



KENYA PLANT HEALTH INSPECTORATE SERVICE

STANDARD OPERATING PROCEDURE

Department: Finance & Accounts

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SOP FOR BUDGET PREPARATION AND MONITORING

SOP/KEPHIS/FIN/03

Issued by: 

Deputy Director Finance & Accounts

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Approved by: 

Director Corporate Services

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1. Purpose

The purpose of this procedure is to highlight the steps followed in budget preparation and monitoring.

2. Scope

This procedure describes the process of efficient allocation of resources from budget preparation and monitoring to variance analysis and risk mitigation.

3. References

- 3.1. Quality Manual
- 3.2. KEPHIS Financial Policies and Procedures manual
- 3.3. Relevant GOK circulars
- 3.4. ISO 9001:2015 Standard
- 3.5. International Public Sector Accounting Standards

4. Definitions

- 4.1. DD F&A- Deputy Director Finance & Accounts
- 4.2. DCS - Director Corporate Services
- 4.3 PM-Parent Ministry
- 4.4. RM - Regional Manager
- 4.5 OIC- Officer in Charge
- 4.6 MD- Managing Director
- 4.7 MCM- Management Consultative Meeting



5. Responsibility

The Deputy Director Finance & Accounts shall be responsible for implementation of this procedure.

6. Schematic representation

Budget Preparation and Monitoring						
Sources of Inputs	Inputs	Activities	Outputs	Receivers of Outputs	Risks	Checks/Controls
- Departments - Regions - Ministry	- Institution Requirements - Government approved estimate of expenditure (MTEF) - Board Minutes - Other relevant factors	- Budget Preparation - Resource Bidding - Deliberations on Budget - Approvals of Estimates - Budget Monitoring - Budget Reallocations and approvals - Variance analysis	- Approved Budget - Approved reallocations - Supplementary Budgets - Quarterly Analysis and variance reports	- Ministry of Finance - Parent Ministry - Board - MD - Relevant Departments	- Not meeting ministerial Timelines - Inaccurate cost estimates - Market Fluctuations - Regulatory Changes	- Continuous monitoring - Risk Mitigation Plans - Contingency Plans - Step by step deliberations and approvals



7.0 Procedure

7.1 Preparation and Submission of the Medium-Term expenditure Framework Report

The institution prepares the Medium-Term Framework (MTEF) report and submits it to the ministry within the required timelines upon issuance of Circular by Cabinet secretary setting out guidelines for the year.

7.2 Development of Project Concept Papers

Concept papers for proposed development projects are prepared as needed, and approval is sought from the National Treasury to facilitate deliberations at both subsector and sector levels.

7.3 Budget Negotiations and Resource Sharing

Upon invitation by the ministry, the institution participates in negotiations at both sector and subsector levels and agrees with the ministry on allocation and resource sharing for the financial year.

7.4 Draft Budget Preparation

DCS and the DD- F&A, in consultation with heads of departments and regional managers, prepare a detailed draft budget. This process considers:

- The budget ceiling set by the ministry during MTEF,
- Departmental requirements, and
- Alignment with the Institution's work plan and priorities.

7.5 Final Budget Compilation and Approval Process

7.5.1 The DCS compiles the final draft budget and submits it to the Managing Director (MD) for review and approval.

- If the MD does not approve the draft, it is returned to the DCS with comments for revision.



- If approved, the MD forwards the final draft budget to the Board of Directors (BOD) for further review and approval.

7.5.2 The BOD reviews the submitted budget:

- If the BOD does not approve the budget, it is returned to the MD with comments for revision.
- If approved, the MD forwards the budget to the Parent Ministry for final approval within the specified timelines, using the Government Management Information System (GMIS).

7.6 Parent Ministry Review and Approval

- If the Parent Ministry does not approve the budget, it notifies the institution of the required changes through the GMIS.
- Once approved, the budget is passed through Parliament, and the printed estimates are provided to the institution.

7.7 Adjustment of Work Plan and Budget Implementation

The institution adjusts its work plan to align with the approved budget and proceeds to implement activities as outlined.

7.8 Quarterly Budget and Expenditure Reporting

The Director Finance & Accounts prepares quarterly expenditure reports comparing actual spending against the approved budget.

The Finance and Budget Committee reviews the quarterly reports and provides recommendations for improvement or necessary action.

7.9 Budget Reallocations and Reviews Within the Year

Where deemed necessary, the Director of Finance & Accounts prepares budget reallocation requests or reviews as follows:



Preparation of Reallocation/Reviewed Budget – The Director of Finance & Accounts drafts the proposed budget reallocations or reviewed budget.

Review by DCS –The DCS reviews the draft for alignment with institutional priorities and requirements.

MD Approval – The Managing Director reviews and approves the reallocation or reviewed budget.

Board Approval – The Board of Directors reviews and approves the final version.

Submission to the Ministry – KEPHIS submits the approved reallocation/ reviewed budget to the Parent Ministry for consideration under the next estimates.

8.0 Records

8.1 Approved Budgets

8.2 Quarterly Analysis and variance reports

REVISION DETAILS					
REVISION SUMMARY	REASON	DATE	REVISED BY	ISSUE NUMBER	REVISION NUMBER
1. Addition of 3.5	Changes in reporting standards	18/05/2015	HF	5	2
2. Review of entire SOP	To meet requirements of ISO 9001:2015	13/01/2025	DD-F&A	2	1

