REPUBLIC OF KENYA

NATIONAL ASSEMBLY

TREASURY MEMORANDUM

ON THE

IMPLEMENTATION STATUS

ON THE

TENTH REPORT

OF THE

PUBLIC INVESTMENTS COMMITTEE

ON THE ACCOUNTS OF

STATE CORPORATIONS

VOLUME III

2002

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INTRODUCTION

The Treasury Memorandum on the implementation status of the Tenth Report of the Public Investments Committee on the audited accounts of State Corporations is presented herewith. This is the Eighth Treasury Memorandum since the Committee identified Treasury to prepare and submit such a report.

The Memorandum contains the recommendations of the Committee as adopted by Parliament. The status of implementation is given immediately after each recommendation for ease of discussions.

In order to ensure that the recommendations and resolutions of the Committee are implemented, the Treasury will make a follow-up with relevant Chief Executives of the various State Corporations on outstanding issues.

The Treasury Memorandum is hereby printed for discussion and adoption.

ESTHER KOIMETT
INVESTMENT SECRETARY
FOR: PERMANENT SECRETARY
MINISTRY OF FINANCE & PLANNING
TREASURY

NATIONAL SOCIAL SECURITY FUND

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL SOCIAL SECURITY FUND FOR THE YEAR ENDED 30TH JUNE 1997

1. EXPENDITURE FOR THE YEAR

RECOMMENDATION

1.1. The Committee recommends that the Chief Executive must use all means possible to realize the amount of Kshs.138,125,000 outstanding from recovery of service charge.

Status: *The Chief Executive confirms having realized Kshs.96.7million and is pursuing recovery of the balance until the full amount is recovered. The only amount to be unlikely recovered is Kshs.3,627,228.00 which is due to the voids (unlet spaces) at the time and is not recoverable.*

1.2. The Committee further recommends that the Fund must exercise its rights as a landlord and demand without exception, rents and service charge arrears from tenants.

Status: *The Chief Executive confirms in his letter ref.SF/A/16/12 Vol.X(34) dated 16th July, 2002 that the Fund is exercising its rights as a landlord and demanding without exception, rents and service charge arrears from tenants.*

2.0 MANAGEMENT OF CASH

RECOMMENDATION

2.1. The Committee recommends that the Managing Trustee of the Fund should ensure that appropriate cash management is put in place to avoid recurrence of cash losses.

Status: *The Chief Executive confirms that appropriate measures have been put in place to ensure the Fund accounts are not, overdrawn. These include – ensuring that cheques are only issued when the accounts are adequately funded, perusal of bank statements on daily basis as they get received from the banks and accomplishment of preparation of the bank reconciliation statements on timely basis.*

3.0 FIXED ASSET REGISTERS

RECOMMENDATION

3.1 **The committee noted that the necessary reconciliation in respect of the fixed asses registers will be incorporated in the 1999/2000 annual accounts.**

Status: *The Chief Executive confirms that a computerized fixed assets register is now being maintained. This is updated continuously and reconciled to general ledger on a monthly basis. The depreciation of the assets is on individual basis rather than category basis.*

3.2 **The Committee reiterates its earlier recommendations under paragraph 5 of the 1995/96 Accounts, Ninth Report, that the Chief Executive should ensure that the Fund maintains upto date fixed assets registers that reconcile with the general ledger and that assets are depreciated on individual basis rather than on category basis.**

Status: *The Chief Executive confirms that the recommendation is being complied with in full.*

4.0 INVESTMENTS

RECOMMENDATION

The Committee recommends that:-

4.1 **The then Managing Trustee *Mr. Muindi* and the Board of Trustees be held responsible for the loss because they:-**

(a) **did not conduct any feasibility study on the projects.**

Status: *The Chief Executive confirms that the matter has been forwarded to the Permanent Secretary, Ministry of Labour and Man-Power Development.*

(b) **relied on exaggerated valuation compared to the valuation given by the government valuer.**

Status: *The matter is being followed up by the Government.*

4.2.1 **The said former Managing Trustee be investigated by the C.I.D. and Attorney General for abuse of office and fraud with a view to being prosecuted and surcharged for recovery of the losses.**

Status: *The Chief Executive confirms that the matter has been forwarded to the Office of the Attorney-General for appropriate action.*

4.2.2. **The Chief Executive should ensure that M/s Mugoya construction and engineering Ltd. who is yet to complete the remaining 3618 units in Embakasi Nyayo Estate meets its obligation by completing the project without cost overruns.**

Status: *The Chief Executive confirms that the Fund is insisting on M/S Mugoya Construction and Engineering Ltd. who are still on site working on the remaining 3618 units in Nyayo Estate Embakasi, meets its obligation by completing the project without cost overruns.*

4.2.3. **The Fund should rely on valuations by Chief Government valuers instead of those by private valuers.**

Status: *The Chief Executive confirms that the Fund is now relying on valuations by Chief Government Valuers instead of those by private valuers..*

4.2.4 **In view of the fact that there was high disparity between the valuation given by the Government Valuer and the firms of Valuers M/s Lloyd Masika Ltd. and Milligan & Company, the case be reported to Valuers Registration Board for determination and appropriate disciplinary action.**

Status: *The Chief Executive, in his letter of 16th July, 2002 confirms that he has reported the matter to the valuers Registration Board as per committee recommendation.*

5.0 TERM DEPOSITS WITH FINANCIAL INSTITUTIONS

RECOMMENDAITON

5.1 **The Committee reiterates its earlier recommendation under paragraph 7 of the 1995/96 Accounts, Ninth Report, that the Fund and the Ministry of Finance should review the Fund's investment policy with a view to securing its deposits. The review of the investments policy should include redemption of all the deposits being held in the National Bank of Kenya.**

Status: *The Funds' investment policy has been reviewed and guidelines stipulated by the Retirement Benefits Authority are being taken into account. The Fund has been retiring deposits in financial institutions and channeling all surplus to Government securities which are more secure. Deposits at NBK of Kshs.1.1billion are still outstanding and the matter is still being followed up.*

6.0 RENTAL INCOME

RECOMMENDATION

6.1 The Committee recommends that the Fund must exercise its rights as a landlord and demand, without exception, rents due to it and in particular arrears owing from the Government Ministries and Departments amounting to Kshs.89,941,919.

Status: The Kshs.89,941,919 has been recovered less Kshs.13,276,779 interest on delayed payment which the Ministries insist they do not pay. The matter is however still being followed until full recovery.

6.2 The Committee further recommends that the Chief Executive should ensure that rental income is pegged to the market rate to enable the Fund get value for its investments and that where investment is made, preference should be given to high yielding opportunities.

Status: The Chief Executive confirms that where Investment is made Preference is only given to high yielding opportunities as recommended.

7.0 SOCIAL SECURITY ANNEX

RECOMMENDATION

7.1 The committee while noting that the Fund will comply with the by-laws of the City Council of Nairobi and that proper tendering procedures will be followed, recommends that the Car Park project be downsized and completed.

Status: The fund will comply with the by-laws of the City Council of Nairobi, and follow proper tendering procedures and subsequently down size and complete the project as per the by-laws.

8.0 QUALITY OF THE YEAR END ACCOUNTING

RECOMMENDATION

8.1 The Committee recommends that the Chief Executive should ensure that proper accounting practice is put in place to improve the quality of accounting procedures.

Status: *The fund currently issues comprehensive year-end accounting instructions which ensures staff involved in the process of compiling data for preparation of final accounts are fully informed by what is expected of them. This practice has helped a great deal in improving the quality of end of year accounts.*

NATIONAL SOCIAL SECURITY FUND

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL SOCIAL SECURITY FUND FOR THE YEAR ENDED 30TH JUNE 1998

1.0 FINANCIAL POSITION

RECOMMENDATION

1.1 The Committee further heard that a provision of the amount recommended in the Annual accounts for 1998/99 Financial Year has been made thereby resolving the Audit query.

Status: There is full compliance.

2.0 RECOVERY OF SERVICE CHARGE

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should use all means possible to realise the amount of Kshs.95,966,896 outstanding from recovery of service charge.

Status: The Fund has pursued recovery of service charge using all means possible including legal process and distressing the tenants. As a result an amount of Kshs.100,968,396 has been recovered. The matter is still being pursued except for Kshs.4.7million which is due to the voids (unlet spaces) at the time and is not recoverable.

3.0 MANAGEMENT OF CASH

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should put in place appropriate cash management measures and accurate cash flow forecasts.

Status: The fund has already instituted adequate measures to ensure accurate cash flow forecasts.

4.0 FIXED ASSETS REGISTERS.

RECOMMENDATION

4.1 The Committee reiterates its earlier recommendation under paragraph 5 of the 1995/96 Accounts, Ninth Report, that the Chief Executive should ensure that the Fund maintains an upto date fixed assets register that reconcile with the general ledger and that assets are depreciated on individual basis rather than on category basis.

Status: The Fund has computerized its fixed assets register which is updated on a continuous basis and reconciled to the General ledger on a monthly basis.

5.0 INVESTMENTS.

RECOMMENDATION

5.1 (i) The Committee recommends that the Chief Executive should always identify a source of funds before commencement of feasibility/consultancy study on any project to avoid wastage of public funds.

Status: The Chief Executive confirms that the Fund will always identify a source of funds before commencement of feasibility/consultancy study on any project to avoid wastage of public funds.

5.1(ii) The Committee also reiterates its earlier recommendations under paragraph 4 of the 1996/97 Accounts that:-

5.1. The then Managing Trustee *Mr. Muindi* and the Board of Trustees be held responsible for the loss because they:-

5.1.(iii) did not conduct any feasibility study on the projects.

Status: The matter has been forwarded to the parent Ministry.

5.1.(iv) relied on exaggerated valuation compared to the valuation given by the government valuer.

Status: The matter has been forwarded to the parent Ministry.

5.1.(v) **The said former Managing Trustee be investigated by the C.I.D. and Attorney General for abuse of office and fraud with a view to being prosecuted and surcharged for recovery of the losses.**

Status: *The matter has been forwarded to the Office of the Attorney-General as recommended.*

5.1.(vi) **The Chief Executive should ensure that M/s Mugoya construction and engineering Ltd. who is yet to complete the remaining 3618 units in Embakasi Nyayo Estate meets its obligation by completing the project without cost overruns.**

Status: *The firm is still working on the project at Nyayo Estate Embakasi and the Fund will insist that the firm meets its obligations by completing the project without cost overruns.*

5.1.(vii) **The Fund should rely more on valuations by Chief Government valuers than that by private valuers.**

Status: *The Fund currently relies on Government valuers as recommended.*

5.6 **In view of the fact that there was high disparity between the valuation given by the Government Valuer and the firms of Valuers M/s Lloyd Masika Ltd. and Milligan & Company, the case be reported to Valuers Registration Board for determination and appropriate disciplinary action.**

Status: *The matter has already been reported to the valuers Registration Board for determination and appropriate disciplinary action.*

5.2. **BUYING OF PLOT LR.NO.209/6439**

RECOMMENDATION

The Committee recommends that:-

5.2.(i) **The Fund must always conduct feasibility studies for all investments it intends to engage itself in future.**

Status: *The Fund confirms that it will always conduct feasibility studies for all investments it intends to engage itself in future as per the committee recommendation.*

5.2.(ii) **That the operations/purchases of the Fund should in future be conducted transparently and in the best interest of the Fund.**

Status: *The Chief Executive confirms that there is full compliance to this recommendation.*

5.2.(iii) **The Fund should by all means try to develop the plot or recover its investment in the said land.**

Status: *The Fund is pursuing the degazettement of the plot as a national monument to facilitate sale or development of the plot.*

5.2(iv) **The Ministry of Heritage and Sports should consider degazetting the property as a national monument.**

Status: *The Fund is pursuing the Ministry of Heritage and Sports through the Fund's parent Ministry to degazette the plot as a national monument due to the large sums of workers money spent on the plot.*

5.2(v) **The then Director of City Planning and Architecture *Mr. G.A. Kiguangu* and *Mr. G.L. Mukofu* of Ministry of Lands who disregarded rules and regulations in approving change of user of the plot be censured.**

Status: *The matter has been forwarded to the parent Ministry and the Government.*

6.0 QUOTED EQUITIES

RECOMMENDATION

6.1 **The Committee recommends that the Fund and the Ministry of Finance should review the Fund's investments policy with a view to securing its deposits. The review of the investments policy should include redemption of all deposits being held in the National Bank of Kenya.**

Status: *The Fund and the Ministry of Finance and Planning has reviewed the Fund's Investment policy. Guidelines are being taken from the Retirement Benefit Authority. Surplus funds are being channeled to Government Securities. The matter of the outstanding kshs.1.1billion is still being pursued with NBK.*

7.0 DEPOSITS WITH FINANCIAL INSTITUTIONS

7.1 Prudential Building Society

RECOMMENDATION

7.2 **The Committee reiterates its earlier recommendation under paragraph 5 of the 1996/97 Accounts that the Fund and the Ministry of Finance should review the Fund's investment policy with a view to securing its deposits.**

Status: *The matter is being reviewed as reported above.*

7.3 The review of the Investments policy should include redemption of all deposits being held in the National Bank of Kenya among other institutions.

Status: *The matter is being pursued as the amount at NBK is still outstanding.*

8.0 RENTAL INCOME

RECOMMENDATION

8.1 The Committee recommends that the Fund must exercise its rights as a landlord and demand, without exception, rents due to it and in particular arrears owing from the Government Ministries and Departments amounting to Kshs.89,941,919.

Status: *The matter is as reported above in the previous year.*

8.2 The Committee further recommends that the Chief Executive should ensure that rental income is pegged to the market rate to enable the Fund get value for its investments and that where investment is made preference should be given to high yielding opportunities.

Status: *The matter is as reported above in the previous year.*

9.0 SOCIAL SECURITY HOUSE-ANNEX

The Committee while noting that the Fund will comply with the by-laws of the City Council of Nairobi and that proper tendering procedures will be forwarded, recommends that the Car Park project be downsized and completed.

Status: *The Chief Executive confirms compliance to the recommendation. The Car Park project is to be downsized and completed.*

10.0 CONTRIBUTIONS HELD IN SUSPENSE

RECOMMENDATION

10.1 The Committee recommends that the Chief Executive should ensure that the suspense account is cleared and proper records of contributors are maintained to avoid misstatements.

Status: *The Fund is endeavoring, to upgrade its information Technology with a view to ensuring suspense account build-up is checked and cleared. Instructions to the Fund enforcement officers are strictly to ensure accurate and timely returns are submitted with payments.*

11.0 DEBTORS PREPAYMENT AND DEBIT BALANCES

RECOMMENDATION

11.1 The Committee **recommends that the Commissioner of Value Added Tax should move with speed to recover an amount of Kshs.40,862,766 plus interest and penalties being the amount of VAT due from the said law firms by 31st December, 2001.**

Status: *The recovery has not been made as the matter is scheduled to be discussed at the 114th Board of Trustees meeting which is yet to be held. We are going to pursue the matter further with NSSF Management.*

11.2 The Committee further **recommends that the said law firms be investigated and be prosecuted for failing to remit VAT.**

Status: *The matter has been forwarded to the office of the Attorney General.*

The Committee also reiterates **its earlier recommendations under paragraph 3 of the 1995/96 Accounts, 9th Report page 45, that:-**

11.3.1 The Chief Executive should **ensure that previous payments made to the said lawyers are referred to the Registrar of High Court for taxation.**

Status: *The matter was referred to the Office the Attorney General in 1998 and taken up by the Solicitor-General. In 2001 the matter was taken up by the former Kenya Anti Corruption Authority. The management are still following up the matter.*

11.3.2 The then Chairman of the Board of Trustees, **Mr. J. Kisoso and the then Managing Trustee, Mr. S. Muindi should be barred from holding public offices conferred by the Republic of Kenya. The conduct of the then Managing Trustee, Mr. S. Muindi in this matter should be investigated by the Attorney-General with a view to prosecuting him.**

Status: *The matter has been forwarded to the parent ministry and the Attorney General.*

11.3.3 **The Attorney-General should investigate the activities of the then firms of lawyers in this matter namely:- M/s Kilonzo and Co. Advocates; M/s S. Mauncho Advocates and M/s Onalo and Co. Advocates and M/s Ombogo and Co. Advocates.**

Status: *The matter has been forwarded to the Office of the Attorney General and the Law Society of Kenya for action.*

11.3.4 **The above said advocates should also be reported to the Law Society of Kenya for professional misconduct, their services terminated and be barred from representing any public organisation.**

Status: *The Advocates have been reported to the Law Society of Kenya for professional misconduct.*

11.3.5 **Since the Lawyers were advanced payments for services not rendered, they should refund all the amounts paid.**

Status: *There has been no refund and the matter is still being pursued by the Management.*

11.3.6 **The Chief Executive should in future use lawyers in the Fund's employment to save the huge expenditure on private litigation.**

Status: *The Management are currently using internal lawyers to reduce costs. All litigation costs are now strictly within the Funds control. The Sololo case was the only one of its kind where large sums of money were expended on legal costs.*

KENYA POSTS AND TELECOMMUNICATIONS CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA POSTS AND TELECOMMUNICATIONS CORPORATION FOR THE YEAR ENDED 30 JUNE 1997

1.0 FINANCIAL POSITION

RECOMMENDATION

The Committee recommends that:-

1.1 The Chief Executive of Telkom (k) Ltd. should treat Work-In-Progress amounting to Kshs.2,964,191,400 in accordance with International Accounting Standards which require that the amount be capitalised instead of being treated as current assets.

Status: *The Chief Executive in his letter ref.DF5100 dated 28th May, 2002 confirms that Engineering Stocks are now correctly, classified and appropriately shown as Engineering Maintenance stocks. Work-in progress has hence been treated in line with the International Accounting Standards.*

1.2 The Chief Executive should pay the balance of Kshs.6.48 billion in compliance with the provisions of the Cabinet Paper.

Status: *The Corporation has so far paid kshs.4.743billion and has a balance of Kshs.1.737billion outstanding. This outstanding balance is being paid at the rate of Kshs.30million per week until the total amount is fully paid.*

2.0 INACCURANCIES IN THE ACCOUNTS

RECOMMENDATION

2.1 The Committee recommends the Chief Executive should ensure that reconciliations in respect of Kshs.156,667,813; Kshs.157,530,141 and Kshs.95,990 is done and the results forwarded to the Auditor-General (Corporations) for verification by 31st March, 2002.

Status: *All balances have been reconciled forwarded and agreed with the Controller and Auditor General except a small figure of Kshs.27,763,525 which is still being reviewed and reconciled.*

3.0 PENSION AND PROVIDENT FUNDS INVESTMENTS

RECOMMENDATION

3.1 The Committee reiterates its earlier recommendations under paragraph 5 of the Ninth report pages 6&7 that the Chief Executive should comply with the provisions of the Retirement Benefit Authority Act in the operations and management of *Teleposta* Pension Fund Scheme.

Status: *The Chief Executive confirms that the Corporation is complying with the provisions of the Retirement Benefits Authority as recommended.*

4.0 PURCHASE OF TWO (2) PLOTS OF LAND - LR 12445 AND 1255 AT KAREN - NAIROBI

RECOMMENDATION

4.1 The Committee recommends that the Attorney-General should expeditiously investigate and institute criminal charges against *Mr. Kipng'eno arap Ng'eny, Mr. Chege Kirundi and Mrs Lucy Wamaitha Chege.*

Status: *This has been done but the named persons petitioned the High Court and were discharged.*

4.2 The Committee also recommends that *Messrs Kirundi* and Company Advocates be reported to the Law Society of Kenya and Advocates Complaints Commission for unprofessional conduct.

Status: *Action has been taken as recommended and the matter reported to the Advocates complaints commission for unprofessional conduct.*

5.0 PURCHASE OF HOUSING ESTATE ON PLOT NO.188 SEC 1, MOMBASA MAINLAND NORTH

RECOMMENDATION

5.1 The Committee recommends that the Chief Executive should ensure that the title deed in respect of plot No.188 SEC 1, MOMBASA MAINLAND NORTH is transferred to the Telkom (K) Ltd. by 31st December, 2001.

Status: *The transfer is nearly complete because the Corporation has paid stamp duty of Kshs.1,450,000 and TKL is now pursuing issuance of the title deed.*

6.0 DORMANT CAPITAL PROJECTS

RECOMMENDATION

6.1 The Committee recommends that before any project is commenced, the Corporation should ensure that there is adequate funding to avoid tying colossal sums of money in dormant and deferred projects.

Status: The Chief Executive confirms that the Corporation now ensures that there is adequate funding before any project is commenced.

7.0 CASH AND BANK BALANCES

RECOMMENDATION

7.1 The Committee recommends that the Chief Executive should ensure that reconciliation in respect of the Balance Sheet Cash and Bank balances figure of Kshs.2,041,888,590 is forwarded to the Auditor-General (Corporations) for verification, by December 31, 2001.

Status: Reconciliations have been carried out as recommended leaving an unreconciled figure of Kshs.27,763,525 that is now being followed up with the controller and Auditor –General.

KENYA POSTS AND TELECOMMUNICATIONS CORPORATION

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA POSTS AND TELECOMMUNICATIONS CORPORATION FOR THE YEAR ENDED 30 JUNE 1998

1.0. FINANCIAL POSITION.

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 1 of the 1996/97 Accounts that:-

1.1 The Chief Executive of Telkom (k) Ltd. should treat Work-In-Progress amounting to Kshs.2,964,191,400 in accordance with International Accounting Standards which require that the amount be capitalised instead of being treated as current assets.

Status: Action has been taken and the Engineering Stocks are now correctly classified and appropriately shown as Engineering Maintenance Stocks.

1.2 The Chief Executive should pay the balance of Kshs.6.48 billion in compliance with the provisions of the Cabinet Paper.

Status: Full VAT & Telecommunication tax and customs import duty have been paid and part of Corporation tax totaling Kshs.4.743billion leaving a balance of Kshs.1.737billion. This balance is being paid at the rate of Kshs.30 million per week.

2.0 INACCURANCIES IN THE ACCOUNTS

RECOMMENDATION

2.1 The Committee reiterates its earlier recommendations under paragraph 2 of the 1996/97 Accounts that the Chief Executive should ensure that reconciliations in respect of Kshs.156,667,813; Kshs.157,530,141 and Kshs.95,990 is done and the results forwarded to the Auditor-General (Corporations) for verification.

Status: Kshs.95,990 has been fully reconciled while cash book payments and Bank receipts have been reconciled except for the amount of Kshs.27,763,525 which is now being handled by the Controller and Auditor General.

3.0 PENSION AND PROVIDENT FUNDS INVESTMENTS

RECOMMENDATION

3.1 The Committee reiterates its earlier recommendations under paragraph 5 of the Ninth Report, pages 6&7 that the Chief Executive should comply with the provisions of the Retirement Benefit Authority Act in the operations and management of *Teleposta* Pension Fund Scheme.

Status: The Chief Executive confirms that the Corporation is fully complying with the provisions of the Retirement Benefits Authority Act in the operations and Management of the Pensions Scheme.

4.0 PURCHASE OF TWO (2) PLOTS OF LAND - LR.12445 AND 125550 AT KAREN - NAIROBI

RECOMMENDATION

4.1 The Committee recommends that the Attorney-General should expeditiously investigate and institute criminal charges against *Mr. Kipng'eno arap Ng'eny, Mr. Chege Kirundi and Mrs Lucy Wamaitha Chege.*

Status: This has been done but the named persons petitioned the High Court and were discharged.

