



Salaries & Remuneration
Commission
Rewarding productivity

Kenya Launches Public Sector Wage Bill Study Report

Report recommends automation of the public sector payroll management system to mitigate wastage

Nairobi, Tuesday, June 18, 2019: The Salaries and Remuneration Commission (SRC) today launched the **Public Sector Wage Bill Study Report** which recommends strong measures to automate and integrate payroll management system in the public sector to mitigate wastage and fraud through human resource processes and payroll management.

The report conducted by SRC notes that such measures coupled with regular internal and external payroll audits will help in identifying inconsistencies and non-compliance in management of government finances.

"We also recommend a review of key policy issues on institutionalization and standardization of performance management practices across the public sector and harmonization of retirement benefits schemes across the public service as key in addressing public wage bill management," said **SRC's Vice Chairperson, Hon. Dalmas Otieno.**

The report also calls for improvements to public sector performance through harmonization of public sector human resource policies such as recruitment, promotion, career progression, performance management, and training, which would help public institutions to attract and retain requisite skills.

SRC in conjunction with the World Bank's Kenya Accountable Devolution Program undertook the study in 70 State Corporations and 32 County Governments, both executive and assemblies. More so, the Commission did this study in collaboration with The National Treasury, Council of Governors (COG), Office of the Auditor General (OAG), Commission on Revenue Allocation (CRA), Office of the Controller of Budget (OCOB), Public Service Commission (PSC) and Ministry of Public Service, Youth and Gender Affairs.

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Public Sector Wage Bill Study Report

Key Findings

The report, which explores human resource management and organizational strategies, practices, policies and processes at institutional level found that only 95.9% of institutions use Human Resource Policies and Procedures to guide on recruitment, promotion, performance management as well as training. The report revealed that 85.5% of the institutions use both automated and manual Human Resources Management Information System (HRMIS).

An assessment of the payroll management reveals that despite the fact that some institutions have embraced an integrated system, 68.3% are using both manual and automated systems, and 9% going manual. The use of mixed system was most common among the County Executive (96.3%) and County Assemblies (93.3%).

The study also examined recruitment and promotions processes as well as the existing guidelines, revealing that staff establishment does not inform recruitment in most institutions, exposing a poor practice in the public service. The study also explores age cohorts of employees as a pointer of career management in the public service. The results agree with the Capacity Assessment and Review of the Public Service (CARPS) report that the public service is characterized by an ageing population, with County Executive having the highest number of employees above 60 years. Lack of succession plans in 69.7% of institutions shows there is no systematic way of determining critical roles within an organization, identifying and assessing possible successors.

Compliance with SRC Advisories

The study has also revealed that County governments have fully implemented (100%) the salary structures arising from the Job Evaluation with State Corporations registering less than half (47.8%). Implementation of other circulars issued by the Commission was reportedly satisfactory (81.2%). The report also covers areas of non-compliances which include: MCAs relocate their offices to the periphery of their wards so as to earn more mileage allowance; some former MCAs did not clear their car loans and mortgage as required by the scheme legislation; some Governors employ more than three advisors contrary to SRC advisories; County Assembly Service Board (CASB) employ staff with low academic qualifications at high job grades among other. Some challenges faced in implementation of the circulars include: budgetary constraints, issuance of remuneration advisories by different government agencies, and differences in salary structures common in Counties.

The public wage bill has been rising over the years and there has been concerted effort in the government to bring it to a level which is affordable, competitive, equitable, transparent and sustainable. It is for this reason that the 2018 Public Wage Bill Study seeks to determine the level of the public wage bill and the associated policies and practices to inform management of the wage bill. The study further sought to establish controls towards managing public wage bill.