity	Output	Output Indicator	Responsibility
17	Developing a surcharge management information system (SMIS)	SMIS developed	SMIS operational	SDIG (S&R)

18	Training staff on SMIS	Trained staff	No. of trained staff	I-G (C)
19	Investigating cases where public funds have been lost	Surcharge cases developed	No. of cases	SDIG (S&R)
20	Determining surchargeable cases	Approved surcharge cases	No. of approved surcharge cases	SDIG (S&R)/SCSC
21	Issuing surcharge certificates	Surcharge certificates issued	No. of surcharge certificates	I-G (C)
22	Presenting the cases in SCAT and High court	Cases presented in SCAT and High Court	No. of cases determined	I-G (C)
	Sub total			
	Functional area IV	Resource Management and Administration		
	Broard Objective	Mobilization and Optimal utilization of resources for development		
	Strategic Objective i	Optimal and proactive human resource		
	Activity	Output	Output Indicator	Responsibility
23	Participating in resource bidding in MTEF process	Increased allocation for ISC	Actual allocation	I-G (C)
24	Identifying strategic partners that support corporate governance	Strategic partners identified	Inventory of strategic partners	I-G (C)
25	Mobilizing resources through development of funding proposals to strategic partners	Increased funding	Amount of funding	I-G (C)
26	Training technical officers on project proposal writing	Trained technical officers	No. of technical officer trained	I-G (C)
27	Developing and monitoring the annual procurement plan	Procurment plan developed	Annual procurment plan in place	SCMO
28	Procuring new vehicles and motorcycles	New vehicles and motorcycles	No. of vehicles and motor cycles	I-G (C)
29	Establishing ,equipping and maintaining a resource centre	Resource centre established	Operational resource centre	I-G (C)
30	Establishing a Record Management System	Record Management System established	Record Management System established	I-G (C)

31	Carrying out a Skills Gap Analysis	Skills Gap Analysis carried out	Skills Gap Analysis report	I-G (C)
32	Carrying out TNA	TNA carried out	TNA report	I-G (C)
33	Conduct staff training	staff trained	No of staff trained	I-G (C)
34	Preparing proposals for recruitment	Recruitment proposals prepared	Recruitment proposals	I-G (C)
35	Carrying out staff appraisal	Staff performance appraised	Staff appraisal report	I-G (C)
36	Developing an intranet for the department	Intranet Developed	Operational Intranet	I-G (C)
37	Upgrading the ICT infrastructure	Up-to-date ICT infrastructure	Up-to-date ICT infrastructure in place	I-G (C)
38	Developing and maintaining a database on SCs.	SCs database maintained	Updated database in place	I-G (C)
39	Identifying and maintaining a safe work place	Safe work environment		I-G (C)
40	Reporting on performance of ISC	Performance reports	No of reports	I-G (C)
	Strategic Objective i	Branding of ISC		
	Activity	Output	Output Indicator	Responsibility
41	Establishing a Public Relations Unit	Public Relations Unit established	An operational Public Relations Unit	PRO
42	Developing a logo	ISC logo developed	Approved Logo in place	PRO
43	Issuing quarterly press releases on topical issues on State Corporations	quarterly press releases issued	No. press releases issued	PRO
	Sub total			
	Grand Total			

ANNEX III: Proposed Staff Establishment

Designation (I)	Job Group (ii)	Approved Establishment (iii)	Proposed (iv)	In post (v)	Variance= (iv-v)
Inspector-General (Corporations)	T	1	1	0	-1
Senior Deputy Inspector General	S	3	3	3	0
Deputy Inspector General	R	9	9	0	-9
Senior Assistant Inspector General	Q	10	12	10	-1
Deputy Secretary	Q	0	1	0	-1
Assistant Inspector General	P	14	15	7	-8
Senior Executive Secretary	P	0	1	1	0
Principal Inspector	N	16	16	1	-15
Chief Inspector	M	18	18	3	-15
Senior Inspector	L	18			
Inspector	K	18			
Assistant Secretary	N/M	0	1	1	0
Legal Officer	N/M/L	0	1	0	-1
Senior Personal Secretary	L	1	6	4	-2
Personal Secretary Ii/I	K/J	1	12	6	-6
Secretarial Assistant /Personal Secretary Iii	H/G	4	1	1	0
Hrm Officer Ii/ 1	L/K/J	0	1	0	-1
Accountant	L/K/J	0	1	1	0
ICT O	L/K/J	0	2	0	-2
PRO	L/K/J	0	1	0	-1
SCMO	L/K/J	0	1	1	0
Librarian(Knowledge Resource Officer)	L/K/J	0	1	0	-1
RMO	L/K/J	0	2	1	-1

Designation (i)	Job Group (ii)	Approved Establishment (iii)	Proposed (iv)	In post (v)	Variance= (iv-v)
Clerical Officer II/I/Snr. Chief	H/G/F	2	5	3	-2
Office Assistants	E/D/C/B/A	3	6	4	-2
Drivers	H/G/F/E/D	6	8	4	-4
Total		126	127	51	-76

Annex IV: ISC Monitoring and Evaluation Instrument

PERFORMANCE LEVEL								
QUARTER								
Activity	Time Frame	Output	Planned to Date	Actual to Date	Variance	Impeding Factors	Responsible Persons	

ANNEX II: ISC Organizational Structure

ANNEX I: Implementation Matrix