4.2 The Committee also recommends that *Messrs Kirundi* and Company Advocates be reported to the Law Society of Kenya and Advocates Complaints Commission for unprofessional conduct.

Status: The transfer is nearly complete because the Corporation has paid stamp duty of Kshs.1,450,000 and TKL is now pursuing issuance of the title deed.

5.0 PURCHASE OF HOUSING ESTATE OF PLOT NO.188 SEC 1 MOMBASA MAINDLAND NORTH

RECOMMENDATION

5.1 The Committee reiterates its earlier recommendation under paragraph 5 of the 1996/97 Accounts that the Chief Executive should ensure that the title deed in respect of plot No.188 SEC 1, MOMBASA MAINLAND NORTH is transferred to the Telkom (K) Ltd. by 31st December, 2001.

Status: Stamp duty of Kshs.1,450,000 has already been paid in respect of plot No.188 SEC 1 and the title deed is being awaited.

6.0 PURCHASE OF MALINDI PLOT LR 2105

RECOMMENDATION

The Committee reiterates its earlier recommendations that:-

6.1 The Director of Kenya Anti-Corruption Authority (KACA) should move expeditiously to investigate the then Managing Director, Mr. Jan Mutai, the then Clerk of Malindi Municipal Council, *Mr. Edward Karani* and *Mr.J.K. Yego* of M/s Chalan Associates with a view to prosecuting them.

Status: The Chief Executive confirms that the case was being investigated by KACA and is now being handled by the Kenya Anti-Corruption Police

6.2 The Kshs.10 million should be recovered from *Mr. Karani*, *Mr. Jan Mutai* and *Mr. J.K. Yego.*

Status: The matter is being handled as in 6.1 above.

***6.3 Mr. Jan Mutai,* the former Managing Director, Kenya Posts and Telecommunications Corporation, *Mr. Edward Karani*, former Clerk, Malindi Municipal Council and *Mr. J.K. Yego* of M/s Chalan Associates Ltd be barred from holding any public office conferred by the Republic of Kenya.**

Status: The matter was forwarded to the Government through the Parent Ministry.

6.4 The Director of Kenya Anti-Corruption Authority should investigate land transaction within the Municipal Council of Malindi between 1992 and 1998.

Status: The matter is now being investigated by the Kenya Anti-Corruption Police.

7.0 DEFERRED PROJECTS

RECOMMENDATION

7.1 The Committee reiterates its earlier recommendation under paragraph 6 of the 1996/97 Accounts that before any project is commenced the Corporation should ensure that there is adequate funding to avoid tying colossal sums of money in dormant and deferred projects.

Status: *The Corporation confirms fully compliance with this recommendation. The Corporation now ensures that there is adequate funding before any project is commenced.*

8. 0 CASH AND BANK BALANCE

RECOMMENDATION

8.1 The Committee recommends that the Chief Executive should ensure that reconciliation in respect of the Balance Sheet Cash and Bank balances figure of Kshs.1,694,963,030 is forwarded to the Auditor-General (Corporations) for verification, by December 31, 2001.

Status: *The Chief Executive confirms that the figure of balance sheet cash and bank balances was reconciled as recommended. However, the remaining small balance of Kshs.20,630,536 is being followed up.*

9.0 IRREGULAR SURRENDER AND ALLOCATION OF CORPORATION'S RESIDENTIAL PLOTS TO INDIVIDUALS

RECOMMENDATION

The Committee recommends that:-

9.1 The Chief Executive should obtain title deeds for the 7 plots and submit copies of the same to the Auditor-General (Corporations) for verification by 31st December, 2001.

Status: *The Chief Executive confirms that 4 title deeds have already been issued. These are LR.209/12534 and 12533 in upperhill and LR.209/3078 and 3079 Kileleshwa while title deeds No.209/3076 & 3077 Kileleshwa are under process. TKL has lodged a caveat on title deed No.209/12533 Kileleshwa which had not been surrendered*

9.2 From now on, the Commissioner of Lands should desist from accepting any surrender of land from KP&TC.

Status: *The Chief Executive confirms that the recommendation is being adhered to.*

***9.3 Mr. Cheptoo* should be investigated by the Attorney General for abuse of office and fraud.**

Status: *The matter was forwarded to the CID director for investigation as recommended.*

9.4 ***M/s Chalan Associates*** **having been involved in fraudulent activities against the Corporation in respect of *Malindi* plot should not be awarded contracts by State Corporations.**

Status: *The Chief Executive confirms that M/S Chalan Associates was de-registered as one of TKL's contractors and can therefore not be awarded any contract.*

9.5 The Chief Executive takes all measures to ensure that plot L.R. No.209/12533 reverts to the vested Corporation.

Status: *All necessary measures are being taken. A search has been taken at the Ministry of Lands and Settlement and a Caveat lodged by TKL on Plot No.209/12533. The matter of recovery of the plot is still being pursued.*

KENYA PORTS AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA PORTS AUTHORITY FOR THE YEAR ENDED 30 JUNE 1998.

1.0 LAND AND BUILDINGS

RECOMMENDATION

The Committee recommends that:-

1.1 The Mombasa District Lands Registrar who failed to place caveats on the plots should be disciplined.

Status: *The Chief Executive confirms that the matter was forwarded to the Government through the Parent Ministry.*

1.2 The Chief Executive should obtain title deeds for all pieces of land belonging to the Authority.

Status: *Management has already started the legal action of obtaining title deeds in the name of KPA. Kenya Gazette legal Notice No.160 of 2001 was published for all East Africa Harbours Corporation (EAHC) Land to revert to KPA. A total of 22 out of 99 title deeds have already been obtained in the name of KPA as at 4th February, 2002. The rest are being pursued.*

1.3 The Chief Executive should provide the Commissioner of Lands with evidence to establish the Authority's ownership with a view to revoking allocation of plot NO.MSA/BLOCK 1/469.

Status: *It has not been possible to provide tangible evidence for revoking the allocation. This is because the Plot was hived and allocated in 1997 before the legal notice No.160 of 2001.*

1.4 The parent Ministry should follow up the matter with the Attorney General and the Commissioner of Lands in order to resolve the outstanding issues on the Kipevu plots amicably.

Status: *The matter has been followed up and EPZ have accepted to compensate KPA for the amount it spent to acquire the plots. They have paid the first instalment of Kshs.500,000 and management is pursuing the balance of Kshs.2,220,900.*

2.0 CONTAINER FREIGHT SECTION - *MOMBASA*

RECOMMENDATION

The Committee therefore recommends that:-

2.1 The then Permanent Secretary, Secretary to the Cabinet and Head of Public Service *(Prof. Philip Mbithi)*, the then Permanent Secretary, Ministry of Transport and Communications *(Mr. Sospeter Arasa)*, and the Corporation Engineer *(Mr. O.E. Njiru)* should be held responsible and be surcharged for the improper handling of the project.

Status: Management in accordance with its staff regulations took disciplinary action against Eng.O.E Njiru, who left the Authority in 2000. The Parent Ministry is handling the matter of the other two.

2.2 The lead Consultant, *Mr. B.S. Dogra* and any company associated with him should be blacklisted and be precluded from award of contracts by State Corporations and Government in general.

Status: .Management confirms that as per their letter ref. F.G.M./2/3/02 of 28th May, 2002 that M/S B.S. Dogra Architects has been blacklisted and precluded from handling KPA projects.

2.3 *M/s. Bhupinder Singh Dogra* be reported to relevant professional bodies for disciplinary action.

Status: Management confirms that the firm has been reported to relevant professional bodies for disciplinary action.

3.0 MTONGWE HOUSING PROJECT.

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should start projects only when the source of funding has been confirmed.

Status: The Chief Executive confirms that it is complying with the recommendation. Projects are being started only when the source of funding has been confirmed.

4.0 MAINTENANCE OF TUGS AND VESSELS CONTRACT.

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should not contract services that the Authority has capacity to carry out.

Status: *Management confirm adherence to the recommendation. There are no services that have been contracted since 1999 for which the Authority has the capacity to perform.*

4.2 The Committee further recommends that the then Managing Director Mr. Lenny J. Mwangola should be held responsible for extending the contract without Board's approval and be surcharged.

Status: *The Chief Executive confirms that Management is unable to take action and that the matter has been forwarded to the Government through the parent ministry.*

5.0 HIRE OF EQUIPMENT

RECOMMENDATION

5.1 The Committee recommends that the Chief Executive should not contract services that the Authority has capacity to carry out.

Status: *The Chief Executive confirms that management does not contract out services which it has capacity to carry out using its own equipment.*

6.0 ADVANCES TO KENYA FERRY SERVICES - KSHS.422,822,100

RECOMMENDATION

The Committee recommends that:-

6.1 The Chief Executive should liaise with the Parent Ministry and the Treasury with a view to ensuring that the money advanced to Kenya Ferry Services is paid to Kenya Ports Authority without further delay.

Status: *The money has not yet been paid to KPA. The Chief Executive confirms that management is still following up the matter.*

6.2 The Government should increase grants to Kenya Ferry Services Ltd. to enable it operate smoothly.

Status: *The matter has been noted and the same is constantly being kept in view.*

7.0 INLAND CONTAINER DEPOT - ELDORET

RECOMMENDATION

7.1 The Committee reiterates its earlier recommendation under paragraph 2 of the 1996/97 Accounts, Ninth Report, Pages 29-30, that the parent Ministry should ensure that the depot remains in the hands of the Authority and be made operational.

Status: *The depot is still in the hands of KPA. The facility has been leased to Moi University for a period of four(4) years at an annual rent of Kshs.3.0m to defray the maintenance costs rather than have the depot lie idle. A Market Survey carried out in 2000 revealed that it would not be economically viable for the Authority to make it operational.*

8.0 DORMANT PROJECTS

RECOMMENDATION

8.1 The Committee recommends that the Chief Executive should liaise with the parent Ministry with a view to getting a donor to avail funds for additional studies on the *Dongo Kundu* Development study.

Status: *The Chief Executive confirms that he has adopted the recommendation and is working with the Parent Ministry in seeking donor assistance.*

9.0 OIL/GREASE REMOVAL COSTS

RECOMMENDATION

The Committee recommends that:-

9.1 The Chief Executive should recover Kshs.23,000 from *M/s Kogera* Surveys being payments made before the alleged contract was entered into.

Status: *Efforts are still being made to recover the money but difficulties are being encountered because the firm appears insolvent and does not seem to have any tangible assets to attach.*

9.2 The then Manager Health, Safety and Environment *Mr. A.J. Ketoyo* should be held responsible and be surcharged.

Status: *The manager has since left the services of KPA and the Authority has referred the matter to the Attorney General's office.*

9.3 ***M/s Kogera* Surveys and its directors should be precluded from award of Contracts by the Kenya Ports Authority.**

Status: *The Chief Executive confirms that M/S Kogera Surveys and its directors have been preculated from award of contracts by KPA.*

10.0 PAYMENT OF ALLOWANCES TO BOARD MEMBERS

RECOMMENDATION

10.1 The Committee recommends that the Chief Executive should with immediate effect redress the Authority by recovering the irregular payments from the following public service officers:-

	NAME	DESIGNATION/MINISTRY	KSHS.
1.	B. Kipkulei	P/S Treasury	37,000.00
2.	S. S. Lesirma	P/S Treasury	30,000.00
3.	P.J.K Mutai	Transport and Communication	4,000.00
4.	P. O. K'opiyo	Treasury (Alternate Director)	4,000.00
5.	F.C. Khayumbi	Transport and Communication	5,000.00
6.	S. N. Arasa	P/S Transport and Communication	66,000.00
7.	S. A. Wako	Attorney General	122,000.00
8.	E.F. Guantai	Transport and Communication	140,000.00
9.	N. Burundu	State Counsel (AG's Office)	171,000.00
10.	E. Mwenda	State Counsel (AG's Office)	90,000.00
11.	O.M. Ahmed	Finance	339,000.00
12.	F. K. Khadasia	Finance	100,000.00
13.	H. Oluoch	Transport and Communication	30,000.00
14.	P. M. Nzioki	Transport and Communication	20,000.00
15.	F. S, Awori	Finance	52,000.00
16.	N. Mwangi	State Counsel (AG's Office)	40,000.00
17.	S. K. Githendu	Transport and Communication	12,000.00
18.	S. K. Murage	P/S Transport and Communication	140,000.00

10.2 The Committee further recommends that the Chief Executive should liaise with the Inspectorate of State Corporations with a view to surcharging the said public officers and the Board of Directors who approved the irregular payments.

Status: *The management is unable to recover the money and is liaising with the Inspector General of State Corporations as recommended by PIC.*

11.0 STOCKS

RECOMMENDATION

11.1 The Committee recommends that the Chief Executive should ensure that stores are only expensed after use and not after being transferred to sub-stores.

Status: *The Chief Executive confirms that the Authority is complying with the recommendation. Stores are now only expensed after use and not after being transferred to sub-stores.*

The Committee further recommends that:-

11.2. the Chief Executive should ensure that procurement procedures are followed including obtaining approval of the Board for purchases.

Status: *The Management confirm full compliance to procurement procedures. They are adhering strictly to Exchequer and Audit (Public Procurement) regulations 2001 on all procurement matters.*

11.3 The Chief Executive should obtain Board's approval for the write-off of obsolete stocks worth Kshs.42,452,261.

Status: *The Chief Executive has already obtained Board of Directors approval to write off Kshs.42,452,261*

12.0 CASH AND BANK BALANCES

RECOMMENDATION

The Committee recommends that:-

12.1 The Chief Executive makes sure that all bank reconciliations are done on a monthly basis.

Status: *The Chief Executive confirms that all bank reconciliations are being on a monthly basis.*

12.2 The amount of Kshs.4.8 million should not be written off before evidence is provided that it is indeed irrecoverable.

Status: *Management sought and obtained Board approval to write off the amount of Kshs.4.8million vide memorandum No.71 of October, 2000, after being satisfied that the amount was irrecoverable.*

13.0 BUDGETARY CONTROL

RECOMMENDATION

13.1 The Committee recommends that the Chief Executive should avoid over-expenditure and that any over-expenditure should be approved.

Status: *The management confirm full adherence to the recommendation. There is no over-expenditure without approval.*

KENYA AIRPORTS AUTHORITY

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA AIRPORTS AUTHORITY FOR THE YEAR ENDED 30 JUNE 1996

1.0 ACCURACY OF THE ACCOUNTS

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should ensure that the accounts are properly maintained and reconciled and that all supporting documents are availed to the Auditor-General when required.

Status: The Chief Executive confirms compliance to the recommendation. The accounts are now properly maintained and reconciled and all supporting documents availed to the Controller and Auditor General.

1.2 The Committee further recommends that the Chief Executive should ensure that all adjustments are reconciled and adjusted in the accounts of 2000/01.

Status: All the accounts since 1992 have now been reconciled, and all necessary adjustments have been incorporated in the 2000/01 accounts as recommended.

2.0 SURVEY OF AIRPORTS

RECOMMENDATION

The Committee recommends that:-

2.1 The Chief Executive should liaise with the Institute of Surveyors of Kenya (ISK) and the Directors of Surveys with a view to ascertaining the correct fee for the type of work carried out by *M/s Gordon Wayumba* with a view to recovery of overpayments.

Status: The Chief Executive confirms that the management is following up the recommendation with a view to ascertaining the correct fee for eventual recovery.

2.2 The Chief Executive should use all means possible including litigation to have the allocation of the following plots nullified:-

NAME OF ALLOTEE	LR.NO.
A.K. Magugu & Partner	9042/310
Nandir Farms Ltd.	9042/308
B.N. Macharia	9042/228
Mospa Motors	9042/603
Homegrown (K) Ltd.	9042/313
Makindu Growers and Parkers Ltd.	9042/281
Quadrant Ltd.	9042/292
3 Kays Beauty Clinique	UNS.PLOT NO.8
Afro Anglo	9042/295
Marke First (K) Ltd.	9042/305
Skybird Executive Safaris	I.R. 15143
United Airlines Limited	L.R. 16100
Makamu Holdings Ltd.	UNS.COMMERCIAL PLOTS.

Status: *The Chief Executive is seeking advice of the Commissioner of Lands for nullification of allocations. The KAA lawyers are also studying the issue of litigation against the plot owners should the Commissioner of Land not nullify the allocations.*

2.3 That the allocation of land within the airport be investigated with a view to establishing whether some of the land was allocated during the survey the period and extent of complicity between the Commissioner of Lands and the then Chief Executive(s) with a view to prosecuting them for abuse of office.

Status: *The Management state that they are unable to investigate and that they are availing all evidence to relevant investigators.*

2.4 That the then Chief Executive Mr. Peter *Lagat* who contracted the surveying of plots owned by third parties should restitute the amount paid for the survey work.

Status: *The Chief Executive confirms that Management has written to The Government through the Parent Ministry for investigation and eventual ascertainment of the amount for recovery.*

2.5 The then Chief Executive Mr. Peter *Lagat* who flouted tendering procedures in identifying surveyors should be held responsible and be surcharged.

Status: *The Chief Executive confirms that he has written to the appropriate arms of the Government for surcharged as recommended.*

3.0 REHABILITATION OF MAJOR FACILITIES AT JOMO KENYATTA INTERNATIONAL AIRPORT

RECOMMENDATION

The Committee recommends that:-

3.1 The Chief Executive should ensure that proper tendering procedures are strictly adhered to.

Status: The Chief Executive confirms that management now ensures that proper tendering procedures are strictly adhered to.

3.2 The then Chief Executives Messrs. *Bonventure Omuse* and Peter *Lagat* be held liable and surcharged, and be barred from holding office conferred by the Republic of Kenya.

Status: The matter of surcharge and barring from holding office has been forwarded to the Parent Ministry and the Government for appropriate action.

3.3 The then Chief Executives Messrs. *Bonventure Omuse* and Peter *Lagat* should be investigated for abuse of office and fraud by the Attorney General with a view to being prosecuted.

Status: The matter has been forwarded to the Parent Ministry and the Government for action.

3.4 M/s M.J. *Gleeson* and its Directors be blacklisted and precluded from award of State Corporations and Government Contracts.

Status: The Chief Executive confirms that M/S M.J Gleeson and its Directors have been blacklisted as recommended and will in future be precluded from award of contracts.

4.0 OVERPAYMENT OF PROFESSIONAL FEES

RECOMMENDATION

The Committee recommends that:-

4.1 The Chief Executive should strictly adhere to procurement procedures and the then Chief Executive should be held responsible and surcharged.

Status: The Chief Executive confirms that there is strict adherence to procurement procedures. The Inspector General has been informed for appropriate surcharge as recommended.

4.2 The Chief Executive should use all means possible including litigation to recover Kshs.27,762,987 being the proportion of the fees attributable to the items erroneously included in variation from the valuer.

Status: *The Chief Executive confirms that the recommendation is being followed up and that all means possible under the law will be used in an attempt to recover the money.*

The Committee further recommends that:-

4.3 M/s *Gatheru Irungu Mugo* Co. Ltd. and its Directors be investigated for the irregular payments and be precluded from award of State Corporations and Government Contracts.

Status: *The Chief Executive confirms that the Authority is following up the matter of M/S Gatheru Irungu Mugo Co. Ltd. and its Directors who are now under investigation for irregular payments. The Group is to be precluded from award of Authority contracts.*

4.4 The then Chief Executive Mr. Peter *Lagat* should be barred from holding public office conferred by the Republic of Kenya.

Status: *The Chief Executive confirms that he has written to the Government through the Parent Ministry drawing the Government attention to the recommendation.*

5.0 MOI INTERNATIONAL AIRPORT IMPROVEMENT CONTRACT

RECOMMENDATION

The Committee recommends:-

5.1 The then Board of Directors of the Authority be jointly and severally held responsible and surcharged for the sum of Kshs.217,402,877 paid as compensation to M/s TMJO.

Status: *The Chief Executive confirms that the Authority is liaising with the Parent Ministry and the Government for possible surcharge.*

5.2 The Government should assume its commitment in servicing the loan.

Status: *The Chief Executive confirms that discussions are being carried out with a view to complying with this recommendation.*

5.3 The matter relating to payment of Kshs.18,622,377 to the contractor be investigated by Attorney General to determine the circumstances surrounding the payment to the contractor/consultant.

Status: *The Chief Executive confirms that the Authority is liaising with the Office of the Attorney-General to determine the circumstances surrounding the payment.*

6.0 GRASS CUTTING CONTRACT

RECOMMENDATION

The Committee recommends that:-

6.1 The then Chief Executive of the Authority Mr. Peter Lagat should be held responsible for disregarding procurement procedures in the award of Grass Cutting Contract worth Kshs.1,486,275 and be surcharged.

Status: *The Chief Executive confirms that the Authority is liaising with the Parent Ministry and Government for surcharge.*

6.2. That the Chief Executive should recover an over payment of Kshs.802,275 from M/s A.J. Faulkner & Sons by 31st December, 2001.

Status: *The Chief Executive confirms that management is following up the matter of recovery of the overpayment.*

6.3 That the Authority should contract the grass cutting exercise only if a cost benefit analysis done by themselves reveals that it is cheaper than carrying out the exercise internally.

Status: *The Chief Executive in his letter ref:KAA/3/26/Vol.2 of 30th May, 2002 confirms that the Authority has contracted out the cutting of the grass after considering the cost benefits analysis and also KAA business policy to concentrate on core activities.*

7.0 PURCHASE OF MOTOR VEHICLES

RECOMMENDATION

The Committee recommends that:-

7.1 *Mr. Kiprono Kittony* should be held liable for the difference of Kshs.266,103 and be made to refund the same to the Authority by 31st December, 2001.

Status: *The Chief Executive confirms that the matter of refund is being actively pursued.*

7.2 *Ms. Janet Ongera, Deputy Managing Director* and *Mr. Peter Lagat* the then Managing Director should be investigated by the Attorney General for conspiring to defraud and actual fraud in the failed purchase of the Mercedes Benz Engine No. Engine No.10494222057837 and Chassis No.WDB 1240282C246672.

Status: *The Chief Executive confirms that the recommendation is being followed up. The Attorney General's Office is to be given all the required documentation to enable investigations to be carried out.*

7.3 *Ms. Janet Ongera* and *Mr. Peter Lagat* should be held liable for the loss of 3.7 million and be surcharged.

Status: *The Chief Executive confirms that he is taking action. The matter of the two is being forwarded to the Inspector General for advise and surcharge.*

7.4 *Mr. Kiprono Kittony* and Associated Companies be precluded from award of contracts by State Corporations.

Status: *The Chief Executive confirms that the recommendation is being adhered to. Mr. Kiprono Kettony and Associated Companies have been blacklisted and will be precluded from KAA contract awards.*

7.5 Mr. *Peter Lagat* be barred from holding public office conferred by the Republic of Kenya and *Ms. Janet Ongera,* the Deputy Managing Director, Kenya Airports Authority be censured for her complicity in the purchase of the said vehicle and withholding vital information from the Committee.

Status: *The Chief Executive confirms that Ms. Janet Ongera has been censured as an employee of KAA. The Government is being informed through the Parent Ministry regarding the recommendation on Mr. Peter Lagat..*

8.0 INVESTMENT

RECOMMENDATION

8.1 The Committee recommends that the then Managing Director *Mr. Peter Lagat* should be held responsible for depositing surplus funds of the Authority without following the Treasury's circulars and be prosecuted for abuse of office.

Status: *Only Kshs.6million out of the outstanding Kshs.100million at the Prudential Bank Ltd. (under Receivership) has been paid. The Chief Executive confirms that the Authority is forwarding the matter to the Government through the Parent Ministry.*

9.0 CREDITORS AND ACCRUALS

RECOMMENDATION

9.1 The Committee recommends that the Chief Executive should, in liaison with the parent Ministry, carry out a comprehensive reconciliation of the amounts owed to or by with a view to settling the outstanding debts.

Status: *The Chief Executive confirms that the management is carrying out the recommended reconciliation in liaison with the Parent Ministry for a comprehensive reconciliation of the amounts in question for eventual settlement..*

KENYA PIPELINE COMPANY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA PIPELINE COMPANY FOR THE YEAR ENDED 30TH JUNE 1997

1.0 **WORK IN PROGRESS**

1.1 ***Ngema* Access Road**

RECOMMENDATION

The Committee recommends that:-

1.2 The then Managing Director *Mr. Rao* be held responsible for awarding the contract on non-competitive basis to *Ruaha* Concrete Company, a Company that was not registered to do roads.

Status: The Chief Executive in his letter ref:FI/GE/1506 dated 20th May, 2002 confirms the blacklisting of the contractor and consultants. The Company will only involve itself in core business activities.

1.3 The Attorney General and Director of C.I.D. should investigate the tenure of the then Managing Directors *Mr. Rao* and *Mr. Komen* to establish if they were involved in conspiracy with the contractors to defraud the Corporation and/or abuse of office, with a view to prosecuting them.

Status: The management have initiated action for investigations as recommended.

1.4 The contractors and Directors of *M/s Dogra, M/s Ruaha* Concrete Company and *M/s Munupe* consultants be blacklisted and precluded from award of Contracts by State Corporations and Government Contracts.

Status: The Chief Executive confirms having blacklisted the contractors and consultants as recommended.

1.5 The Corporation should under no circumstances invest in non-core business activities especially building roads.

Status: The Chief Executive confirms that it no longer invests or engages in non-core business activities.

1.6 The then Managing Director *Mr. M.R. Rao* be barred from holding public office conferred by the Republic of Kenya.

Status: *The matter has been taken up by the Parent Ministry and the Government .*

1.7 ***M/s Munupe* Consultants be reported to the Engineers Registration Board for appropriate disciplinary action for operating without being a registered Consultant.**

Status: *The Chief Executive confirms that the matter has been reported as recommended.*

1.8 ***M/s Dogra, M/s Ruaha* Concrete Company, *M/s Munupe* Consultants and the then Managing Director *Mr. M.R. Rao* be made to pay the difference between assessment by the Chief Engineer Roads and the actual amount spent on the road.**

Status: *The matter is still being followed up for payment of the difference between assessment by the Chief Engineer Roads and the actual amount spend on the Road.*

1.2.0 Dormant Projects

RECOMMENDATION

1.2.1 The Committee recommends that the Chief Executive should seek funds to complete stalled core-projects and dispose of non-core projects.

Status: *The Chief Executive has already approached Treasury as recommended and the matter is being progressed.*

1.2.2 The Committee recommends that the Company should cease with immediate effect in investing and/or participating in non-core projects.

Status: *The Chief Executive confirms that it has ceased in investing or participating in non-core projects.*

2.0 INVESTMENT

RECOMMENDATION

2.1 The Committee recommends that the Corporation as a shareholder should take interest in the management of the Consolidated Bank of Kenya and requisitioning of the Annual General Meeting.

Status: *The Chief Executive confirms that being among the many investors in consolidated bank views the bank's performance with a lot of interest and has continuously monitored and participated in all the Annual General meetings. In addition KPC ensures that all annual financial statements from the bank are received and reviewed with a view to assessing the bank performance.*

NATIONAL CEREALS AND PRODUCE BOARD

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL CEREALS AND PRODUCE BOARD FOR THE YEAR ENDED 30TH JUNE, 1997.

1.0 FIXED ASSETS

1.1 **Donor Funded Projects**

1.2. **Asset Without Title Documents**

RECOMMENDATION

1.2.1 The Committee recommends that the Chief Executive should liaise with the Parent Ministry and the Treasury with a view to ensuring that the Cabinet Memorandum on the transfer of National Cereals Produce Board assets is concluded.

Status: *The matter is being actively followed as recommended. The additional clarification required by the cabinet have been prepared jointly and discussed between the Board and the Parent Ministry arising from which a supplementary Cabinet Memorandum has been prepared and submitted and is awaiting consideration by the Cabinet. This is contained in NCPB letter dated 6th June, 2002.*

1.2.2 The Committee further recommends that the Chief Executive should expedite the acquisition of title deeds for all parcels of land owned by the Board.

Status: *The Chief Executive confirms that 5 additional title deeds have been obtained bringing the total to 21 as at 31st May, 2002. The position is now as follows:*

(i)	*Properties with title deeds*	*21*
(ii)	*pending title registration*	*6*
(iii)	*Surveyed and beacon certificated*	*17*
(iv)	*On Kenya Railways Reserve*	*6*
	Total	*50*

2.0 DEBTORS

2.1 Government Debtors

RECOMMENDATION

2.1.1 The Committee reiterates its earlier recommendation under paragraph 2.1 of the 1995/96 Accounts, Ninth Report, Pages 13-14 that:-

2.1.2 **The Chief Executive should continue to liaise with the Parent Ministry and the Treasury with a view to ensuring that all the debts amounting to Kshs.2,341,957,502.85 owed by the Government are recovered in full.**

Status: *The Chief Executive confirms that close liaison has been maintained resulting in total repayments by GOK as at 31st May, 2002 of Kshs.1,796,627,900.00. The balance outstanding and being followed is only Kshs.1.291 billion.*

The committee further recommends that:-

2.1.3 The Permanent Secretary in the Office of the President in charge of Provincial Administration should recover the money from the individual D.Cs before March 31, 2002.

Status: *The Chief Executive confirms in his letter of 6th June, 2002 that the Board forwarded the outstanding amount against each DC to the PS Office of the President for action. The matter is still being pursued.*

2.1.4 The National Cereals & Produce Board should recover an amount of Kshs.360,099,812 owing from the Kenya Farmers Association (KFA) (former Kenya Grain Growers Cooperative Union (KGGCU) by all means including litigation.

Status: *The Board has written severely and demanded payment of the amount due and payable but there are little prospects for recovery of this debt because of the current financial status of KFA.*

2.1.5 *The Attorney-General should investigate the District Commissioners* who have held the fund with a view to prosecuting them.

Status: *The Chief Executive confirms that the Board is still liaising with the Office of the Attorney-General over this recommendation.*

2.2. **Staff Debtor Kshs.146,510,457.**

RECOMMENDATION

The Committee reiterates its earlier recommendation under paragraph 2.2 of the 1995/96 Accounts, Ninth Report, page 14 that:-

2.2.1 The Chief Executive should use all possible means including litigation to ensure that all the staff debts are recovered in full.

Status: *Management confirm that Kshs.94,823,059 has been recovered or settled and the balance of Kshs.51,687,398 is actively being pursued as recommended..*

2.2.2 The Chief Executive should strictly adhere to the laid down financial regulations with the regard to staff loans/advances.

Status: *The Chief Executive confirms that the Board now strictly adheres to the laid down financial regulations with regard to staff loans/advances.*

2.2.3 The Chief Executive should intensify the efforts to strengthen the internal controls.

Status: *The Chief Executive confirms that the Board has now strengthened the financial controls required..*

2.3 SUNDRY DEBTORS

RECOMMENDATION

2.3.1 The Committee recommends that the Chief Executive should avail all the necessary information for audit verification as and when required.

Status: *The Chief Executive confirms that all necessary information required or asked for during audit is being availed for verification as and when required.*

2.4 **OTHER TRADE DEBTORS**

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 2.4 of the 1995/96 accounts (Ninth Report) that:-

2.4.1 The Chief Executive should use all means at his disposal including litigation to ensure that the amounts owed are recovered in full.

Status: *The Chief Executive confirms that the cases are being actively kept in view. Debtors amounting to Kshs.199,064,182.55 are being pursued through legal process and corigrain (UK) case is being pursued by the Office of the Attorney-General.*

2.4.2 The then Chief Executives *Mr. B. Kikwai* and *Mr. W. Chelashaw* should be censured for having acted irregularly and be banned from holding any public office conferred by the Republic of Kenya.

Status: *The Chief Executive confirms having copied all the correspondence to the Government through the Parent Ministry for action.*

2.4.3 The Kenya Anti-Corruption Authority should investigate the losses in respect of gunny bags and fraudulent payments made in Mombasa Depot with a view to prosecuting suspects and consequently recover the money lost.

Status: *To facilitate the investigation, the Board forwarded a dossier on this case to KACA vide letter Ref.C.1/9 dated 2nd October, 2000. KACA confirmed satisfaction with the initial prosecution but have declined to undertake fresh investigations and retrial.*

2.4.4 The Corporation causes to be transferred the pending court cases namely HCCC Nos.2892 and 2947 of 1989; HCCC No.176 of 1994 from being heard by ordinary court to commercial courts for expeditious disposition.

Status: *Management confirm that the Board transferred some of the cases to Commercial Courts. The other case No.2892 has been stayed through the appointment of receivers while case No.HCCC 2947 is on going in the High Court.*

2.5 SWAP DEBTORS - KSHS.490,140,296

RECOMMENDATION

2.5.1 The Committee recommends that the Chief Executive should ensure that thorough debt verification is undertaken to confirm the global swap debtors and findings forwarded to the Auditor-General (Corporations) for verification by 31st December, 2001.

Status: *The Chief Executive confirms that he has adhered to the recommendation. A thorough debt verification was carried out with GOK and WFP and copies forwarded to the Controller and Auditor General as recommended.*

3.0 INSURANCE EXPENSE AND UNSETTLED INSURANCE CLAIMS.

RECOMMENDATION

3.0 The Committee recommends that the Chief Executive should always ensure that there is adequate insurance cover to avoid recurrence of such losses in future.

Status: The Chief Executive confirms that there is total compliance to the recommendation. The Board currently ensures that there is adequate insurance cover to avoid recurrence of losses in future.

4.0 CREDITORS AND PROVISIONS-KSHS.1,535,929,131.00

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should carry out reconciliation and analysis on the remaining accounts for audit verification by 30th March ,2002.

Status: The Chief Executive confirms that a reconciliation and analysis has been carried out thereby reducing the amount from kshs.1.5billion to kshs.329million which is yet to be verified.

4.2 The Committee further recommends that a detailed management audit investigation be undertaken by the Inspector of State Corporations on the Board.

Status: The Chief Executive confirms that correspondence has been copied to the Inspector General to enable him adhere to this recommendation.

5.0 SALE OF SUBSIDIARY COMPANIES - KENYA CASHEWNUTS LTD

RECOMMENDATION

The Committee while taking great exception at the non-implementation of the PIC (Eighth Report) recommendations on the matter and at the slow pace taken by the government to revive the Kenya Cashewnuts, reiterates its earlier recommendations under paragraph 4 of the 1994/95 accounts that:

5.1 The Attorney General should intervene and reverse the fraudulent transfer and registration of 65% shares held illegally by Kenya Plantation and Cashewnuts Ltd, have the property registered and in the name of Kilifi District Co-operative Union by 30th September, 1999.

Status: *The Chief Executive states that the developments have taken a new turn as the debenture holder, M/S Barclays Bank placed the assets of the company for sale. The Board has lost a winding up petition before a court of law in a judgement delivered on 27th February, 2002.*

5.2 The Attorney General should prosecute the following for conspiring/colluding to defraud Kilifi District Co-operative Union of its rightful shares.

- **Mr. Daniel Runya**
- **Mr. Joshua Kulei**
- **Mr. C. Desai**
- **Mr. N.K. Korir**
- **Mr. Japhet Kavuku**
- **Mr. S.B. Gunga**
- **Mr. W.K. Sambu**
- **Mr. B.K. Rotich**

Status: *The Chief Executive confirms that the matter is still with the Attorney-General's Office.*

5.3 The Attorney General should prosecute the current directors of Kenya Cashewnuts Ltd Company namely *Messrs P.K. Shah and Daniel Runya* for:

(a) excluding the Union from representation in the Board of Directors.

Status: *The Chief Executive confirms that the matter has been forward to the Attorney Generals office through the Parent Ministry.*

(b) illegally removing, transferring and selling assets of the Company without reference to the shareholders in gross contravention of memorandum and Articles of Association of the Company and the Companies Act.

Status: *The matter is still with the Attorney-General's Office.*

5.4 The Attorney General should prosecute the former Executive Chairman of ESTU/PRPC, *Mr. Lawi Kiplagat* for colluding/conspiring with the following to defraud Kilifi District Co-operative Union of its rightful shares

- **Mr. Daniel Runya**
- **Mr. Japhet Kavuku**
- **Mr. S.B. Gunga**

Status: *The matter is still being handled among the many other cases involving Mr. Lawi Kiplagat.*

5.5 *Mr. Lawi Kiplagat* and *Mr. Joshua Kulei* should be banned from holding any public office conferred by the Republic of Kenya.

Status: *The Government has been informed through the correspondences given to the Parent Ministry. Currently Mr. Lawi Kiplagat doesn't appear to have a job in a public office.*

5.6 The Committee also recommends that the other directors namely *Messrs C. Desai, N.K. Korir, B.K. Rotich and W.K. Sambu* should be barred from holding public office conferred by the Republic of Kenya.

Status: *The matter has been forwarded to the Government for the required action.*

5.6 The Committee further recommends that the government should take urgent measures to revive the factory and return its ownership to farmers by 30th September, 2001.

Status: *The revival of the factory has not been achieved as even the Board lost a case of winding up petition as announced by the High Court on 27th February, 2002 and the debenture holder M/S Barclays Bank placed the assets for sale.*

6.0 STRATEGIC RESERVE STOCKS

RECOMMENDATION

6.1 The Committee recommends that the Chief Executive should in liaison with the Parent Ministry and the Office of the President make provisions in the budget for restoring Strategic Grain Reserves to the legally acceptable levels and that all efforts be made to adhere to provisions of the Act.

Status: *The Chief Executive confirms that this recommendation has not yet been implemented. Maintenance of the Strategic Reserve stocks whose legal level of up to 3.0million bags x 90kgs of maize has not been achieved since 1996. This is because of inadequate funds. The available resources have been devoted to alleviation of hunger in some parts of the country through the Famine Relief Programme.*

NATIONAL CEREALS AND PRODUCE BOARD

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL CEREALS AND PRODUCE BOARD FOR THE YEAR ENDED 30TH JUNE, 1998.

1.0 **FIXED ASSETS**

Donor Funded Projects

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should liaise with the Parent Ministry and the Treasury with a view of ensuring that the Cabinet Memorandum on the transfer of National Cereals Produce Board assets is concluded.

Status: This is a repeat recommendation and the matter is as reported above in the previous year.

1.2 The Committee further recommends that the Chief Executive should expedite the acquisition of title deeds for all parcels of land owned by the Board.

Status: The matter is as reported above under the previous year.

2.0 **DEBTORS**

2.1 **Government Debtors**

RECOMMENDATION

The Committee reiterates its earlier recommendation under paragraph 2.1 of the 1995/96 Accounts, Ninth Report Pages 13-14 that:-

2.2 The Chief Executive should continue to liaise with the Parent Ministry and the Treasury with a view to ensuring that all the debts amounting to Kshs.2,341,957,502.85 owed by the Government are recovered in full.

Status: The matter is as reported above in the previous year where total payments by the Government as at 31st May, 2002 is Kshs.1.796billion leaving an outstanding balance of Kshs.1.291billion. Budget provisions continue to be allocated and payments made till full recovery.

The committee further recommends that:-

2.3 The Permanent Secretary in the Office of the President in charge of Provincial Administration should recover the money from the individual DCs before march, 2001.

Status: *This is a repeat recommendation and the matter is as reported above in the previous year.*

2.4 The National Cereals & Produce Board should recover an amount of Kshs.360,099,812 owing from the Kenya Farmers Association (KFA) (former Kenya Grain Growers Cooperative Union (KGGCU) by all means including litigation.

Status: *It is proving difficult to recover the money as KFA appears technically insolvent.*

2.5 The Attorney-General should investigate the District Commissioners who have held the fund with a view to prosecuting them.

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

2.2. **Staff Debtor**

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 2.2 of the 1995/96 Accounts Ninth Report, page 14 that:-

2.2.1 The Chief Executive should use all possible means including litigation to ensure that all the staff debts are recovered in full.

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

2.2.2 The Chief Executive should strictly adhere to the laid down financial regulations with the regard to staff loans/advances.

Status: *The Chief Executive confirms full compliance to this recommendation.*

2.2.3 The Chief Executive should intensify the efforts to strengthen the internal controls.

Status: *The Chief Executive confirms all required efforts have been made towards the strengthening of the internal controls.*

2.3 SUNDRY DEBTORS

RECOMMENDATION

2.3.1 The Committee recommends that the Chief Executive should avail all the necessary information for audit verification as and when required.

Status: *This is a repeat paragraph and the status is as reported above in the previous year.*

2.4 OTHER TRADE DEBTORS

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 2.4 of the 1995/96 accounts (Ninth Report) that:-

2.4.1 The Chief Executive should use all means at his disposal including litigation to ensure that the amounts owed are recovered in full.

Status: *This is a repeat paragraph and the status is as reported above in the previous year.*

2.4.2 The then Chief Executives *Mr. B. Kikwai* and *Mr. W. Chelashaw* should be censured for having acted irregularly and be banned from holding any public office conferred by the Republic of Kenya.

Status: *Please see the status above as given in the previous year.*

2.4.3 The Kenya Anti-Corruption Authority should investigate the losses in respect of gunny bags and fraudulent payments made in Mombasa Depot with a view to prosecuting suspects and consequently recover the money lost.

Status: *This is a repeat paragraph and the status is as reported the previous year.*

2.4.4 The Corporation causes to be transferred the pending court cases namely HCCC Nos.2892 and 2947 of 1989; HCCC No.176 of 1994 from being heard by ordinary court to commercial courts for expeditious disposition.

Status: *This is a repeat paragraph and the matter is as reported above during the previous year.*

2.5 **SWAP DEPTORS - KSHS.490,140,296**

RECOMMENDATION

2.5.1 The Committee recommends that the Chief Executive should ensure that thorough debt verification is undertaken to confirm the global swap debtors and findings forwarded to the Auditor-General for verification by 31st December, 2001.

Status: This has been implemented as reported above during the previous year.

3. **CREDITORS AND PROVISIONS**

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should carry out reconciliation and analysis on the remaining accounts by 30th March ,2002.

Status: The reconciliation was carried out as recommended and as reported above in the previous year.

4.0 **SALE OF SUBSIDIARY COMPAINIES - KENYA CASHEWNUTS LTD**

RECOMMENDATION

The Committee while taking great exception at the non-implementation of the PIC (Eighth Report) recommendations on the matter and at the slow pace taken by the government to revive the Kenya Cashewnuts, reiterates its earlier recommendations under paragraph 4 of the 1994/95 accounts that:-

4.1 The Attorney General should intervene and reverse the fraudulent transfer and registration of 65% shares held illegally by Kenya Plantation and Cashewnuts Ltd, have the property registered and in the name of Kilifi District Co-operative Union by 30th September, 1999.

Status: This is a repeat paragraph and the status is as reported above during the previous year.

4.2 The Attorney General should prosecute the following for conspiring/colluding to defraud Kilifi District Co-operative Union of its rightful shares.

- **Mr. Daniel Runya**
- **Mr. Joshua Kulei**
- **Mr. C. Desai**
- **Mr. N.K. Korir**
- **Mr. Japhet Kavuku**
- **Mr. S.B. Gunga**
- **Mr. W.K. Sambu**
- **Mr. B.K. Rotich**

Status: *This is a repeat paragraph. Please refer to the status as given above in the previous year.*

4.3 The Attorney General should prosecute the current directors of Kenya Cashewnuts Ltd Company namely *Messrs P.K. Shah and Daniel Runya* for:

4.3.1 excluding the Union from representation in the Board of Directors.

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

4.3.2 illegally removing, transferring and selling assets of the Company without reference to the shareholders in gross contravention of memorandum and Articles of Association of the Company and the Companies Act.

Status: *The Chief Executive fully agrees with the recommendation.*

4.3.3 The Attorney General should prosecute the former Executive Chairman of ESTU/PRPC, *Mr. Lawi Kiplagat* for colluding/conspiring with the following to defraud Kilifi District Co-operative Union of its rightful shares

- **Mr. Daniel Runya**
- **Mr. Japhet Kavuku**
- **Mr. S.B. Gunga**

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

4.3.4 *Mr. Lawi Kiplagat* and *Mr. Joshua Kulei* should be banned from holding any public office conferred by the Republic of Kenya.

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

4.4 The Committee also recommends that the other directors namely *Messrs C. Desai, N.K. Korir, B.K. Rotich and W.K. Sambu* should be barred from holding public office conferred by the Republic of Kenya.

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

4.5 The Committee further recommends that the government should take urgent measures to revive the factory and return its ownership to farmers by 30th September, 2001.

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

5.0 STRATEGIC RESERVE STOCKS

RECOMMENDATION

5.1 The Committee recommends that the Chief Executive should in liaison with the Parent Ministry and the Office of the President make provisions in the budget for restoring Strategic Grain Reserves to the legally acceptable levels and that all efforts be made to adhere to the provisions of the Act.

Status: This is a repeat paragraph and the matter is as reported above in the previous year.

6.0 OPERATING PERFORMANCE.

RECOMMENDATION

6.1 The Committee recommends that the Government should approve the divesture of the Board's assets in order to transform it into self sustaining commercial entity.

Status: The Chief Executive confirms the Board is following up the matter of divesture with the Government.

KENYATTA NATIONAL HOSPITAL

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYATTA NATIONAL HOSPITAL FOR THE YEAR ENDED 30TH JUNE, 1998

1.0 SHORT TERM INVESTMENTS

RECOMMENDATION

1.1 The Committee strongly recommends that all the deposits held with *Eurobank* amounting to Kshs.411,893,077.90 should be completely withdrawn by the 31st August, 2001 without fail and invested in Treasury Bills and Bonds.

Status: *The Chief Executive confirms that the amount has not been withdrawn fully. On 1st May, 2001 agreement was reached by both Parties to pay the money in 35 monthly instalments at a monthly rate of Kshs.12,110362.60. This was to run up to March 2004 but the bank defaulted again in October, 2001. Management has handed the matter to the lawyers to recover the money.*

1.2 The Committee further recommends that any future investment by the Hospital in such banks should be made in accordance with circular No.10 of 15th July, 1992.

Status: *The Chief Executive confirms that the hospital does not make any cash investments outside the Treasury Circular No.10 of 15th July, 1992.*

2.0 WORK-IN-PROGRESS

RECOMMENDATION

2.1 The Committee recommends that the arbitration between Kenyatta National Hospital and M/s Edon Consultants should be brought to completion.

Status: *The Chief Executive confirms that the arbitration was concluded and the award against KNH given on 6th September, 2001 by the Arbitrator (Mr. Norman Mururu) where he ordered the hospital to pay M/S Edon Consultants kshs.4,634,861.00 being the full and final settlement of all the claims presented. The Hospital has since complied. The original claim was kshs.70,441,575.00*

3.0 DEBTORS AND PREPAYMENTS

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should provide schedules and source documents in respect of the miscellaneous debtors figure of Kshs.31,987,959 and miscellaneous bank transfers of Kshs.5,105,259 for audit verification by 31st December, 2001.

Status: The Chief Executive confirms that the recommendation has been adhered to. The first schedule of Kshs.31.9million was submitted on 17th October, 2000 while the second one of Kshs.5.1million was provided before the deadline of 31st December, 2001 and included in the 1999/2000 final accounts.

4.0 FRAUDULENT PAYMENTS –KSHS12,397,877.00

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should follow up the recovery proceedings cases against Kenya Commercial Bank, *Daima* Bank and Trans-National Bank Limited to their conclusion.

Status: The Chief Executive confirms that the Court proceedings are still on-going. HCCC No.667 of 1997 KNH versus KCB and Daima Bank (Kshs.11,538,177.60) and 668 of 1997 (Kshs.859,700.00) are being followed up by the courts and lawyers.

5.0 FIXED ASSETS

RECOMMENDATION

5.1 The Committee recommends that the Chief Executive should liaise with the Commissioner of Lands with a view to ensuring that titles are issued for the Hospital's land and buildings inherited from the Ministry of Health.

Status: The titles have been obtained for LR No.25138 (45-01 HA) Main Hospital, 209/13980 (0.3309 HA) Mortuary Chapel and 209/13979 (0.3462 HA) new and old Mortuary. KMTC and the council of the University of Nairobi have been jointly issued title 209/13978 (2.544 HA).

6.0 REVENUE

RECOMMENDATION

6.1 The Committee recommends that waivers and exemptions be applied in an open and transparent manner.

Status: *The Chief Executive confirms compliance to the recommendation. An Interdisciplinary team at ward level comprising of Nurses, Doctors and social Workers and Finance Staff assess cases. Waivers granted at ward level are reviewed monthly by the Hospital waiver committee in an open and transparent manner.*

7.0 REVISED BACKDATED BOARD SITTING ALLOWANCES

RECOMMENDATION

The Committee recommends that:-

7.1 The Chief Executive should ensure that valid approval of the revised sitting allowances is obtained from the State Corporations Advisory Committee as required by the law.

Status: *The Chief Executive confirms that he is following up the matter through his letter ref.KNH/DIR/8/Vol.viii/112 dated 30th March, 1999 and (36) dated 6th February, 2001. Response is still awaited.*

7.2 The Chief Executive should recover the revised/backdated Board's Sitting Allowances amounting to Kshs.856,000 paid to Board Members before the alleged approval from the Office of the President vide letter Ref.OP.9/165/A which was to take effect from 22nd June, 1999.

Status: *The Chief Executive confirms that the hospital continues to pay the old rates and that SCAC has not given any approval. The matter is still being followed.*

7.3 The Chief Executive should recover the amount paid to members of staff who participated in Board meetings contrary to the law.

Status: *The Chief Executive confirms that recovery from KNH staff has been instituted.*

7.4 The Committee also recommends that the then Permanent Secretary, Secretary to the Cabinet and Head of the Public Service *Mr. Fares Kuindwa* should be censured and surcharged for approving the revised sitting allowance without due regard to the law and for purporting to act on behalf of the State Corporations Advisory Committee.

Status: *The Chief Executive confirms having forwarded the matter to the Government through the Parent Ministry.*

The Committee further recommends that:-

7.5 The Permanent Secretary, Secretary to the Cabinet and Head of Civil Service should adhere to the law and stop performing the functions of the State Corporations Advisory Committee.

Status: *The Chief Executive confirms that the recommendation has been noted and same forwarded to the Government through the Parent Ministry.*

7.6. Government should constitute the State Corporations Advisory Committee immediately.

Status: *The Chief Executive confirms that the matter now rests with the Government.*

CATERING LEVY TRUSTEES

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF CATERING LEVY TRUSTEES FOR THE YEAR ENDED 30 JUNE 1997

1.0 FINANCIAL POSITION

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should in future ensure that prudent budgetary practices are observed.

Status: The Chief Executive confirms that prudent budgetary practices are now being observed.

2.0 FIXED ASSETS - KSHS.41,166,514

RECOMMENDATION

2.1 The Committee reiterates its earlier recommendations under paragraph 1 of the 1995/96 Account, Ninth Report, page 259, that the then Chief Executive Mr. Lazarus Amayo, should be held responsible for failing to value plot No.209/297 thus denying the Corporation a fair price for the property.

Status: The Chief Executive confirms that action is being taken. The former Chief Executive is being held responsible and all documents have been forwarded to the Attorney-General's office with a view to investigations and prosecutions of former Chief Executive, Members of the Board and Newman Investments Ltd.

The Committee also recommends that:-

2.2 the then Board of Directors and the then Chief Executive *Mr. Lazarus Amayo* be surcharged for failing to value the plot No.209/297 before disposing it.

Status: The Chief Executive confirms that the Government has been informed through the Parent Ministry for the required surcharge.

2.3 In view of perceived conspiracy to defraud the public by the Board of Directors of Catering Levy Trustees and *Newmans* Investments Ltd., the Committee recommends that the Attorney General should institute investigations with a view to prosecuting the then members of the Board, Directors of *Newmans* Investment Ltd. and other culprits involved in the transaction.

Status: *The Chief Executive confirms that the necessary documents are being availed to the Attorney-General's office for the necessary investigations with a view of prosecuting those involved.*

3.0 SUNDRY DEBTORS - KSHS.7,135,024

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should pursue the liquidator of Kenya National Assurance Company with a view to recovering the Kshs.582,101 in full.

Status: *The money has not yet been recovered. The Chief Executive confirms that management is monitoring any development of the company with a view to recovering all debts owed including the amount in question.*

4.0 INVESTMENT - KSHS.154,300,000

RECOMMENDATION

4.1 The Committee recommends that the then Chief Executive *Mrs. Ojany* should be held responsible and be censured for the possible loss of Kshs.63.1 million held in three financial institutions (in liquidation) which arose due to disregard of Treasury Circular No.10 of 1991.

Status: *The Chief Executive confirms that management has already informed the Government through the Parent Ministry to have the former Chief Executive held responsible and censured for the possible loss.*

4.2 The Committee further recommends that the Chief Executive should pursue the liquidators of Cosmopolitan Building Society; Trade Bank and *Thabiti* Finance Company Limited with a view to recovering the Kshs.63.1 million in full.

Status: *The Chief Executive confirms that management is pursuing the collapsed financial institutions as recommended*

CATERING LEVY TRUSTEES

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF CATERING LEVY TRUSTEES FOR THE YEAR ENDED 30 JUNE 1998

1.0 FINANCIAL POSITION

RECOMMENDATION

1.1 The Committee reiterates it earlier recommendations under paragraph 1 of the 1996/97 Accounts that the Chief Executive should in future ensure that prudent budgetary practices are observed.

Status: The Chief Executive confirms that the recommendation is being adhered to.

2.0 PROPOSED OFFICE BLOCK

RECOMMENDATION

2.1 The Committee reiterates its earlier recommendation under paragraph 1 of the 1995/96 Accounts, Ninth Report page 259 that the then Chief Executive *Mr. Lazarus Amayo*, should be held responsible for failing to value plot No.209/297 thus denying the Corporation a fair price for the property.

Status: This is a repeat paragraph and the matter is as reported above in the previous year.

The Committee reiterates its earlier recommendations under paragraph 2 of the 1996/97 Accounts that:-

2.2 the then Board of Directors and the then Chief Executive *Mr. Lazarus Amayo* be surcharged for failing to value the plot No.209/297 before disposing it.

Status: The status of the matter is as reported above in the previous year.

***2.3* In view of perceived conspiracy to defraud the public by the Board of Directors of Catering Levy Trustees and *Newmans* Investments, the Committee recommends that the Attorney General should institute investigations with a view to prosecuting the then members of the Board, Directors of *Newmans* Investment Ltd. and other culprits involved in the transaction.**

Status: The is a repeat paragraph and the matter is as report above in the previous year.

3.0 SUNDRY DEBTORS - KSHS.10,342,164

RECOMMENDATION

The Committee recommends that:-

3.1 The Chief Executive should pursue the liquidator of KNA Company with a view to recovering Kshs.582,101 in full.

Status: *The Chief Executive confirms that management is monitoring the company with a view to recover the money when it will be possible.*

3.2 The Chief Executive should enforce the provision of the Hotel and Restaurant Act, Cap 494 with a view to recovering the amount of Kshs.9,071,578 from defaulting hotels.

Status: *The Chief Executive confirms that the levy inspectors in their routine duties are pursuing any possible recovery of the dishonoured cheques issued by hotels. The Hotel and Restaurants Act Cap.494 is being enforced.*

4.0 INVESTMENTS

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 4 of the 1996/97 Accounts that:-

4.1 The then Chief Executive Mrs. Ojany should be held responsible and be censured for the possible loss of Kshs.63.1 million held in three financial institutions (in liquidation) which arose due to disregard of Treasury Circular No.10 of 1991.

Status: *This is a repeat paragraph and the status is as stated above in the previous year.*

4.2 The Chief Executive should pursue the liquidator of Cosmopolitan Building Society; Trade Bank and *Thabiti* Finance Company Limited with a view to recovering the Kshs.63.1 million in full.

Status: *The management is still pursuing the collapsed banks with a view to recovering the money.*

5.0 DONATIONS - KSHS.298,000

RECOMMENDATION

5.1 The Committee recommends that the Corporation should abolish the item of donations in its budget with immediate effect.

Status: *The Chief Executive confirms that the necessary action has been taken and the expenditure already abolished as an item in the budget.*

KENYA NATIONAL TRADING CORPORATION LIMITED

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA NATIONAL TRADING CORPORATION LIMITED FOR THE YEAR ENDED 30TH JUNE 1996

1.0 ACCURACY OF THE ACCOUNTS

RECOMMENDATION

The Committee recommends that:-

1.1 **The Chief Executive should ensure that adequate response is made to issues raised in management letter(s) to facilitate the work of the Auditor-General (Corporations).**

Status: *The Chief Executive confirms that the management is complying with the recommendation. Adequate responses are being made to issues raised in management letter(s).*

1.2 **The Chief Executive should ensure that proper reconciliations are done by the Corporation**

Status: *The Chief Executive confirms that proper reconciliations are now being done by the Corporation.*

2.0 FINANCIAL POSITION

RECOMMENDATION

2.1 The Committee reiterates its earlier recommendation under paragraph 1 of the 1994/95 Accounts, 9th Report pages 88-89, that the parent Ministry should initiate action with a view to liquidating the Corporation.

Status: *The Chief Executive confirms that there are attempts to revive the Corporation.*

3.0 CASH AND BANK BALANCES

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should keep proper accounting records and maintain reconciliations up to date.

Status: The Chief Executive confirms that proper accounting records are being maintained and reconciliations are up to date.

4.0 DEBTORS

RECOMMENDATION

The Committee recommends that:-

4.1 The Chief Executive should use all means possible including litigation to ensure that the amount owing from *M/s Raspel* Ltd; *M/s Bawazir* Ltd.; *Emali* Enterprises; M/s Co-op Bank and *M/s Amirani* (K) Ltd are recovered in full.

Status: The Chief Executive confirms that the matter is being followed closely.

4.2 The Chief Executive should pursue the case involving coffee losses with the Commissioner of Police to its conclusion.

Status: The Chief Executive confirms that the matter is being closely followed.

4.3 The Committee further recommends that Kenya National Trading Corporation suspends business transaction with the following Companies and their Directors until the pending Court Cases thereof have been determined:-

(a) M/s. Rapsel Ltd.
(b) M/s. Bawazir Ltd.
(c) M/s. Emali Enterprises.
(d) M/s Co-op Bank Ltd.
(e) M/s Amiran (K) Ltd.
(f) M/s Delphin International
(g) M/s L.U. International.

Status: The Chief Executive confirms that KNTC did indeed suspend business transactions with the named companies.

5.0 PROCUREMENT OF FURNITURE

RECOMMENDATION

5.1 The Committee recommends that the Corporation and the then Managing Director should ensure that the reconciliation exercise in respect of furniture is completed and furnitures belonging to the Corporation recovered by 31st December, 2001.

Status: *The Chief Executive confirms that the amount has not yet been recovered but the reconciliation exercise was completed.*

6.0 PAYMENT OF HOUSE ALLOWANCE TO MANAGING DIRECTOR

RECOMMENDATION

6.1 The Committee recommends that the Chief Executive should provide information to the Auditor-General (Corporations) as and when required.

Status: *The Chief Executive confirms that all necessary information required by the controller and Auditor-General is being availed.*

7.0 STOCK LOSSES

RECOMMENDATION

The Committee recommends that the Chief Executive should liaise with the Director of Criminal Investigation Department with a view to investigating the following irregular transactions by the former Coffee Manager Mr. R. Ole Nakuo:-

7.1 Transfer of Coffee worth Kshs.7,973,212.40 from Coffee Board of Kenya to DAVCO Enterprises.

Status: *The Chief Executive confirms that the matter is being followed as recommended.*

7.2 Transfer of Coffee worth US$423,392.40 from coffee Board of Kenya to M/s Les Gestions of M.De Saint, Hilarae 2834, Furlong, Canada.

Status: *The Chief Executive confirms that the matter is being followed up as recommended.*

7.3 Transfer of Coffee worth Kshs.4,948,921.50 from Coffee Board of Kenya to M/s. Muruyama Trading Company Ltd.

Status: *The Chief Executive confirms that the matter is being followed up as recommended.*

7.4 Transfer of Coffee worth over US$71,820 from coffee Board of Kenya to M/s Davco enterprises.

Status: *The Chief Executive confirms that the matter is being followed up as recommended.*

7.5 Transfer of Coffee worth over US$15,120 from Coffee Board of Kenya to M/s Aroma Export Agencies.

Status: *The matter is being followed up as recommended.*

7.6 The Committee further recommends that the Director of Criminal Investigations Department should also investigate the transfer of 500 bags of coffee on 23.05.1995 by unknown persons without endorsement of storage warrants and establish the recipients of the same with a view to preferring fraud charges against the culprits.

Status: *The Chief Executive confirms that all documentary evidence is being availed to assist in the investigation.*

8.0 STAFF PENSION SCHEME

RECOMMENDATION

8.1 The Committee recommends that the Chief Executive should ensure that amounts that were neither recovered from staff nor from the Corporation from September 1995 to May 1996 should be realised and invested elsewhere.

Status: *The Chief Executive confirms that the matter has been followed up as recommended.*

8.2 The Committee further recommends that the Pension fund be managed in accordance with the Retirement Benefits Authority Act.

Status: *The Chief Executive confirms that the Pension fund is now being managed in accordance with the Retirement Benefits Authority Act.*

CAPITAL MARKETS AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF CAPITAL MARKETS AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1993.

1.0 STAFF ALLOWANCES

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should recover the monies amounting to Kshs.440,238 irregularly paid to the Senior Managers.

Status: This recommendation has not been implemented because the managers have since left the service of the Authority and one is deceased as confirmed by the Chief Executive.

1.2 The Committee further recommends that the then Chief Executive be surcharged for violating the law.

Status: The Chief Executive confirms that the matter of surcharge has been forwarded to the Government through the Parent Ministry.

CAPITAL MARKETS AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF CAPITAL MARKETS AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1994.

1.0 **STAFF ALLOWANCES**

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 1 of the 1992/93 Accounts that:-

1.1 the Chief Executive should recover the monies amounting to Kshs.440,238 irregularly paid to the Senior Managers.

Status: *This recommendation has not been implemented because the managers have since left the service of the Authority and one is deceased.*

1.2 the then Chief Executive be surcharged for violating the law.

Status: *The matter has been forwarded to the Inspector General Inspectorate of State Corporations through the Parent Ministry.*

2.0 **FIXED ASSETS KSHS.8,329,003.00**

RECOMMENDATION

2.0 The Committee recommends that the former Chief Executive *Mr. William Arap Chelashaw* be reprimanded for misconduct.

Status: *The Chief Executive confirms that the matter was forwarded to the Government through the Parent Ministry.*

3.0 **PAYMENT OF HOUSE ALLOWANCE AND GRATUITY TO FORMER CHIEF EXECUTIVE**

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should ensure that unauthorised owner occupier house allowance paid to the then Chief Executive *Mr. William K. B. arap Chelashaw* and taxes due should be recovered with immediate effect.

Status: *The Chief Executive confirm that the tax on gratuity payable by the former Chief Executive was recovered by the Authority out of his subsequent dues. The Authority is however unable to*

recover the excess house allowance paid and would like the Inspectorate of State Corporations to assist in the recovery.

CAPITAL MARKETS AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF CAPITAL MARKETS AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1995.

1.0 STAFF ALLOWANCES

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 1 of the 1993/94 Accounts that:-

1.1 the Chief Executive should recover the monies amounting to Kshs.440,238 irregularly paid to the Senior Managers.

Status: The money has not been recovered because the managers left the service of the Authority and one is deceased.

1.2 the then Chief Executive be surcharged for violating the law.

Status: The matter has been forwarded to Inspectorate of State Corporations for surcharge.

2.0 PAYMENT OF HOUSE ALLOWANCE TO THE FORMER CHIEF EXECUTIVE

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should ensure that the amount of Kshs.318,590 being unauthorised owner occupier house allowance paid the then Chief Executive *Mr. William K.B. arap Chelashaw* should be recovered from him with immediate effect.

Status: This is a repeat paragraph and the matter is as reported above in the previous year.

CAPITAL MARKETS AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF CAPITAL MARKETS AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1996.

1.0 **STAFF ALLOWANCES**

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 1 of the 1994/95 Accounts that:-

1.1 the Chief Executive should recover the monies amounting to Kshs.440,238 irregularly paid to the Senior Managers.

Status: This is a repeat paragraph and the matter is as reported in the previous year.

1.2 the then Chief Executive be surcharged for violating the law.

Status: This is a repeat paragraph and the matter is as reported in the previous year.

3.0 PAYMENT OF HOUSE ALLOWANCE TO THE FORMER CHIEF EXECUTIVE

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should ensure that the amount of Kshs.318,590 being unauthorised owner occupier house allowance paid the then Chief Executive *Mr. William K.B. arap Chelashaw* should be recovered from him with immediate effect.

Status: This is a repeat paragraph and the matter is as reported above in the previous year.

NATIONAL HOUSING CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL HOUSING CORPORATION FOR THE YEAR ENDED 30TH JUNE, 1997.

1.0 CONTRACTS

RECOMMENDATION

1.1 The Committee recommends that the then Chief Executive Mr. Lawi Kiplagat should be held responsible and be surcharged for disregarding procurement procedures in the award of three contracts worth Kshs.4,977,130.

Status: The Chief Executive confirms action taken. The Corporation has demanded the sum of Kshs.4,977,130 from Mr. Lawi Kiplagat. The matter has also been forwarded to the Inspector General.

1.2 The Committee further recommends that Mr. Lawi Kiplagat should be barred from holding any public office conferred by the Republic of Kenya.

Status: The Chief Executive confirms that the Government has been informed through the Parent Ministry.

2.0 MANAGING DIRECTOR'S SALARY

RECOMMENDATION

2.1 The Committee recommends that the Commissioner of Income Tax should recover tax due from the then Managing Director, Mr. Lawi Kiplagat, by 31st December, 2001.

Status: The Chief Executive confirms that the Commissioner of Income Tax has not yet recovered the tax. The matter is being pursued by the Corporation, the lawyers and the Inspector General of State Corporations.

2.2 The Committee further recommends that all benefits enjoyed and allowance paid to Mr. Lawi Kiplagat during his tenure as the Managing Director of National Housing Corporation should be treated as a debt and be recovered from him with immediate effect.

Status: *The payments are being treated as debt as recommended. The amount being demanded is Kshs.22,663,497.05. The Inspector General has been informed and surcharge made. A high court judgement has already been obtained in favour of the Corporation and the order for attachment has been obtained.*

2.3 The Committee also recommends that the corporation should take appropriate disciplinary action against the Financial Manager, Mr. W.M. Wepukhulu for failing to perform his duties.

Status: *The Chief Executive confirms that Mr. Wepukhulu's services with the Corporation were terminated with effect from 1st March, 2001.*

KENYA MEDICAL RESEARCH INSTITUTE

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA MEDICAL RESEARCH INSTITUTE FOR THE YEAR ENDED 30TH JUNE, 1998.

1.0 STAFF HOUSING PROJECT

RECOMMENDATION

The Committee recommends that:-

1.1 the Chief Executive should do everything possible to ensure that the title deed is released.

Status: *The Chief Executive confirms that the title deed has not yet been released. Negotiations between National Bank of Kenya, M/S Cyper Enterprises and KEMRI are about to be finalized. After settlement of the accounts then thereafter the title to the property will be released.*

1.2 the Chief Executive ensures that the Institute pays only the amount that it rightfully and justly owes.

Status: *The Chief Executive confirms that management will ensure that the Institute pays only the amount that it rightfully and justly owes.*

1.3 **the Chief Executive ensures that the amount being held by *M/s Sande-Makhandia* Advocates is safe and secured.**

Status: *The Chief Executive in his letter ref.KEMRI/FIN/6/15 Vol.v(178) confirms that the amount held by M/S Sande-Makhandia Advocates is safe and secure and awaiting conclusion of the management negotiations.*

2.0 ABANDONED PROJECT

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should complete the project in order to avoid further escalation of building costs.

Status: *The Chief Executive confirms that the Institute is seeking budgetary support of Kshs.45million to facilitate completion of the project.*

3.0 NATIONAL HOSPITAL INSURANCES STAMPS

3.1 The Committee recommends that the Chief Executive should liaise with the Director of CID with a view to apprehending Mr. Absolom M'Mbwanga Agavihi and prosecuting him in court.

Status: *The Chief Executive confirms that the suspect in the case, Mr. Absolom M'Mbwaga Agavihi has already been apprehended and the matter is now before a Court of Law.*

4.0 THEFT OF ISUZU TROOPER - KZT 599

RECOMMENDATION

4.1 The Committee recommends that disciplinary action including surcharge be taken against the officer who failed to comprehensively insure the stolen vehicle.

Status: *The Chief Executive confirms that the officer has been disciplined and surcharged for the loss occasioned to the institute through theft of the vehicle.*

KENYA TEA DEVELOPMENT AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA TEA DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1996.

1.0. **EXPORT COLLECTION CASH ACCOUNT**

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should ensure that all the necessary documents including book entries are availed to the Auditor-General (Corporations) for audit verification by 31st December, 2001.

Status: *The Chief Executive confirms that all the necessary documents including book entries were reconciled and availed to the Controller and Auditor General as recommended.*

2.0 **BANK OVERDRAFT**

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should ensure that all relevant supporting documents are made available to the Auditor-General (Corporations) during audit exercise pursuant to the Exchequer and Audit Act (Cap 412).

Status: *The Chief Executive confirms that all relevant supporting documents are correctly being made available to the Controller and Auditor General*

3.0 **INVESTMENT IN TEA FACTORY COMPANIES**

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should ensure that debenture deeds and financial agreements for *Ngere* and *Kiru* tea factories are executed by 31st December, 2001.

Status: *The Chief Executive confirms that the debenture deeds for Ngere and Kiru Tea Factory companies were executed as recommended and copies availed to the Controller and Auditor General.*

4.0 DEBTORS AND PREPAYMENT

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should ensure that all relevant supporting documents are made available to the Auditor-General (Corporations) during audit exercise pursuant to the Exchequer and Audit Act (Cap 412).

Status: *The Chief Executive confirms that all relevant supporting documents are being availed as recommended. The full analysis of the debtors and prepayment account together with the schedules and analysis in respect of the debtors figure of Kshs.1,232,695 were submitted to the Controller and Auditor-General.*

4.0 DEBTORS- KTDA MANAGED TEA FACTORIES

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should ensure that all relevant supporting documents are made available to the Auditor-General (Corporations) during the audit exercise pursuant to the Exchequer and Audit Act (Cap 412).

Status: *The Chief Executive confirms that the required document s are being availed to the Controller and Auditor General as required by the Law.*

STORES

4.2 The Committee recommends that the Chief Executive should ensure that all relevant supporting documents are made available to the Auditor-General (Corporations) during audit exercise pursuant to the Exchequer and Audit Act (Cap 412).

Status: *The Chief Executive confirms that all relevant supporting documents are being made available to the controller and Auditor General during audit exercise pursuant to the Exchequer and Audit Act (Cap.412)*

KENYA BUREAU OF STANDARDS

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA BUREAU OF STANDARDS FOR THE YEAR ENDED 30TH JUNE, 1994

1.0 **FIXED ASSETS**

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should ensure that the Bureau's land and Work-In-Progress figure of Kshs.5,847,868 is included in the Fixed Assets figure of the Corporation.

Status: *The Chief Executive confirms that the recommendation has been fully implemented. The Bureau's land and work-in-progress figure has now been included in the Fixed Assets figure.*

2.0 INVESTMENTS

RECOMMENDATION

The Committee therefore recommends that:-

2.1 The then Managing Director of Kenya Bureau of Standards *Mr. Peter Munga* should be held responsible and be censured for non-compliance with government circulars with regard to the investment of Kshs.17,132,034 with the National Bank of Kenya.

Status: *The Chief Executive confirms that the amount was recovered and the account closed as per recommendation of the Auditor-General Corporations.*

2.2 The parent Ministry of Trade and Industry should improve its supervisory role in the performance and adherence to government regulations and circulars by the Bureau.

Status: *It is confirmed that the required supervisory role of the Parent Ministry is being maintained. The Bureau recognizes the important supervisory role of its Parent Ministry.*

KENYA BUREAU OF STANDARDS

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA BUREAU OF STANDARDS FOR THE YEAR ENDED 30TH JUNE, 1995

1.0 DELAY IN SUBMISSION OF ACCOUNTS

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should ensure that the accounts of the Bureau are accurate and are submitted within the period stipulated by the Exchequer and Audit Act, (Cap 412).

Status: The Chief Executive confirms that management now ensures that the accounts are accurate and are submitted within the stipulated period.

1.2 The Committee further recommends that any Chief Executive of the Bureau who, in future, causes delay in the submission of the accounts and fails to seek Parliamentary approval to submit outside the statutory period, should be dismissed from the Public Service.

Status: The Chief Executive confirms having noted the point.

2.0 UNCOLLECTED STANDARD LEVY PENALTIES - KSHS.26,533,806.90

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should ensure that all outstanding standard levy penalties are recorded in the books of account.

Status: The Chief Executive confirms that outstanding standard levy penalties were recorded in the books. Collection has been intensified and lawyers have been contracted to assist in the collection.

1. STOCK - KSHS.4,694,737

RECOMMENDATION

The Committee recommends that the Bureau should maintain correct and up to date accounts in respect of stocks.

Status: The Chief Executive confirms that the Bureau now maintains correct and up to date accounts in respect of stocks.

4.0 GOVERNMENT GRANTS

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should ensure that proper books are maintained by the Bureau.

Status: The Chief Executive confirms that proper books are now maintained by the Bureau.

5.0 BUDGETARY CONTROL

RECOMMENDATION

5.1 The Committee recommends that the Chief Executive should in future ensure that prudent budgetary practices are observed without exception.

Status: The Chief Executive confirms that prudent budgetary practices are now being observed.

6.0 PENSION FUND

RECOMMENDATION

6.1 The Committee recommends that the Chief Executive should pursue the liquidator of Kenya National Assurance Company with a view to recovering Kshs.39,931,580 in full.

Status: The Chief Executive confirms that the recovery has not been made. The liquidator of KNA is being pursued for recovery of the money. There are promises of the money being paid as soon as the Life Fund is sold/revived.

KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE FOR THE YEAR ENDED 30TH JUNE, 1994

1.0 DELAY IN SUBMISSION OF ACCOUNTS

RECOMMENDATION

1.1 The Committee recommends that any Chief Executive of the Institute who, in future, causes delay in the submission of accounts for audit should be dismissed from public service.

Status: The Chief Executive confirms that the recommendation has been noted and compliance will be in full.

2.0 FIXED ASSETS

RECOMMENDATION

2.1 The Committee recommends that the Institute should obtain the title deeds for its plots namely LR-209/12910 and LR.209/5811 in Nairobi and LR.15292 in Kisumu, without further delay and not later than 30th December, 2001.

Status: The Chief Executive confirms title deed No.209/12910has been processed and it is awaiting collection upon payment of kshs.1,801,000 rates to City Council. Title No.209/5811 has been received while LR15292 is still under process.

2.2 The Committee further recommends that the Institute and the parent Ministry should liaise with the Treasury with a view to obtaining Kshs.1,801,000 for offsetting the city council rates.

Status: The Chief Executive confirms the matter of funds is still being pursued as recommended.

3.0 INVESTMENTS

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should ensure that the balance of Kshs.200,000 is recovered from the Deposit Protection Fund in respect of funds held at *Thabiti* Finance Company Ltd. (in liquidation).

Status: *The Chief Executive confirms that an amount of K£90,000 was recovered through Deposit Protection Fund leaving a balance of K£10,000 which is still proving difficult to recover.*

4.0 DEBTORS

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should ensure that all the outstanding debts are recovered without delay.

Status: *The Chief Executive confirms that implementation of the recommendation is being actively pursued. Credit Control has been revised and debt control strengthened. Monies owed by NBK were recovered on 10th May, 2001.*

5.0 PENSION FUND

RECOMMENDATION

5.1 The Committee recommends that the Chief Executive should ensure that any monies irregularly paid from the Institute's Contributory Pension Scheme are recovered from the concerned officers.

Status: *The Chief Executive confirms that the recommendation has not been fully implemented. There had been a mix up and employers on secondment were paid as there were no separate pension account maintained. The matter is being followed with the Auditors while observing RBA laws.*

KENYA FERRY SERVICES LIMITED

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA FERRY SERVICES LIMITED FOR YEAR ENDED 30TH JUNE, 1992

1.0 STATUS OF THE COMPANY

RECOMMENDATION

1.1 The committee was informed that the Government now owns 80% while Kenya Ports Authority owns 20% and that share certificates number 01 for Kshs.386.5 million has been issued to the Permanent Secretary Treasury and share certificate number 03 for Kshs.100 million has been issue to Kenya Ports Authority thereby resolving the audit query.

Status: The matter now stands resolved as per recommendation.

2.0 STORE STOCK (Kshs.2,151,361)

2.1 The Committee recommends that the Chief Executive should ensure that stocks- take is carried out annually.

Status: The Chief Executive confirms that the recommendation is fully implemented. Stock taking is now carried out annually in conjunction with the Office of the Controller and Auditor General.

3.0 FIXED ASSETS

RECOMMENDATION

3.1 The committee heard the evidence given by the Chief Executive that the four ferry crafts purchased by Government for Kshs.376,004,000 have been registered in the name of Kenya Ferry Services and subsequently share certificate issued to the Government for the same thereby resolving the audit query.

Status: The audit query has been resolved.

4.0 FIXED DEPOSITS

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should liaise with the Inspector of State Corporations with a view to ensuring that the officials of the Company who failed to issue bank instructions on its fixed deposits are surcharged by 31st December, 2001.

Status: *The Chief Executive confirms that the then company's Chief Executive Mr. Benjamin Odera Ongola who would have been surcharged for failing to issue instructions to the bank resulting in the loss of Kshs.16,006/= bank interest, passed away in year 2000; rendering recovery/surcharge difficult to undertake.*

5.0 ASSOCIATED COMPANY

RECOMMENDATION

5.1 The Committee reiterates its earlier recommendations under paragraph 3 of the 1990/91 Accounts in the Eighth Report Pages 248-249 that the Chief Executive should ensure that the full amount of money i.e. Kshs.9,225,000 with interest accrued invested in *Suli Suli* African Cruises (K) Ltd. is recovered.

Status: *The Chief Executive confirms that the matter was investigated by KACA but was interrupted by a court decision to disband the same KACA on grounds of it being unconstitutionally formed. The matter is now being followed up with the Attorney-General's Office.*

5.2 The Committee further recommends that the Chief Executive should follow up the matter with the KACA until its final conclusion.

Status: *KACA was disbanded and the matter is now being followed up by the Attorney-General's office for advice on how to proceed.*

6.0 AMOUNTS DUE TO KENYA PORTS AUTHORITY

RECOMMENDATION

6.1 The committee noted that the two figures have since been reconciled and the necessary adjustments made in the 1995/96 final accounts thereby resolving the audit query.

Status: *The matter has been resolved as observed in the recommendation.*

7.0 SERVICE PAY BENEFITS

RECOMMENDATION

7.1 The Committee recommends that the Chief Executive should ensure that the balance of Kshs.1,733,281 is recovered from the Deposit Protection Fund.

Status: *The Chief Executive confirms that follow-up with the Deposit Protection Fund for recovery of the balance is still on-going. However, employee benefit funds are now registered with RBA in accordance with the Act.*

7.2 The Committee further recommends that Pay Benefits Fund should be managed in accordance with the Retirement Benefits Authority Act.

Status: *This is confirmed as above that Pay Benefits Fund is now managed in accordance with the Retirement Benefit Authority Act.*

8.0 UNDER BANKING AND MISAPPROPRIATION

RECOMMENDATION

8.1 The Committee recommends that the Chief Executive should ensure that *Mr. Said Soud Mohammed*, the then cashier with Kenya Ferry Services, who is alleged to have misappropriated Kshs.546,088 be investigated and prosecuted in a court of Law for the loss of the said amount.

Status: *The Chief Executive confirms that the matter was handed over to the Port Police under whose jurisdiction the area the offence committed fall, for investigation and necessary action. The matter is being followed up by the Corporation.*

8.2 The Committee further recommends that money collected should be banked promptly and proper internal controls put in place.

Status: *The Chief Executive confirms that money collected is now being banked promptly. Proper Internal Controls have also been put in place.*

KENYA FERRY SERVICES LIMITED

REPORT OF THE AUDITOR-GENERAL (CORPORATIOS) ON THE ACCOUNTS OF KENYA FERRY SERVICES LIMITED FOR THE YEAR ENDED 30TH JUNE, 1993

1.0 **STATUS OF THE COMPANY**

RECOMMENDATION

1.1 The Committee was informed that the Government now owns 80% while Kenya Ports Authority owns 20% and that share certificates number 01 for Kshs.386.5 million has been issued to the Permanent Secretary Treasury and share certificate number 03 for Kshs.100 million has been issued to Kenya Ports Authority thereby resolving the audit query.

Status: The audit query has been resolved.

2.0 **FINANCIAL POSITION**

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should liaise with the Parent Ministry and the Treasury with a view to reviewing the Memorandum of Understanding between the Government and the Company, and in doing so, address the commercial and operating viability of the Company and efficiency in provision of service to its customers.

Status: The Chief Executive confirms that the Memorandum of Understanding between the Government of Kenya and KFS was signed on 15th October, 1997 and backdated to take effect from 1994; subsisting for 8 years. The matter is being followed up after tabling the recommendations to the Board. The matter is also being followed up with the Government. Meanwhile the Government has increased the level of funding over the last three years.

1.0 **STORES STOCK**

RECOMMENDATION

3.1 The Committee reiterates its earlier recommendations under paragraph 2 of the 1991/92 Accounts that the Chief Executive should ensure that stock take is carried out annually.

Status: The Chief Executive confirms that the recommendation is being adhered to. Stock-take is now being carried out annually.

4.0 FIXED ASSETS - KSHS.330,721,221

RECOMMENDATION

4.1 The Committee heard the evidence given by the Chief Executive that the four ferry crafts purchased by Government for Khs.376,004,000 have been registered in the name of Kenya Ferry Services and subsequently share certificate issued to the Government for the same thereby resolving the audit query.

Status: The audit query has been resolved as observed in the recommendation.

5.0 AMOUNTS DUE TO KENYA PORTS AUTHORITY

RECOMMENDATION

5.1 The Committee noted that the two figures have since been reconciled and the necessary adjustments made in the 1995/96 final accounts thereby resolving the audit query.

Status: The audit query has been resolved and the matter also resolved.

6.0 ASSOCIATED COMPANY

RECOMMENDATION

6.1 The Committee reiterates its earlier recommendations under paragraph 3 of the 1990/91 Accounts in the Eighth Report Pages 248-249 that the Chief Executive should ensure that the full amount of money i.e. Kshs.9,225,000 with interest accrued invested in *Suli Suli* African Cruises (K) Ltd. is recovered.

Status: This is a repeat paragraph and the matter is as reported above in the previous year.

6.2 The Committee further recommends that the Chief Executive should follow up the matter with the KACA until its final conclusion.

Status: The Chief Executive confirms that the matter is being followed up with the successor to KACA and the Attorney-General's office.

7.0 SERVICE PAY BENEFITS

RECOMMENDATION

7.1 The Committee recommends that the Chief Executive should ensure that the balance of Kshs.1,733,281 is recovered from the Deposit Protection Fund.

Status: *The Chief Executive confirms that the balance is being followed up from the Deposit Protection Fund for recovery.*

7.2 The Committee further recommends that Pay Benefits should be managed in accordance with the Retirement Benefits Authority Act.

Status: *The Chief Executive confirms that Pay Benefits are now being managed in accordance with the RBA Act.*

HIGHER EDUCATION LOANS BOARD

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON HIGHER EDUCATION LOANS BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1996

1.0 LATE SUBMISSION OF ACCOUNTS.

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should ensure that the accounts of the Board are submitted for audit within the statutory period.

Status: *The Chief Executive confirms that the Board now ensures that the accounts of the Board are submitted for audit within the Statutory Board.*

1.2 The Committee further recommends that any Chief Executive of the Board who, in future, causes delay in the submission of the accounts and fails to seek Parliamentary approval to submit the accounts outside the statutory period should be dismissed from public service.

Status: *The Chief Executive confirms that the recommendation has been noted and that there will be full compliance in future.*

2.0 MEMORANDUM OF UNDERSTANDING

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should ensure that the records and accounts of the University Students Loans Scheme are submitted for audit without further delay and further that the amount of Kshs.5,990,150,620 issued to students as loans should be incorporated in the accounts of the HELB without further delay.

Status: *The Chief Executive confirms that the accounts of the former University Student's Loan Scheme, including the Kshs.5,990,150,620.00 advanced to students between 1974 and 1975 and the accrued interest thereof were incorporated into the 1999/2000 Annual Accounts of the Board. The figures were audited and are reflected in the subsequent financial years that is, 2000/2001 onwards.*

3.0 SUSPENSE ACCOUNT

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should ensure that the suspense account is cleared by getting all the necessary records pertaining to loans advanced to students without further delay.

Status: *The Chief Executive confirms that the suspense account is now being handled by a committee chaired by the Financial Manager. It is expected to clear the records soon.*

4.0 ADVANCE AND DEBTORS

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should use all means possible including litigation to recover the outstanding loans advanced to students by the defunct Higher Education Loans Fund (HELF) between 1953 and 1996.

Status: *The Chief Executive confirms that the Board took over all records in November, 1999. Since then, as at 30th April, 2002 kshs.1,451,907.25 which includes principle and accrued interest had been recovered. Outstanding arrears are Kshs.8,417,334 and recovery is being pursued vigorously.*

4.2 CASH AND BANK/DEPOSIT BALANCES

RECOMMENDATION

4.3 The Committee recommends that the Chief Executive should provide or audit verification bank reconciliation statements and bank balance confirmation certificate in respect of HELF (PMG) Kshs.595,024.50 as reflected in Note 6 of the 1995/96 Accounts of the Board by 31st December, 2001.

Status: *The Chief Executive confirms that the recommendation has not yet been adhered to. The Board has to date not been able to obtain from the Parent Ministry the bank reconciliation statements and bank balance confirmation certificate in respect of HELP (PMG) balances of kshs.595,025.50. The matter is, however, being pursued.*

HIGHER EDUCATION LOANS BOARD

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF HIGHER EDUCATION LOANS BOARD FOR THE YEAR ENDED 30TH JUNE, 1997

1.0 MEMORANDUM OF UNDERSTANDING

RECOMMENDATION

1.1 The Committee reiterates its earlier recommendation under paragraph 2 of the 1995/96 Accounts that the Chief Executive should ensure that the records and accounts of the University Students Loans Scheme should be submitted for audit without further delay and further that the amount of Kshs.5,990,150,620 issued to students as loans should be incorporated in the accounts of the HELB without further delay.

Status: This is a repeat paragraph and the matter is as reported above in the previous year.

2.0 DEPOSITS

RECOMMENDATION

2.1 The Committee further heard that on 18th February, 2000 the Board received an amount of Kshs.1,220,000 from CSFC being refund of the deposit of Kshs.700,000 plus accrued interest thereby resolving the audit query.

Status: The audit query was resolved with the receipt of the money.

3.0 SUSPENSE ACCOUNT

RECOMMENDATION

3.1 The Committee reiterates its earlier recommendation under paragraph 3 of the 1995/96 Accounts that the Chief Executive should ensure that the suspense account is cleared by getting all the necessary records pertaining to loans advanced to students.

Status: The Chief Executive confirms that a committee chaired by Finance Manager is handling the matter expediously.

HIGHER EDUCATION LOANS BOARD

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF HIGHER EDUCATION LOANS BOARD FOR THE YEAR ENDED 30TH JUNE, 1998

1.0 MEMORANDUM OF UNDERSTANDING

RECOMMENDATION

1.1 The Committee reiterates its earlier recommendation under paragraph 1 of the 1996/97 Accounts that the Chief Executive should ensure that the records and accounts of the University Students Loans Scheme should be submitted for audit without further delay and further that the amount of Kshs.5,990,150,620 issued to students as loans should be incorporated in the accounts of the HELB without further delay.

Status: This is a repeat paragraph and the matter is as reported above in the previous year.

2.0 BANK BALANCES

RECOMMENDATION

2.1 The Committee reiterates its earlier recommendation under paragraph 5 of the 1995/96 Accounts that the Chief Executive should identify the cause of the unreconciled balances of Kshs.636,270.60 and Kshs.218,725.60 in respect of the Revolving Fund Account and the Board's operations respectively and forward the information to the Auditor-General (Corporations) for audit verification by 31st December, 2001.

Status: This is a repeat paragraph and the matter is as reported above in the previous year.

TEACHERS SERVICE COMMISSION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF TEACHERS SERVICE COMMISSION FOR THE YEAR ENDED 30 JUNE 1996

1.0 CONSTRUCTION OF TSC HEADQUARTERS BUILDING

1.1 Consultancy Fees

RECOMMENDATION

1.2 The Committee recommends that the Teachers Service Commission and the Parent Ministry in conjunction with the Ministry of Roads and Public Works should identify other less costly options for housing Teachers Service Commission including allocation of space in Government buildings.

Status: The Chief Executive confirms that the recommendation has been noted and avenues are being explored. TSC was located at the Cooperative House, Development House and the Bima House until sad 7th August, 1998 bomb blast. The committee's recommendation will be reviewed once the on-going restructuring/rationalization of the Government of Kenya functions is finalized in the near future.

2.0 **DEBTORS**

2.1 **Losses of Cash**

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 2 of the 1994/95 Accounts in the Ninth Report that:-

2.2. The Chief Executive should follow up the pending case No.2713/94 to its conclusion.

Status: The Chief Executive confirms having followed up the case. The case was heard at the Chief Magistrates court under Mrs. M. M. Mugo who delivered Judgement on 30/01/2002. Only an amount of Kshs.2.4million out of the Kshs.21million has been recovered and the Commission has appealed through the Attorney-General.

2.4 The Chief Executive should put in place strict internal controls to avoid recurrence of such incidents of theft.

Status: *The Chief Executive confirms that strict internal controls have been put in place to avoid recurrence of such incidents of theft.*

2.5. **UNCLAIMED SALARIES.**

RECOMMENDATION

2.6 The Committee reiterates its earlier recommendation under paragraph 2 of the 1994/95 accounts, page 207, Ninth Report, that the Director of Criminal Investigations Department should conclude the ongoing investigation on the matter by 31st December, 2001.

Status: *The Chief Executive confirms that the recommendation has been noted. The Commission however, has not received any further information on the matter. The commission will follow up the issue.*

TEACHERS SERVICE COMMISSION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF TEACHERS SERVICE COMMISSION FOR THE YEAR ENDED 30 JUNE 1997

1.0 CONSTRUCTION OF TSC HEADQUARTERS BUILDING

RECOMMENDATION

1.1 The Committee reiterates its earlier recommendations under paragraph 1.2 of the 1995/96 Accounts that the Teachers Service Commission and the Parent Ministry in conjunction with the Ministry of Roads and Public Works should identify other less costly options for housing Teachers Service Commission including allocation of space in Government buildings.

Status: *The Chief Executive confirms that the recommendation is being constantly reviewed. Less costly options are being explored as recommended.*

2.0 LOSSES OF CASH

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 2 of the 1994/95 accounts in the Ninth Report, page 207, that:-

2.1 The Chief Executive should follow up the pending case No.2713/94 to its conclusion.

Status: *The case has been concluded but the Commission has not recovered the whole money and therefore has appealed through the Attorney-General's office.*

2.2 The Chief Executive should put in place strict financial controls to avoid recurrence of such incidents of theft.

Status: *The Chief Executive confirms that strict financial controls have now been put in place to avoid recurrence of such incidents of theft.*

2.3 The Director of C.I.D. should conclude the ongoing investigations to establish the identity of the person who made the payment of Kshs.2,017,420 being the amount unclaimed salaries retained in Baring District since 1991.

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

3.0 SHORT TERM DEPOSITS

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should pursue the Official Receiver of the Pioneer Building Society (under receivership) with a view to recovering the outstanding amount of Kshs.8,179,624.

Status: *The Chief Executive confirms that the money is still held by Pioneer Building Society (under receivership). The official Receiver has reiterated that if enough cash flows are realized then the Commission can hope to receive something. In the meantime the commission has made a provision in case the amount is irrecoverable.*

TEACHERS SERVICE COMMISSION

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF TEACHERS SERVICE COMMISSION FOR THE YEAR ENDED 30 JUNE 1998

1.0 CONSTRUCTION OF TSC HEADQUARTERS BUILDING

RECOMMENDATION

1.1 The Committee reiterates its earlier recommendations under paragraph 1 of the 1996/97 Accounts that the Teachers Service Commission and the Parent Ministry in conjunction with the Ministry of Roads and Public Works should identify other less costly options for housing Teachers Service Commission including allocation of space in Government buildings.

Status: This is a repeat paragraph and the matter is as reported above in the previous year.

2.0 LOSSES OF CASH

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 2 of the 1996/97 Accounts that:-

2.1 The Chief Executive should follow up the pending case No.2713/94 to its conclusion.

Status: This is a repeat paragraph and the matter is as reported above in the previous year. The case has been concluded by the Chief Magistrates Court in Nairobi.

2.2 The Chief Executive should liaise with the Director of C.I.D. with a view to ensuring that the officers who caused the loss of Kshs.1,033,097 being the amount lost at the office of the D.E.O in *Homa* Bay District are arrested and charged in court.

Status: The Chief Executive confirms that the suspects were arrested as recommended. Mr. Alfred Sawadi Ogeto, Senior Clerical Officer was arrested and is being charged under Criminal case No.125/98 at Homa Bay Senior Resident Magistrate Court. Witnesses are being called. The next hearing is on 20/6/2002

2.3 The Director of C.I.D. should conclude the ongoing investigations to establish the identity of the person who made the payment of Kshs.2,017,420 being the amount of unclaimed salaries retained in *Baringo* District since 1991.

Status: *The Chief Executive confirms that the Director of the CID has not yet completed the required investigations with a view to establishing the identity of the person who made the payment of kshs.2,027,420.00 and the source of the money.*

3.0 SHORT TERM DEPOSIT

RECOMMENDATION

3.1 The Committee reiterates its earlier recommendation under paragraph 3 of the 1996/97 Accounts that the Chief Executive should pursue the Official Receiver of the Pioneer Building Society (under receivership) with a view to recovering Kshs.8,179,624.

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

4.0 PARTITIONING OF *BIMA* HOUSE

RECOMMENDATION

The Committee recommends that:-

4.1 The then Deputy Commission Secretary *Mr. Muthuuri* be reprimanded for misleading the Secretary to hire the two consultants without open tendering.

Status: *The Chief Executive confirms that the Commission could not reprimand the then Deputy Commission Secretary Mr. Wilfred Muthuuri because he has since retired.*

4.2 The Commission Secretary should strictly adhere to regulations governing procurement procedures.

Status: *The Commission Secretary confirms that the Commission now strictly adheres to the regulations governing procurement procedures.*

NATIONAL MUSEUMS OF KENYA

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL MUSEUMS OF KENYA FOR THE YEAR ENDED 30 JUNE 1995

1.0 FIXED ASSETS

RECOMMENDATION

The Committee recommends that:-

1.1 The following pieces of land previously reserved for the Museums and allocated to private developers should revert to the Museums:-

Plot No.	Name of Allottees	Size
Kitale Block 7/89	Jack an Jill Primary School	4.723 Ha.
Kitale Block 7/183	*KANU*	1.9952 Ha.
Kitale Block 7/216	Sammary Agencies	0.3000 Ha.
Kitale Block 7/347	*A.W. Kamau*	----
Kitale Block 7/348	*J. Khote*	0.1900 Ha.
Kitale Block 7/349	*J. Poncho* and another	0.1900 Ha.
Kitale Block 7/350	*Bright W. Wafula* and *Winshis Mataka*	0.10 Ha.
Kitale Block 7/351	Fisher Society	0.25 Ha.
Kitale Block 7/166	*Harun Edavire Imbiya*	0.25 Ha.
Kitale Block 7/170	*Ebby Afandi Bwaka*	0.2488 Ha.
Kitale Block 7/171	*Ezekiel M'mbasu Sitanda*	0.250 Ha.

Status: *The Chief Executive confirms in his letter ref.No.AD/106.4 dated 24th May, 2002 that the Museum management visited Kitale to ascertain the position on the ground. It has been established that only Jack and Jill plot is developed, the rest are not developed. Museums has therefore appealed to the Commissioner of Lands to revert the allocations.*

1.2 **The Chief Executive should follow up the court cases in respect of irregular allocation on plots Mombasa/BlockXV177 AND 1018 to its conclusion.**

Status: *The Chief Executive confirms that NMK is following up the matter. The Museum has sued the Commissioner of lands, Municipal Council of Mombasa, Hush Buno, Alko Investments and Habib Bank A.G. Zurich. On the second plot 10810 all those involved have also been sued. The Court granted an injunction on 21st March, 2002 and also on 10th April, 2002. A final court ruling is awaited.*

NATIONAL MUSEUMS OF KENYA

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE NATIONAL MUSEUMS OF KENYA FOR THE YEAR ENDED 30 JUNE 1996

1.0 FIXED ASSESTS

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should ensure that title deeds for all Museums pieces of land are obtained and valuation carried out on the remaining pieces of land and buildings by 30th March, 2002.

Status: *The Chief Executive confirms that the process is being followed. In total Museums has 74 sites out of this, 28 title deeds have been obtained, while 22 plots have been surveyed and titles are being processed. 14 plots are unsurveyed but have letters of allotment and 10 unsurveyed plots have no allotment letters. The matter is being followed.*

KENYA RAILWAYS CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA RAILWAYS CORPORATION FOR THE YEAR ENDED 30 JUNE 1997

1.0 FINANCIAL POSITION

RECOMMENDATION

1.1 The Committee strongly recommends that the Government should continue to restructure the Corporation to make sure that it operates commercially to enable it meet its obligations including all loan repayments.

Status: The Chief Executive confirms that the recommendation is being adhered to. The restructuring is on going to enable KRC to operate commercially and meet its financial obligations including all loan repayments. Third phase retrenchment is proceeding to reduce staff levels to less than 7,000 by end of 2001/2002. Non-core operations have been privatized and some of the loans are to be converted to equity.

2.0 FIXED ASSETS

RECOMMENDATION

2.1 The Committee therefore recommends that the Chief Executive should use all means including litigation to ensure that the following pieces of plots of LR.No.209/6434, Kileleshwa, Nairobi allocated to non-staff of the Corporation are revoked with immediate effect:-

Allotee	LR.No.	Plot Size
Amb. H. Bagha	209/6434/4	0.0241
Mr. K.O. Anyim	209/6434/7	0.0241
Mr. B. Waweru	209/6434/14	0.0238
Mr. J.O. Ng'ari	209/6434/61	0.0245
Mr. S.M. Mutuli	209/6434/64	0.0245
Mr. K. Arap Chepkwony	209/6434/66	0.0245
Mr. J.K. Kimeto	209/6434/67	0.0245
Mrs. Beatrice Karago	209/6434/69	0.0235
Mr. K.A. Etemesi	209/6434/75	0.0245
Mrs. N.N. Waema	209/6434/70	0.0241
Mr. John Namai	209/6434/71	0.0185
Mrs. E.K. Amiani	209/6434/72	0.0135

Status: *The Chief Executive confirms that searches are going on at the Land Registry to establish, status of ownership. The legal action is to be brought against original allottees and their buyers with a view to having the titles revoked.*

2.2 The Committee further recommends that the following Directors who deliberated on the illegal allocations and awarded themselves plots strictly meant for staff members be prosecuted by the Attorney General for abuse of office and fraud.

Allotee	LR.No.	Plot Size
Amb. H. Bagha	209/6434/4	0.0241
Mr. K.O. Anyim	209/6434/7	0.0241
Mr. B. Waweru	209/6434/14	0.0238
Mr. J.O. Ng'ari	209/6434/61	0.0245
Mr. S.M. Mutuli	209/6434/64	0.0245
Mr. K. Arap Chepkwony	209/6434/66	0.0245
Mr. J.K. Kimeto	209/6434/67	0.0245
Mrs. Beatrice Karago	209/6434/69	0.0235
Mr. K.A. Etemesi	209/6434/75	0.0245

Status: *The Chief Executive confirms that the matter has been forwarded to the Attorney-General's office as recommended.*

3.0 NET PUBLIC DEBT

RECOMMENDATION

3.1 The Committee reiterates its earlier recommendation under paragraph 4 of the 1995/96 Accounts, in the Eighth Report, that the Chief Executive should ensure that the reconciled loan balances are entered into the Corporation books of account.

Status: *The Chief Executive confirms that the amount was reconciled and incorporated in the 1997/98 final accounts.*

4.0 BUDGET AND BUDGETARY CONTROL

RECOMMENDATION

4.1 The Committee reiterates its earlier recommendation under paragraph 5 of the 1995/96 Accounts that the Board of Directors of Kenya Railways Corporation must endeavour to make the Corporation commercially viable by instituting budget control measures and ensuring that all the revenue estimated by the Corporation is collected.

Status: *The Chief Executive confirms that serious attempts are being made to operate the Corporation commercially. Budgetary Control Measures are in place and revenue is being collected.*

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4.2 The committee further recommends that any Chief Executive of the Corporation who, in future, incurs over-expenditure without the approval of the Board and other relevant authorities should be dismissed from public service.

Status: *The Chief Executive confirms that the recommendation has been noted and will be adhered to.*

5.0 STAFF PENSION FUNDS

RECOMMENDATION

5.1 The Committee recommends that the Chief Executive should ensure that all pension funds and gratuities in the Corporation's books of account are transferred to an independent pension fund to be administered in accordance with the Retirement Benefits Act.

Status: *The Chief Executive confirms that all pension funds and gratuities in the Corporations books of accounts have been transferred to an independent pension fund administered in accordance with RBA rules.*

KERIO VALLEY DEVELOPMENT AUTHORITY

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KERIO VALLEY DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1997

1.0 KIMAO DAM - PHASE ONE PROJECT

RECOMMENDATION

1.1 The Committee recommends that the Attorney General should investigate whether there was conspiracy to determine the first contractor and hire second contractor, with the intention of defrauding the Corporation of huge sums of money, with a view to prosecuting culprits and recovering lost monies.

Status: The Chief Executive confirms that the matter is being followed up with the Attorney-General's office as recommended.

1.2 The Committee also recommends that the Chief Executive should in future ensure that there are adequate budgetary provisions for Projects before implementation to avoid escalation of costs.

Status: The Chief Executive confirms that KVDA adheres to the recommendation. Adequate, budgetary provisions are made before implementation of projects.

2.0. VALUATION OF *TURKWEL* HYDRO ELECTRIC POWER PROJECT

RECOMMENDATION

2.1 The committee recommends that the then Chief Executive *Mr. Paul Chemweno* should be held responsible and surcharged for the unauthorised and irregular expenditure.

Status: The Chief Executive confirms that the matter has been noted and forwarded to the Government through the Parent Ministry.

2.2 The Committee further recommends that Mr. Paul Chemweno should be barred from holding any public office conferred by the Republic of Kenya.

Status: The Chief Executive confirms that the matter has been noted and forwarded to the Government through the Parent Ministry for action.

3.0 ROSE FLOWER PROJECT

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 4 of the 1995/96 Accounts that:-

3.1 A Board Member, Mr. Joseph Cheptarus and the then Managing Director, Mr. Paul Chemweno should be held responsible for the irregular manner in which the land was bought and should jointly be made to pay an amount of Kshs.4,100,000 being the difference of the amount initially offered by the vendors and the amount finally paid to them.

Status: The Chief Executive confirms that the matter has been forwarded to the Government through the Parent Ministry.

3.2 The Director of Kenya Anti-Corruption Authority should investigate the then Board Members for abusing their responsibility as trustees by acting against the interest of the Authority with a view to prosecution.

Status: The Chief Executive confirms that the Authority is availing all the necessary information to enable investigation.

3.3 The then Managing Director, Mr. Paul Chemweno should be banned from holding any public office conferred by the Republic of Kenya.

Status: The Chief Executive confirms that the matter has been noted and forwarded to the Government through the Parent Ministry.

4.0 PURCHASE OF IBM COMPUTER

5.0 LOSS OF SOLAR PANELS/COOLER HEAD WORTH KSHS.12 MILLION

RECOMMENDATION

5.1 The Committee recommends that the Chief Executive should liaise with the Commissioner of Police with a view to carrying out thorough investigation into the loss of the 185 solar panels, compressor, 19 batteries, gas cylinder and a generator worth Kshs.11,995,387 and prosecuting the suspects.

Status: The Chief Executive confirms that liaison is being maintained as recommended in carrying out the investigation with a view to prosecuting the suspects.

5.2 The Committee further recommends that the Chief Executive should follow up the civil suit against *Mr. Reuben Chesire* for recovery of the outstanding rental fees amounting to Kshs.480,000.

Status: *The Chief Executive confirms that the recommendation is being followed up.*

6.0 PAYMENT OF LEGAL FEES/RENT ARREARS

RECOMMENDATION

The Committee reiterates its earlier recommendations under Paragraph 5 of the 1995/96 Accounts that:-

6.1 The then Chief Executive *Mr. Paul Chemweno* should be surcharged for acting irregularly by appointing the firm of advocates without the Board's approval and for prepaying the legal fees.

Status: *The Chief Executive confirms that the matter of surcharge is being followed up.*

6.2 The Chief Executive should use all means at his disposal including litigation to recover the outstanding amount of Kshs.2,133,847.10 from M/s *Jim Choge* and Company Advocates.

Status: *The Chief Executive confirms that the matter of recovery of the outstanding amount is being followed up.*

6.3 The Corporation should report M/s *Choge* and Company Advocates to the Advocates Complaints Commission for professional misconduct.

Status: *The Chief Executive confirms that the matter has been reported to the Advocates Complaints Commission as recommended.*

KENYA BROADCASTING CORPORATION

THE REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA BROADCASTING CORPORATION FOR THE YEAR ENDED 30 JUNE, 1998.

1.0 FINANCIAL POSITION

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 2 of the 1994/95 accounts, Ninth Report, page 181, that:-

1.1 the Chief Executive should explore other avenues of raising revenue with a view to improving the Corporation's financial position to enable it fulfil its loan obligation.

Status: The Chief Executive confirms that other avenues of raising avenue are being explored. More T.V. and Radio channels like Metro FM, Metro TV, Coro FM and Pwani FM have been introduced to offer advertisers wider choice. Studios have been automated and upgraded to attract advertisers. The Corporation has requested for subsidies where work is done for the Government.

1.2 the parent Ministry should follow-up the approval of the Cabinet Paper to enable the Corporation to restructure its Balance Sheet.

Status: The Chief Executive confirms that KBC is following up the matter with the Parent Ministry for the awaited for Cabinet approval.

1.3 The Committee also recommends that the Corporation uses all its airtime commercially.

Status: The chief Executive confirms that the Corporation uses all its airtime commercially. Subsidies are requested where some non-commercial activities are undertaken on Government directives.

2.0 INSURANCE OF PROPERTIES OF THE CORPORATION

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should ensure that the assets of the Corporation are insured without further delay.

Status: *The Chief Executive confirms that the Corporation has now insured all its assets countrywide.*

3.0 BOARD EXPENSES

RECOMMENDATION

3.1 The Committee recommends that all the monies amounting to Kshs.848,900 paid to the Corporation's Managing Director and staff and other directors who were public officers in receipt of salary should be recovered forthwith.

Status: *The Chief Executive confirms that the Corporation has written to all the affected officers to remit without delay, all the monies recommended for recovery which was paid to them in form of sitting allowance.*

4.0 FIXED ASSET REGISTER AND TITLE DOCUMENTS.

RECOMMENDATION

The Committee recommends that:-

4.1 The Chief Executive should ensure that an up-to-date Fixed Assets Register is maintained.

Status: *The Chief Executive confirms that an up-to-date, Fixed Assets Register is now being maintained.*

4.2 The Chief Executive should liaise with the Commissioner of Lands with a view to ensuring that title documents are issued for its various pieces of land by 31st March, 2002.

Status: *The Chief Executive confirms that the deadline has not been met. This is because the process is taking long for inherited Ministry of Information and Broadcasting parcels for letters of allotment and survey. A task force has been formed to speed up the process.*

5.0 OUTSTANDING DEBTORS

RECOMMENDATION

5.1 The Committee reiterates its earlier recommendation under paragraph 2 of the 1996/97 accounts that the Chief Executive should improve the debt recovery machinery and use all means including legal redress to recover all the outstanding debts in full by 31st December, 2001.

Status: *The Chief Executive confirms that debt recovery machinery has been improved and a committee headed by the MD is pursuing the matter. The Corporation inherited debts from the voice of Kenya which did not have supporting documents. The management is in the final stages of finalizing the reconciliations in adherence to the recommendation.*

KENYATTA UNIVERSITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYATTA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 1993.

1.0 LATE SUBMISSION OF ACCOUNTS

RECOMMENDATION

1.1 The Committee reiterates its earlier recommendation under paragraph 1, of the 1991/92 Accounts, Ninth Report, Page 193 that any Chief Executive of the Institution who, in future, causes delay in the submission of accounts for audit without seeking Parliamentary approval should be dismissed from public service.

Status: The Chief Executive confirms that the University has put measures in place to ensure that in future accounts are submitted in time.

1.2 IRREGULAR EXPENDITURE

RECOMMENDATION

The Committee recommends that the payment of the irregular expenditure in respect of electricity and water charges should be stopped forthwith until the requisite approval is obtained from the State Corporations Advisory Committee pursuant to State Corporations Act, Cap 446.

Status: The Chief Executive confirms that the payment of water and electricity was stopped forthwith. The University wrote to the SCAC committee for approval and this is being awaited.

3.0 DEBTORS

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 4 of the 1991/92 Accounts, Ninth Report, that:-

3.1 The Chief Executive should ensure that all supporting documents are made available to the Auditor-General (Corporations) for verification by 31st December, 2001.

Status: *The Chief Executive confirms that the necessary supporting documents were submitted to the Auditor-General (Corporations) for audit verification before 31st December, 2001.*

3.2 The Parent Ministry must always remit funds due to the University as appropriated by Parliament.

Status: *The Chief Executive confirms that the recommendation has been noted and the Parent Ministry informed.*

3.3 CREDITORS AND ACCRUED CHARGES

RECOMMENDATION

The Committee recommends that:-

3.4 The Chief Executive should ensure that all supporting documents are made available to the Auditor-General (Corporations) by 31st December, 2001.

Status: *The Chief Executive confirms that the recommendation has been implemented in full..*

3.5 The Chief Executive should liaise with the parent Ministry with a view to clearing the creditors of K£.130,793.00.

Status: *The Chief Executive confirms that the University settled the debt that the Parent Ministry was being asked to pay having established that the debt was incurred after the date of dissolution of USAB*

KENYATTA UNIVERSITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYATTA UNIVERSITY FOR THE YEAR ENDED 30 JUNE 1994

1.0 LATE SUBMISSION OF ACCOUNTS.

RECOMMENDATION

1.1 The Committee reiterates its earlier recommendation under paragraph 1, of the 1992/93 Accounts, that any Chief Executive of the Institution who in future causes delay in the submission of accounts for audit without seeking Parliamentary approval should be dismissed from public service.

Status: The Chief Executive confirms that the University has measures in place to ensure that in future accounts are submitted in time.

2.0 DEBTORS

RECOMMENDATION

The Committee recommends that:-

2.1 The Chief Executive should ensure that all supporting documents are made available to the Auditor-General (Corporations) for verification during the time of audit.

Status: The Chief Executive confirms that measures have been taken to ensure supporting documents are availed to the auditors in time for audit and verification.

2.2 The Parent Ministry must always remit funds due to the University as appropriated by Parliament.

Status: The Chief Executive confirms that the recommendation is being adhered to.

3.0 CREDITORS AND ACCRUED EXPENSES

RECOMMENDATION

3.1 The Committee recommends that the University should be held responsible for the outstanding amount of K£.130,792 which the parent Ministry has not settled due to lack of supporting documents.

Status: *The Chief Executive confirms that the University settled the debt after establishing that the debt was incurred immediately USAB was taken over by the University and was therefore, not payable by the Ministry.*

4.0 IRREGUALR PROCUREMENT PROCEDURES

RECOMMENDATION

4.1 The Committee recommends that the Vice-chancellor *Prof. George Eshiwani* should be held responsible and censured for disregarding procurement procedures in the renovation of the Vice-chancellor's office and supply of furniture at a total cost of K£42,056 and K£47,363 respectively.

Status: *The Chief Executive confirms that the tender committee minutes for supply of furniture were submitted as directed by the subsequent PIC meeting held on 25th January, 2001.*

5.0 USE OF UNIVERSITY RESOURCES

RECOMMENDATION

5.1 The Committee recommends that the Vice-chancellor should ensure that the University's assets are used economically to avoid wastage.

Status: *The Chief Executive confirms that University's assets are now being used economically to avoid wastage.*

KENYATTA UNIVERSITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYATTA UNIVERSITY FOR THE YEAR ENDED 30TH JUNE 1995.

1.0 LATE SUBMISSION OF ACCOUNTS

RECOMMENDATION

1.1 The Committee reiterates its earlier recommendation under paragraph 1, of the 1993/94 Accounts, that any Chief Executive of the Institution who in future causes delay in the submission of accounts for audit without seeking Parliamentary approval should be dismissed from public service.

Status: This a repeat paragraph and the matter is as reported above in the previous year.

2.0 DEBTORS

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should reconcile the debtors and prepaid expenses in respect of RBS, Interest Recoverable and Student Book Allowance amounting to K£597,813; 538,590 and; 1,157,087 respectively and submit the same to the Auditor-General (Corporations) for verification by 30th October, 2001.

Status: The Chief Executive confirms that the amounts were reconciled and submitted to the Auditor-General (Corporations) for verification by 30th October, 2001 as recommended.

3.0 CREDITORS AND ACCRUED EXPENSES

RECOMMENDATION

3.1 The Committee recommends the Chief Executive should ensure that statutory deductions are remitted on time to avoid penalties and inconveniencing employees.

Status: The Chief Executive confirms that Statutory deductions are being remitted on time to avoid penalties and inconveniencing employees

KENYATTA UNIVERSITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYATTA UNIVERSITY FOR THE YEAR ENDED 30 JUNE 1996

1.0 LATE SUMBISSION OF ACCOUNTS FOR AUDIT

RECOMMENDATION

1.1 The Committee reiterates its earlier recommendation under paragraph 1, of the 1994/95 Accounts, that any Chief Executive of the Institution who, in future, causes delay in the submission of accounts for audit without seeking Parliamentary approval should be dismissed from public service.

Status: This is a repeat paragraph and the matter is as reported above in the previous year. There is total compliance to the recommendation.

2.0 STOCKS

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should ensure that reconcilliation of the K£.829,660 in respect of the 6 stores is done and submitted to the Auditor-General (Corporations) for verification by December 31, 2001.

Status: The Chief Executive confirms that the reconciliation of £829,660 in respect of the six (6) stores was done and submitted for verification by 31st December, 2001 as directed.

3.0 DEBTORS -K£.9,633,365

RECOMMENDATION

The Committee recommends that the Chief Executive should ensure that in future all supporting documents are made available to the Auditor-General (Corporations) for verification as and when required.

Status: The Chief Executive confirms full compliance to the recommendation.

4.0 CREDITORS AND ACCRUED EXPENSES - K£.9,731,578

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should liaise with the Office of the Auditor-General (Corporations) with a view to ensuring that the debtors figure of K£.7,558,549 is verified.

Status: *The Chief Executive confirms that after submitting the schedules, the University liaised with the Auditor-General (Corporations) for the purpose of ensuring the figure was verified.*

5.0 CASH AT BANK AND IN HAND - K£.2,505,053

RECOMMENDATION

5.1 The Committee recommends that the Chief Executive should ensure that in future all supporting documents are made available to the Auditor-General (Corporations) for verification as and when required.

Status: *The Chief Executive confirms that all supporting documents are now being made available to the Auditor-General (Corporations) for verification as and when required.*

KENYATTA UNIVERSITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYATTA UNIVERSITY FOR THE YEAR ENDED 30 JUNE 1997

1.0 LATE SUBMISSION OF ACCOUNTS FOR AUDIT

RECOMMENDATION

1.1 The Committee reiterates its earlier recommendation under paragraph 1, of the 1995/96 Accounts, that any Chief Executive of the Institution who in future causes delay in the submission of accounts for audit without seeking Parliamentary approval should be dismissed from public service.

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

2.0 FIXED ASSETS

RECOMMENDATION

The Committee recommends that:-

2.1 The University Council should liaise with the Ministry of Lands and Settlement and the Office of the President with a view to formally allocating the *Kamae* squatters the parcel of land they are currently occupying.

Status: *The Chief Executive confirms that the University has already liaised with the Commissioner of Lands who has in turn contacted the Director of Planning to carry out the necessary plan.*

2.2 The parcel of land previously allocated to the *Kamae* squatters by the Government be revoked and reverted to the University.

Status: *The Chief Executive confirms that the Kamae squatters will remain on the parcel of land they are currently occupying, thus making the particular area of parcel they were to move to remain university land.*

2.3 The 30.82 acres of land occupied by the squatters of *Kamae* be excised, surveyed and allocated to the genuine rightful squatters.

Status: *The Chief Executive confirms that as soon as the plans are ready, the Office of the President should be able to settle the genuine rightful squatters on the 30-82 acres of land.*

2.4 The Committee further recommends that the Government, as a matter of urgency, should compensate the University for the land measuring 138 acres surrendered to *Kahawa* Military Barracks to be used by Complimentary and Biotechnology Centre.

Status: *The Chief Executive confirms that the matter has been noted and forwarded to the Government through the Parent Ministry.*

3.0 DEBTORS

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should ensure that, in future, all supporting documents are made available to the Auditor-General (Corporations) for verification as and when required.

Status: *The Chief Executive confirms full compliance to the recommendation.*

4.0 CREDITORS AND ACCRUED EXPENSES

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should liaise with the Auditor-General (Corporations) with a view to ensuring that creditors figure of Kshs.258,726,357 is reconciled.

Status: *The Chief Executive confirms that after submission the University liaised with the Auditor General (Corporations) with the view to ensuring that the figure was reconciled.*

5.0 BANK AND BUILDING SOCIETY INVESTMENTS

RECOMMENDATION

5.1 The Committee recommends that the Chief Executive should ensure that surplus funds are invested in accordance with Treasury Circulars.

Status: *The Chief Executive confirms that the amount of Ksh.314,000.00 invested with East African Building Society was withdrawn. Management are currently ensuring any surplus funds are only invested in accordance with Treasury circulars.*

TEA BOARD OF KENYA

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE TEA BOARD OF KENYA FOR THE YEAR ENDED 30 JUNE 1997

1.0 UNSUPPORTED EXPENDITURE

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should ensure that an amount of Kshs.46,575 in respect of unsupported expenditure should be recovered from the then Board's Accountant.

Status: *The Chief Executive confirms that the amount was fully recovered from the officer as recommended.*

1.2 The Committee further recommends that disciplinary action should be taken against the Accountant for presenting forged supporting documents.

Status: *The Chief Executive confirms that the necessary disciplinary action was taken against the Accountant and that he no longer handles accounts matters.*

2.0 CREDITORS AND ACCRUALS – KSHS.22.295.152

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should carry out thorough reconciliation between the creditors and accruals figure of Kshs.22,295,152 reflected in the Balance Sheet and Kshs.22,822,345 reflected in available schedules and forward to the office of the Auditor-General (Corporations) for audit verification by 31st December, 2001.

Status: *The Chief Executive confirms that the reconciliation was done and the matter resolved between the Auditor-General (Corporations) and the Board. The balance sheet figure was agreed.*

MOI UNIVERSITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF MOI UNIVERSITY FOR THE YEAR ENDED 30TH JUNE, 1995

1.0 FINANCIAL POSITION

RECOMMENDATION

1.1 The Committee recommends that the parent Ministry should ensure that all fund appropriated by Parliament are disbursed to the University in full every financial year.

Status: The Chief Executive confirms that the Parent Ministry now ensures that all funds appropriated by Parliament are disbursed to the University in full every financial year..

1.2 The Committee further recommends that the University should seek other avenues for generating income to supplement exchequer issues.

Status: The Chief Executive confirms that other avenues for generating income to supplement exchequer issues are being explored.

2.0 CHEPKOILEL CAMPUS

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should ensure that the value of properties inherited from the former Moi Teachers College should be incorporated into the accounts of the University.

Status: The Chief Executive confirms that the recommendation is being fully implemented.

3.0 ADDITIONS TO BUILDINGS

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should ensure that in future all supporting documents are made available to the Auditor-General (Corporations)as and when required pursuant to Exchequer and Audit Act.

Status: The Chief Executive confirms that currently supporting documents are being made available to the Controller and Auditor- General as and when required in line with the Exchequer and Audit Act.

MOI UNIVERSITY

REPORT OF THE AUDITOR-GENERAL (C0RPORATIONS) ON THE ACCOUNTS OF MOI UNIVERSITY FOR THE YEAR ENDED 30 JUNE 1996

1.0 FINANCIAL POSITION

RECOMMENDATION

1.1 The Committee recommends that the University should seek other avenues for generating income to supplement exchequer issues.

Status: *The Chief Executive confirms that other avenues of generating income are continuously being explored.*

2.0 CAPITAL WORK IN PROGRESS – KSHS.1,022,945,000/=

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should liaise with the parent Ministry with a view to determining the future of the stalled projects.

Status: *The Chief Executive confirms that he is liaising with the Parent Ministry with a view to determining the future of the stalled projects.*

2.0 FIXED ASSETS.

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should ensure that the University charges depreciation on its buildings in accordance with the International Accounting Standards.

Status: *The Chief Executive confirms that the University currently charges depreciation on its buildings in accordance with the International Accounting Standards.*

4.0 UNJUSTIFIED NUMEROUS BANK ACCOUNTS

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should ensure that only the necessary bank accounts are operated and properly maintained and relevant records submitted to the Auditor-General (Corporations) for verification.

Status: *The Chief Executive confirms that only necessary bank accounts are maintained and relevant records are regularly submitted to the Auditor-General (Corporations) for verification.*

5.0 PAYMENT ON TERMINATION OF LEASE AGREEMENT-KSHS.5,094,310/=

RECOMMENDATION

5.1 The Committee recommends that the Chief Executive should ensure that staff members who damaged leased houses are made to meet the cost of repairs.

Status: *The Chief Executive confirms that the recommendation is being adhered to.*

MOI UNIVERSITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF MOI UNIVERSITY FOR THE YEAR ENDED 30TH JUNE, 1997

1.0 FINANCIAL POSITION

RECOMMENDATION

The Committee recommends that:-

1.1 The Chief Executive should continue exploring other avenues for generating income to supplement Exchequer issues.

Status: The Chief Executive confirms that the University continues to explore other avenues for generating income to supplement Exchequer issues.

1.2 The Chief Executive should ensure that modern management techniques are applied in the University farms to stem out losses and improve efficiency.

Status: The Chief Executive confirms that modern farm management techniques are being applied to stern out losses and improve efficiency.

2.0 AMENDMENTS TO THE ACCOUNTS

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should ensure that in future all supporting documents are made available to the Auditor-General (Corporations) for verification as and when required.

Status: The Chief Executive confirms that the recommendation is being adhered to in full.

3.0 FIXED ASSETS

RECOMMENDATION

The Committee recommends that:-

3.1 The Chief Executive should liaise with the parent Ministry with a view to determining the future of the stalled projects.

Status: *The Chief Executive confirms that the University is liaising with the Parent Ministry with a view to determining the future of the stalled projects.*

3.2 The Chief Executive should have proper assessment of the needs of the University before the committing public funds to projects with minimal chances of completion.

Status: *The Chief Executive confirms that the recommendation is being adhered to.*

3.3 The Chief Executive should maintain proper and upto-date register of fixed assets.

Status: *The Chief Executive confirms that a proper and up-to-date register of fixed assets is now being maintained.*

4.0 CASH AND BANK BALANCES

RECOMMENDATION

4.1 The Committee reiterates its earlier recommendation under paragraph 4 of the 1995/96 that the Chief Executive should ensure that only the necessary bank accounts are operated and properly maintained and relevant records submitted to the Auditor-General (Corporations) for verification.

Status: *The Chief Executive confirms full compliance to this recommendation.*

5.0 REPAIR OF VOLVO BUS REG.NO.KAB 538B - KSHS.1,259,472

RECOMMENDATION

5.1 The Committee recommends that in future repairs of University Vehicles should be handled in a more efficient manner in order to avoid unnecessary cost overruns on already agreed repair estimates.

Status: *The Chief Executive confirms that the recommendation is being adhered to.*

6.0 PAYMENTS OF OWNER OCCUPIER HOUSE ALLOWANCE

RECOMMENDATION

6.1 The Committee recommends that the Chief Executive should move with speed to seek a "*post facto*" authority from the State Corporations Advisory Committee in order to legalise the revised allowances and retirement ages.

Status: *The Chief Executive confirms to have already sought the required approvals.*

AGRICULTURAL DEVELOPMENT CORPORATION (KULALU RANCH)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF AGRICULTURAL DEVELOPMENT CORPORATION (KULALU RANCH) FOR THE ENDED 31ST MARCH 1996

1.0 GOING CONCERN

RECOMMENDATION

1.1 The Committee reiterates its earlier recommendation in the Seventh Report, page 242, that the Chief Executive should liaise with the Parent Ministry and Treasury in order to assess the viability of the project and to identify reliable sources of funds for the Ranch in order to operate profitably by 31st December, 2001.

Status: *The Chief Executive confirms that there has not been much success. There is still lack of available affordable sources of funding. However Management is in constant touch on consultant basis with the Parent Ministry on the issues as we explore other sources including eco-tourism. It is still hoped that opportunities will arise to revive and revitalize the ranch as a core business*

AGRICULTURAL DEVELOPMENT CORPORATION (GARISSA IRRIGATION PROJECT)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF AGRICULTURAL DEVELOPMENT CORPORATION (GARISSA IRRIGATION PROJECT) FOR THE ENDED 31ST MARCH 1996

1.0 OPERATION OF THE PROJECT

RECOMMENDATION

The Committee recommends that:-

1.1 **The Parent Ministry in liaison with Treasury should refund the Corporation Kshs.26,498,288 for expenses incurred upto June 1999, by 30th June, 2002.**

Status: *The Chief Executive confirms that he has written a letter to the PS parent Ministry and copied to PS Treasury for their appropriate action- which is now being awaited.*

1.2 **The Project should be handed over to the Ministry of Agriculture by 30th June, 2002.**

Status: *The Chief Executive has written to the Parent Ministry to take over the project and action is being awaited.*

AGRICULTURAL DEVELOPMENT CORPORATION (LANDS LIMITED)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF AGRICULTURAL DEVELOPMENT CORPORATION (LANDS LIMITED) FOR THE ENDED 31ST MARCH 1996

1.0 STAFF HOUSES AND CAR LOANS

RECOMMENDATION

The Committee recommends:-

1.1 That the Corporation makes adequate provision for bad and doubtful debts.

Status: The Chief Executive confirms that the Corporation has made adequate provision for bad and doubtful debts.

1.2 The Chief Executive should step up recovery measures against defaulters including causing them to be surcharged.

Status: The Chief Executive confirms that he has stepped up recovery measures against defaulters including causing them to be surcharged.

1.3. The Chief Executive should ensure that staff loans are adequately secured.

Status: The Chief Executive confirms that staff loans are now adequately secured.

2.0 DEBTORS.

RECOMMENDATION.

2.1 The Committee recommends that the Chief Executive should ensure that the outstanding balances due from sale of land in *Kipsingori*, *Nyota* and *Ngata* are recovered in full.

Status: The Chief Executive confirms that demand letters were dispatched. The recovery process appears slow. Balances received are ksh.8.5million out of about Kshs.13.8million. The process is on-going.

2.2 The Committee also recommends that the Chief Executive should promptly annul allocations to third parties who are still in default in payment of land sale accounts.

Status: *The Chief Executive confirms he will adhere to the recommendation especially where the title deeds have not been issued. The Commissioner of Lands is being asked for the way forward, where title deeds have already been issued.*

3.0 FIXED ASSETS

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should ensure that no more ADC land is allocated to third parties and that where there is need for allocation, the parcels should be surrendered to the Settlement Fund Trustees which should allocate according to the law.

Status: *The Chief Executive confirms total compliance to the recommendation. He has now Gazetted ADC Farms under special Farms Rule of 2001 under legal notice No.37 dated 13th February, 2001 to ensure non-recurrence of allocation of ADC land.*

3.2 The Committee further recommends that defaulters who have not paid outstanding amount in respect of allocations at the said farms should have their allocations/title deeds cancelled and the land revert to the Corporation by 31st March, 2001.

Status: *The Chief Executive confirms having written demand letters. The Commissioner of lands guidance on revoking title modalities has also been sought so that all can be done within the law.*

**** List of third parties allocated ADC farms has been printed separately, as Volume II of the Report.***

4.0 DEPOSITS-KSHS.94,913,000

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should ensure that a schedule of deposits of Kshs.94,913,000 and reconciliation of the deposits and the already given out land is carried out and submitted to the Auditor-General (Corporations) for verification by 31st March, 2002.

Status: *The Chief Executive confirms that the deposit analysis has been passed to the Auditor-General (Corporations) for verification as directed. Reconciliation has been fully dealt with. The Deposit as sales proceeds will be recognized and collection of the balances from allottees done.*

AGRICULTURAL DEVELOPMENT CORPORATION

THE REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF AGRICULTURAL DEVELOPMENT CORPORATION AND ITS SUBSIDIARY FOR THE YEAR ENDED 31ST MARCH, 1996

1.0 GOING CONCERN

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should liaise with the Parent Ministry with a view to restructuring the Balance Sheet of the Corporation.

Status: *The Chief Executive confirms that financial restructuring is to take place in 2001/2002. The plan and proposals are being pursued.*

1.2 The Committee further recommends that the Chief Executive should explore other avenues of generating income.

Status: *The Chief Executive confirms that other avenues of generating income are being explored. These include Eco-Tourism, enhanced breeding policy, Horticulture items of high yield and beef income from partial feed loting.*

2.0 FINANCING GARISSA IRRIGATION PROJECT – KSHS.18,853,554

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to making a final decision on the future of the project including its operations by 31st December, 2001.

Status: *The Chief Executive confirms that the Corporation has written to the Parent Ministry to take over the Garissa irrigation project. Guidance is being awaited.*

2.2 The Committee further recommends that the Corporation must never fund projects from commercially borrowed funds.

Status: *The Chief Executive confirms that the Corporation concurs with the recommendation. The Corporation will ensure that projects are funded from commercially borrowed funds.*

3.0 LOAN REPAYMENT

RECOMMENDATION

3.1 The Committee recommends that the Treasury should initiate discussions between ADC and the Kenya Commercial Finance Company (KCFC) with a view to repaying the loan due to the KCFC.

Status: *The Chief Executive is happy to confirm that after negotiations with Treasury, Parent Ministry, KCB AND KCFC the loan balance in excess of Kshs.178million was finally agreed and settled at kshs.150million. Charged documents have been released and ADC fully discharged of the KCFC loan obligation. Kshs.431million is projected to be likely released by the Exchequer to ensure core business of the Corporation is upheld.*

EWASO NGIRO NORTH DEVELOPMENT AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF EWASO NGIRO NORTH DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 1997

1.0 DEVELOPMENT GRANTS

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should ensure that in future all supporting documents are made available to the Auditor-General (Corporations) for verification as and when required.

Status: *The Chief Executive confirms full compliance to the recommendation. All Supporting documents are now being made available to the Controller and Auditor-General for verification as and when required.*

2.0 PURCHASE OF RECONDITIONED VEHICLES KSHS.2,100,000

RECOMMENDATION

2.1 The Committee recommends that the officials involved in the purchase of the two vehicles should be held responsible and surcharged for occasioning the Corporation a loss.

Status: *The Chief Executive confirms with evidence that the Inspector General of State Corporations has been informed for guidance and action on the amount of surcharge for each officer involved.*

3.0 ADDITIONAL WORKS AT CHAIRMAN'S AND DEPUTY MANAGING DIRECTOR'S OFFICES

RECOMMENDATION

3.1 The Committee recommends that the then Chief Executive Mr. Shadrack J. Hirdi should be held responsible and censured for flouting procurement procedures.

Status: *The Chief Executive confirms that he is in constant touch with the Inspector General of State Corporations for guidance and action.*

4.0 LIVESTOCK

4.1 EXPENDITURE ON LIVESTOCK

RECOMMENDATION

4.2 The Committee recommends that the Chief Executive should ensure that proper records indicating movement of livestock in terms of purchases, births, deaths, thefts and disposals are maintained.

Status: *The Chief Executive confirms that proper records are now being maintained as recommended.*

4.3 The Committee further recommends that the Authority must never keep livestock belonging to third parties.

Status: *The Chief Executive confirms total compliance to the recommendation.*

JOMO KENYATTA FOUNDATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE JOMO KENYATTA FOUNDATION FOR THE YEAR ENDED 30 JUNE, 1997

1.0 PURCHASE OF PAPER & BOARDS

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should adhere to proper tendering procedures.

Status: *The Chief Executive confirms that proper tendering procedures are being adhered to. Procurement is now through competitive bidding and invitations through the Daily Newspapers.*

2.0 DEBTORS

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should recover the debts owing from *Mr. Mark Bosire* and *Mrs. Alice Nabwera* amounting to Kshs.59,000 and Kshs.46,593.35 respectively failure to which Mr. *Chabala* and Mr. *Mutakha* be surcharged.

Status: *The Chief Executive confirms having talked to both Mr. Mark Bosire and Mrs. Alice Nabwera requesting them to make good. Their respective debts. A response is still being awaited. In the case of Mr. Mark Bosire the Inspector General, State Corporations has since handed in a surcharge. Certificate of surcharge serial No.042 dated 7th February, 2002 for Kshs.59,000 refers. Mrs. Alice B. Nabwera's demand letter ref. JKF/S/1/88/Vol.II/49 for Kshs.46,593.35 is dated 28th May, 2002.*

COAST DEVELOPMENT AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF COAST DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 1995

1.0 LATE SUBMISSION OF ACCOUNTS

RECOMMENDATION

1.1 **The Committee recommends that the Chief Executive should ensure that the Accounts of the Authority are submitted to the Auditor-General (Corporations) for auditing on time in accordance with the Exchequer and Audit Act (Cap 412).**

Status: *The Chief Executive confirms that there is total and full compliance to the recommendation. The accounts are submitted without delay and the Chief Executive adds that the Authority still operates without a qualified accountant due to uncompetitive salary package offered.*

1.2 **The Committee further recommends that any Chief Executive who violates the express provisions of Exchequer and Audit Act with regard to submission of Accounts for Audit should be dismissed from Public Service.**

Status: *The Chief Executive confirms that the recommendation has been noted and will be adhered to.*

2.0 FINANCIAL POSITION

RECOMMENDATION

2.1 **The Committee reiterates its earlier recommendation under paragraph 1 of the 1993/94 Accounts, in the Eighth Report, Pages 240-241, that the parent Ministry should liaise with the Treasury in order to ensure that funds appropriated by Parliament for the Authority are disbursed in full and on time.**

Status: *The Chief Executive confirms that the Authority is in constant touch with the Parent Ministry and Treasury for full and timely disbursement of funds*

3 .0 PAMBAZUKO DEVELOPMENT COMPANY

RECOMMENDATION

3.1 The Committee reiterates its earlier recommendation under paragraph 2 of the 1993/94 Accounts, Eighth Report, Pages 241-242, that the enabling Act of Coast Development Authority should be amended to allow for the formation of subsidiary companies in order to engage in commercial activities which will stabilise the Authority's revenue base.

Status: *The Chief Executive confirms that the matter is being followed up. The Authority commissioned the Review of the CDA Act Cap.449 in liaison with the AG Chambers. The Draft proposed Act was submitted to the Parent Ministry (MOARD) for consideration. Attempt to revive PDC are still unsuccessful due to lack of seed money to capitalize the operation.*

SOUTH NYANZA SUGAR COMPANY LIMITED

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF SOUTH NYANZA SUGAR COMPANY LIMITED FOR THE YEAR ENDED 30TH JUNE 1997.

1.0 FINANCIAL POSITION.

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should ensure efficiency of the plant, increased quality cane production and engage in a more aggressive marketing.

Status: *The Chief Executive confirms that there is now efficiency of the plant and increased quality cane production. Aggressive Marketing and Sales is being undertaken with the recent hiring of a Marketing and Sales Manager at a Senior level.*

2.0 PURCHASE OF GENERATORS

RECOMMENDATION

The Committee recommends that:-

2.1 The Chief Executive should liaise with the Commissioner of Police with a view to enlisting the services of *Interpol* in tracing *Mr. Michael Dixon* in the Ireland for the purpose of extraditing him to come and face criminal charges for fraud.

Status: *The Chief Executive confirms that he is now in possession of the PIC, recommendation. The company is going ahead to enlist the support of the Commissioner of Police to extradite Mr. Michael Dixon.*

2.2 The Chief Executive should ensure that no further payment is made to *M/s Kaplan* and *Stratton* in respect of Court Case No.HCCC NO.970/1999 until the fee notes are referred to the Registrar of High Court for taxation.

Status: *The Chief Executive confirms having asked M/S Kaplan and Stratton to forward their bill of costs. Once received the same, shall be forwarded to the Registrar of the High Court for taxation.*

2.3 The Chief Executive should explore possibility of recovering the lost monies from the former technical management, *M/s Booker Tate*, for professional negligence.

Status: *The Chief Executive confirms that management is exploring the possibility of the recovery of the money. Sony Sugar is withholding all outstanding monies in respect of last Technical Management contract pending outcome of meetings with BTL.*

3.0 DEBTORS AND PREPAYMENTS

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should use all means, including litigation, to ensure that Kshs.63,830,387 in respect of debtors and prepayments is recovered in full.

Status: *The Chief Executive confirms that the recommendation is being implemented. Write offs have been approved for bad and doubtful debts older than 6 years. Credit control has also been strengthened with the employment of a credit controller.*

4.0 BUDGETARY CONTROL

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should, under no circumstances, incur expenses outside the budget without approval from the relevant authorities.

Status: *The Chief Executive confirms that there is no more incurrence of expenses outside the budget without the necessary approval.*

KENYA TOURIST BOARD

REPORT OF THE AUDITOAR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA TOURIST BOARD FOR THE FIFTEEN MONTHS PERIOD ENDED 30TH JUNE, 1998

1.1 IRREGULAR EXPENDITURE

RECOMMENDATION

1.2 The Committee recommends that the Chief Executive should ensure that proper records are kept and good internal controls are put in place.

Status: The Chief Executive confirms by her letter ref.KTB 821 Vol.1 (69) dated 21st may, 2002 that proper records are now being kept and good internal controls have been put in place.

KENYA NATIONAL EXAMINATIONS COUNCIL

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA NATIONAL EXAMINATIONS COUNCIL FOR THE YEAR ENDED 30TH JUNE, 1996.

1.0 OPERATING DEFICIT

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should ensure that the expenditure of the Council is contained within the budget to avoid deficits.

Status: *The Chief Executive confirms in his letter ref.KNEC/F&A/02/010 dated 30th May, 2002 that the expenditure of the Council is currently contained within the budget to avoid deficits. There has been no deficit incurred.*

2.0 WORK IN PROGRESS

RECOMMENDATION

The Committee recommends that:-

2.1 The Chief Executive should, in liaison, with the parent Ministry, and the Ministry of Finance and Planning, clear the pending certificates as agreed during the mutual winding up of the project.

Status: *The Chief Executive confirms that an Interministerial Committee was formed and is working for the way forward. The contractor was served with a notice on 28th May, 2002 to hand over the project to the Parent Ministry.*

2.2 The Chief Executive should endeavour to complete the project to avoid further escalation of building cost.

Status: *The Chief Executive confirms that there is an interministerial committee, working on the matter. It includes the Parent Ministry, Finance and Planning and Roads and Public Works.*

KENYA NATIONAL EXAMINATIONS COUNCIL

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA NATIONAL EXAMINATIONS COUNCIL FOR THE YEAR ENDED 30TH JUNE, 1997.

1.0 WORK IN PROGRESS

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 2 of the 1995/96 Accounts that:-

1.1 The Chief Executive should, in liaison, with the parent Ministry, and the Ministry of Finance and Planning, clear the pending certificates as agreed during the mutual winding up of the project.

Status: *The Chief Executive is pleased to report receipt of cheque No.0782141 dated 22nd May, 2002 for Kshs.1,467,292.00 from the Parent Ministry in full settlement of debt.*

1.2 The Chief Executive should endeavour to complete the project to avoid further escalation of building cost.

Status: *The Chief Executive confirms that there is an interministerial team working on the matter.*

KENYA NATIONAL EXAMINATIONS COUNCIL

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA NATIONAL EXAMINATIONS COUNCIL FOR THE YEAR ENDED 30TH JUNE, 1998.

1.0 WORK IN PROGRESS

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 2 of the 1996/97 Accounts that:-:-

1.1. The Chief Executive should, in liaison, with the parent Ministry, and the Ministry of Finance and Planning, clear the pending certificates as agreed during the mutual winding up of the project.

Status: *The Chief Executive is pleased to report that payment was received by cheque No.0782141 on 22nd May, 2002 for Kshs.1,467,292.00 in full settlement.*

1.2 The Chief Executive should endeavour to complete the project to avoid further escalation of building cost.

Status: *The Chief Executive confirms that there is an interministerial team working on the issue.*

COFFEE BOARD OF KENYA

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF COFFEE BOARD OF KENYA FOR THE YEAR ENDED 30TH JUNE, 1995.

1.0 FINANCIAL PERFORMANCE

RECOMMENDATION

1.1 **The Committee recommends that any future increase of the levy should be done in consultation with the farmers.**

Status: *The Chief Executive confirms full compliance with the recommendation. Farmers are currently being consulted before any increase of the levy.*

2.0 BAGGING COSTS -KSHS.205,937,000

RECOMMENDATION

2.1 **The Committee recommends that the Chief Executive should ensure that proper procedures are followed when purchases are being made.**

Status: *The Chief Executive confirms that currently proper procedures are being followed when purchases are being made.*

3.0 EXPORT DUTY

RECOMMENDATION

3.1 **The Committee reiterates it earlier recommendation under paragraph 3 of the 1994/95 Accounts, Ninth Report, Page 254, that the Board should terminate the demand for a waiver.**

Status: *The Chief Executive confirms that the Board adopted the recommendation of the committee and that the demand for a waiver was terminated and the balance due from Treasury of ksh.801,648 has been demanded.*

UNIVERSITY OF NAIROBI

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE UNIVERSITY OF NAIROBI OF THE YEAR ENDED 30TH JUNE, 1996

1.0 FINANCIAL POSITION

RECOMMENDATION

1.1 The Committee recommends that the Parent Ministry and the Treasury should, in future, ensure that the University receives the total allocation approved by Parliament.

Status: *The Chief Executive confirms that the recommendation is being adhered to. The Parent Ministry and Treasury have ensured that the University receive total allocation approval by Parliament.*

1.2 The Committee further recommends that the University should, under no circumstances, incur any expenses outside the budget, without getting approval from the parent Ministry and the Treasury.

Status: *The Chief Executive confirms that the recommendation is being strictly adhered to. There are no expenses being incurred outside the budget without getting approval from the Parent Ministry and the Treasury.*

UNIVERSITY OF NAIROBI

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE UNIVERSITY OF NAIROBI FOR THE YEAR ENDED 30TH JUNE, 1997

1.0 FINANCIAL POSITION

RECOMMENDATION

The Committee recommends that:-

1.1 the Chief Executive should liaise with the parent Ministry with a view to reviewing the policy governing the funding of State Universities and in particular the student's per unit cost.

Status: *The Chief Executive confirms that liaison is being maintained with the Parent Ministry with a view to reviewing the Policy governing the funding of State Universities and in particular the students per unit cost.*

1.2 the Chief Executive should continue to explore other avenues of funding the University in order to avoid deficits.

Status: *The Chief Executive confirms that other avenues of funding the University continue to be explored.*

2.0 UNCOMPLETED CAPITAL PROJECTS

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should liaise with the parent Ministry with a view to exploring ways to completing stalled projects.

Status: *The Chief Executive confirms that the University has relied mainly on self generated funds to complete the project. Those completed include Parklands Campus Lecture Theatre and Library, Access Roads at Kikuyu Campus, Re-roofing of Taifa Hall and Gandhi Wing buildings, Two Millenium Lecture Theatre of Biological and Physical Sciences, Lecture Theatre at the College of Health Science and Purchase of five new buses and one ambulance.*

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY FOR THE YEAR ENDED 30TH JUNE, 1997.

1.0 FINANCIAL POSTION

RECOMMENDATION

The Committee recommends that:-

1.1 The Vice-Chancellor and the parent Ministry should review students' per unit cost with a view to increasing the funding level of the university.

Status: The Vice-Chancellor confirms that the recommended review is being carried out.

1.2 The University should pursue other means of generating income to offset the deficits.

Status: The Vice-Chancellor confirms that other avenues of generating income are being pursued. A number of Income Generating Activities are currently being undertaken by the University.

2.0 FIXED ASSETS

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should ensure that title deed for the land on which the University is situated is obtained by March 31st, 2001.

Status: The title deed for the University land has now been obtained after what the Vice-Chancellor call many years of struggle.

3.0 SHORT TERM DEPOSITS

RECOMMENDATION

3.1 The Committee reiterates its earlier recommendation under paragraph 2 of 1991/92 and 2 of the 1995/96 Accounts that the Chief Executive should pursue the matter with the Official Receivers of these banks with a view to recovering the deposit balances in full plus accrued interest.

Status: *The Chief Executive confirms that the matter is still being followed up. The money is still with the collapsed Trade Bank and Kenya Finance Bank. So far only, kshs.1,203,623.65 was recovered in January, 2000. The rest is yet to be recovered.*

3.2 The Committee further recommends that the Chief Executive should ensure that Government regulations governing investment of surplus funds are strictly adhered to.

Status: *The Chief Executive confirms that the University is currently ensuring that Government regulations governing investment of surplus funds are strictly adhered to.*

EGERTON UNIVERSITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF EGERTON UNIVERSITY FOR THE YEAR ENDED 30TH JUNE, 1992.

1.0 LATE SUBMISSION OF THE ACCOUNTS

RECOMMENDATION

1.1 The Committee recommends that any Chief Executive of the Institution who, in future, causes delay in the submission of accounts for audit without seeking Parliamentary approval should be dismissed from public service.

Status: The Chief Executive confirms having noted the recommendation and will comply. The University currently submits the Accounts on time.

2.0 FINANCIAL POSITION

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should liaise with the parent Ministry with a view to getting more grants.

Status: The Chief Executive confirms that the University is working closely with the Parent Ministry to increase the level of grants.

2.2 The Committee further recommends that the Vice-Chancellor should explore other avenues of funding the University in order to avoid deficits.

Status: The Vice-chancellor confirms that other avenues of funding are being explored. The University has established self-sponsored programmes in Njoro, Laikipia, Kisii and Nakuru Town Campuses.

3.0 FIXED ASSETS - KSHS.520,388,000

RECOMMENDATION

3.1 The Committee recommends that the Vice-chancellor should liaise with the Commissioner of Lands with a view to obtaining title deeds for Laikipia Campus farm and the 20 acre piece disjointed with the Laikipia Campus Farm.

Status: *The Vice-Chancellor confirms that title deeds for LR No.2912/7 and 2912/9 are being awaited after completion of survey and confirmation of records. LR8808/1 – 20 acres survey has also been completed by the District Surveyor, Nyahururu and application made for the title deed.*

3.2 The Committee further recommends that the Chief Executive should liaise with the parent Ministry with a view to getting funds for valuing the University land to be undertaken by the Ministry of Lands and Settlement.

Status: *The Chief Executive confirms that the recommendation is being followed up with the Parent Ministry.*

4.0 CAPITAL WORK IN PROGRESS - KSHS.497,850,000

RECOMMENDATION

The Committee recommends that:-

4.1 The Chief Executive should determine the contracts in respect of the stalled projects by mutual consent to avoid further escalation of costs.

Status: *The Chief Executive confirms that Mutual termination agreements have been finalized. However the contractors are yet to be paid and some have taken the University to court. Total on Mutual termination is agreed as kshs.704,996,745.00*

4.2 the Chief Executive should look for other avenues of generating funds to complete the projects.

Status: *The Chief Executive confirms that other avenues of generating funds are being explored. It is hoped that at maturity of self-sponsored programmes additional funds will be generated to support completion.*

5.0 DEBTORS AND PREPAYMENTS

RECOMMENDATION

5.1 The Committee recommends that the debts amounting to Kshs.16,162,830 should be provided for in the books of accounts before being considered for write off.

Status: *The Chief Executive confirms that the above debts have been approved by Council to be provided for in the books of accounts during 2000/2001Financial year before being written off.*

EGERTON UNIVERSITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF EGERTON UNIVERSITY FOR THE YEAR ENDED 30TH JUNE, 1993.

1.0 LATE SUBMISSION OF THE ACCOUNTS

RECOMMENDATION

1.1 The Committee recommends that any Chief Executive of the Institution who, in future, causes delay in the submission of accounts for audit without seeking Parliamentary approval should be dismissed from public service.

Status: The Chief Executive confirms full adherence to the recommendation.

2.0 FINANCIAL POSITION

RECOMMENDATION

The Committee reiterates its earlier recommendations that:-

2.1 the Chief Executive should liaise with the parent Ministry with a view of getting more grants.

Status: The Chief Executive confirms maintainance of close liaison with the Parent Ministry to increase the level of funding.

2.2 the Vice-Chancellor should explore other avenues of funding the University in order to avoid deficit.

Status: The Vice-Chancellor confirms that other avenues of funding the University are being explored.

3.0 FIXED ASSETS - KSHS.526,439,000

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 3 of the 1991/92 that:-

3.1 The Vice-chancellor should liaise with the Commissioner of Lands with a view to obtaining title deeds for Laikipia Campus Farm and the 20 acre piece disjointed with the Laikipia Campus Farm.

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

3.2 The Chief Executive should liaise with the parent Ministry with a view to getting funds for valuing the University land to be undertaken by Ministry of Lands and Settlement.

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

4.0 CAPITAL WORK IN PROGRESS - KSHS.511,437,000

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 4 of the 1991/92 that:-

4.1 the Chief Executive should determine the contracts in respect of the stalled projects by mutual consent to avoid further escalation of costs;

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

4.2 the Chief Executive should look for other avenues of generating funds to complete the projects.

Status: *The Chief Executive confirms that the University is looking for other avenues of generating funds to complete the projects.*

5.0 DEBTORS OF PREPAYMENTS

RECOMMENDATION

5.1 The Committee recommends that the debts amounting to Kshs.16,162,830 should be provided for in the books of accounts before being considered for write off.

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

EGERTON UNIVERSITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF EGERTON UNIVERSITY FOR THE YEAR ENDED 30TH JUNE, 1994.

1.0 LATE SUBMISSION OF THE ACCOUNTS

RECOMMENDATION

1.1 The Committee recommends that any Chief Executive of the Institution who, in future, causes delay in the submission of accounts for audit without seeking Parliamentary approval should be dismissed from the public service.

Status: The Chief Executive confirms complete compliance to the recommendation.

2.0 FIXED ASSETS

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 3 of the 1992/93 that:-

2.1 The Vice-chancellor should liaise with the Commissioner of Lands with a view to obtaining title deeds for Laikipia Campus Farm and the 20 acre piece disjointed with the Laikipia Campus Farm.

Status: This is a repeat paragraph and the matter is as reported above in the previous year. All has been done including survey and the title deed is being awaited.

2.2 The Chief Executive should liaise with the parent Ministry with a view to getting funds for valuing University land to be undertaken by Ministry of Lands and Settlement.

Status: This is a repeat paragraph and the matter is as reported above in the previous year.

3.0 CAPITAL WORK IN PROGRESS - KSHS.512,404,000

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 4 of the 1992/93 that:-

3.1 the Chief Executive should determine the contracts in respect of the stalled projects by mutual consent to avoid further escalation of costs; and

Status: *This is a repeat paragraph and the matter is as reported above in previous year.*

3.2 the Chief Executive should look for other avenues of generating funds to complete the projects.

Status: *The Chief Executive confirms that the University is looking for other avenues of generating funds to complete the projects.*

4.0 DEBTORS OF PREPAYMENTS

RECOMMENDATION

4.1 The Committee recommends that the debts amounting to Kshs.16,162,830 should be provided for in the books of accounts before being considered for write off.

Status: *This is a repeat paragraph and the matter is as reported above in the previous year.*

MASENO UNIVERSITY COLLEGE

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF MASENO UNIVERSITY COLLEGE FOR THE YEAR ENDED 30TH JUNE, 1994

1.0 FINANCIAL ASSETS

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should liaise with the Parent Ministry and the Treasury with a view to getting more grants to meet the deficits.

Status: The Chief Executive confirms that the University is maintaining liaison with the Parent Ministry and Treasury with a view to getting more grants to meet the deficits.

1.2 The Committee further recommends that the University should explore other avenues of generating funds to avoid deficits.

Status: The Chief Executive confirms that the University is now exploring other avenues of generating funds to avoid deficits.

2.0 FIXED ASSETS REGISTER

The Committee while noting that improvements have been made on the fixed assets register, recommends that the Chief Executive should always keep an up to date assets register.

Status: The Chief Executive confirms that a fixed assets register is now being maintained and kept up to date.

3.0 NUGATORY EXPENDITURE

RECOMMENDATION

The Committee recommends that:-

3.1 the University should not start projects for which no feasibility studies have been carried out.

Status: The Vice-Chancellor confirms that the University has taken measures to ensure that only projects whose feasibility studies have been carried out and show positive returns are initiated.

3.2 a probe be conducted by the office of the Inspector of State Corporations into the procurement of additional *Jikos* with a view to attaching liability and surcharging the responsible officers.

Status: *The Vice-Chancellor confirms that all Corporation will be accorded to the Inspector General of State Corporations in the investigations.*

4.0 STAFF PENSION FUND

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should clear the outstanding amount due to the Pension Fund by 31st December, 2001.

Status: *The Chief Executive confirms that the University cleared all the outstanding pension arrears by early 2001.*

4.2 **The Committee further recommends that the University Pension Fund be managed in accordance with the provisions of the Retirement Benefits Authority Act.**

Status: *The Chief Executive confirms that the University Pension Fund is now managed in accordance with the requirement of the Retirement Benefits Authority Act. A Fund manager has been appointed who is independent of University management.*

MASENO UNIVERSITY COLLEGE

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF MASENO UNIVERSITY COLLEGE FOR THE YEAR ENDED 30TH JUNE, 1995

1.0 FINANCIAL PERFORMANCE

RECOMMENDATION

The Committee reiterates it earlier recommendations under paragraph 1 of the 1993/94 Accounts that:-

1.1 the Chief Executive should liaise with the Parent Ministry and Treasury with a view to getting more grants to meet the deficits.

Status: The Chief Executive confirms that consultations are on-going with a view to getting more grants to meet the deficits.

1.2 the University should explore other avenues of generating funds to avoid deficits.

Status: The Chief Executive confirms that other income generating avenues are being explored and results are expected in not too distant future.

2.0 STAFF PENSION FUND

RECOMMENDATION

The Committee reiterates it earlier recommendations under paragraph 4 of the 1993/94 Accounts that:-

2.1 the Chief Executive should clear the outstanding amount due to the Pension Fund by the year 2001.

Status: The Chief Executive confirms that the outstanding amount due to the Pension Fund was cleared by early 2001.

2.2 the University Pension Fund be managed in accordance with the provisions of the Retirement Benefits Authority Act.

Status: The Chief Executive confirms that a manager who is a custodian and Administrator of the fund has been appointed and the Pension is now being run in accordance with RBA Act.

3.0 FIXED ASSETS

RECOMMENDATION

3.1 The Committee recommends that the University should always keep an up to date Fixed Assets Register.

Status: *The Chief Executive confirms that the University now keeps an up to date Fixed Assets Register.*

KENYA VETERINARY VACCINES PRODUCTION INSTITUTE

REPORT ON THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA VETERINARY VACCINES PRODUCTION INSTITUTE FOR THE YEAR ENDED 30TH JUNE, 1997

1.0 FINANCIAL POSITION

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 1 of the 1995/96 Accounts, in the Eighth Report Pages 166-167, that:-

1.1 the Chief Executive should continue to explore other avenues of funding the Institute, in order to improve its financial position.

Status: *The Chief Executive confirms that measures have already been put in place to improve the Institute's financial position. These include among others, the recruitment of Sales and Marketing Manager and two firms to act as distributors of the Products.*

1.2 the Chief Executive should ensure that all statutory deductions are remitted in full, when due, in accordance with the law.

Status: *The Chief Executive confirms that all Statutory deductions have been cleared except for PAYE where negotiations with KRA have resulted in settlement of the debt by installments. Current deductions are being remitted in full and on time.*

2.0 DISPOSAL OF MOTOR VEHICLE

RECOMMENDATION

2.1 The Committee recommends that the then Chief Executive *Dr. Richard Korir* be made liable and surcharged for the loss of Kshs.178,346.

Status: *The Chief Executive confirms that Dr. Richard Korir's terminal benefits have not yet been paid. Management will recover the loss of kshs.178,346 incurred in the disposal of the vehicle from his dues.*

3.0 SALARIES AND STAFF BENEFITS

RECOMMENDATION

3.1 The Committee recommends that in future, any review of Terms and Conditions of Service of the Corporation should be referred to the State Corporations Advisory Committee for approval.

Status: The Chief Executive confirms that the recommendation has been noted and fully adopted.

4.0 PAYMENTS OF SITTING ALLOWANCE TO BOARD MEMBERS.

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should recover the irregular payments made to the Board Members and employees of the parent Ministry.

Status: The Chief Executive confirms that the management wrote to the Board Members and they have fully refunded the irregular payments.

KENYA VETERINARY VACCINES PRODUCTION INSTITUTE

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA VETERINARY VACCINES PRODUCTION INSTITUTE FOR THE YEAR ENDED 30 JUNE, 1998.

1.0 FINANCIAL POSITION

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 1 of the 1995/96 Accounts, in the Eighth Report Pages 166-167, that:-

1.1 the Chief Executive should continue to explore other avenues of funding the Institute, in order to improve its financial position.

Status: The Chief Executive confirms that other avenues of funding the Institute are being explored.

1.2 the Chief Executive should ensure that all statutory deductions are remitted in full, when due, in accordance with the law.

Status: The Chief Executive confirms that all Statutory deductions are being remitted in full when due in accordance with the Law.

2.0 FIXED ASSETS

The Committee recommends that the Chief Executive should liaise with the Clerk of *Olkejuado* County Council with a view to regularising the allocation of the 500 acres.

Status: The Chief Executive confirms that he has already written to the PS, Parent Ministry seeking assistance in the allocation of land in Kibiko Holding ground. A positive outcome is being awaited so that he can value the land and include it in the fixed assets Register.

KENYA SUGAR AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA SUGAR AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1997

1.0 SHORT-TERM DEPOSITS

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should invest in Treasury Bills as they are more secure and normally attract high rate of interest.

Status: The Chief Executive confirms that he is endeavoring to invest surplus funds only in Treasury Bills as recommended.

2.0 SALE OF MOTOR VEHICLE

RECOMMENDATION

The committee noted that given that the refund of the duty has been made, the audit query is therefore resolved.

Status: The matter was resolved and put to rest.

KENYA SUGAR AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA SUGAR AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1998

1.0 SHORT TERM DEPOSITS (KSHS.28,726,161)

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should comply with the Treasury Circular No.14/98 referenced AG/16/01/89 dated 22nd August, 1998 with regard to deposit of surplus funds.

Status: The Chief Executive confirms that the Board has complied with the recommendation fully.

SUGAR DEVELOPMENT FUND

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE SUGAR DEVELOPMENT FUND FOR THE YEAR ENDED 30TH JUNE, 1997

1.0 APPORTIONMENT OF LEVY

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should ensure that the 7% Sugar Development Fund is apportioned as provided for in the approved budget.

Status: *The Chief Executive confirms that the 7% SDF is now being apportioned as provided for in the approved budget. Research 0.5%, cane development 2.0%, Factory Rehabilitation 1.0%, Road maintenance 1.0% Special Factory Rehabilitation 2.0% and KSB Administration 0.5%.*

The Committee further recommends that:-

1.2 the administration of Sugar Development Fund be separated from that of Kenya Sugar Authority to avoid misuse of the Sugar Development Fund.

Status: *The Chief Executive confirms that the recommendation is being adhered to in full. The administration of the fund has been separated from that of KSB to avoid misuse of the SDL.*

2.1 the parent Ministry should probe the application of Sugar Development Fund by the management of Kenya Sugar Authority with a view to preventing further abuse of the Sugar Development Fund.

Status: *The Chief Executive confirms that the matter has been noted and the Parent Ministry is already probing the use of the Fund. The EMU is doing the probe.*

SUGAR DEVELOPMENT FUND

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE SUGAR DEVELOPMENT FUND FOR THE YEAR ENDED 30TH JUNE, 1998

1.0 APPORTIONMENT OF LEVY

RECOMMENDATION

1.1 **The Committee recommends that the Chief Executive should ensure that the 7% Sugar Development Fund is apportioned as provided for in the approved budget.**

Status: *The Chief Executive confirms that the 7% SDF is now being apportioned as provided for in the approval budget.*

The Committee also reiterates its earlier recommendations that:-

1.2 **the administration of Sugar Development Fund be separated from that of Kenya Sugar Authority to avoid misuse of the Sugar Development Fund.**

Status: *The Chief Executive confirms that there is full compliance with the recommendation.*

1.3 **the parent Ministry should probe the application of Sugar Development Fund by the management of Kenya Sugar Authority with a view to preventing further abuse of the Sugar Development Fund.**

Status: *The Chief Executive confirms that EMU from the Office of the President is on site probing the use of the Fund.*

2.0 LOANS TO COMPANIES

RECOMMENDATION

2.1 **The Committee recommends that the Sugar Development Fund should actively pursue full recovery of the said loans.**

Status: *The Chief Executive confirms that full recovery of the said loans is being actively pursued.*

3.0 SHORT-TERM DEPOSITS (KSHS.157,847,501)

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should, without exception, comply with the Treasury Circular No.14/98 referenced AG/16/10/89 dated 22nd August, 1998 with regard to deposit of surplus funds.

Status: *The Chief Executive confirms that the Board is now investing short term funds as guided by the Treasury circular.*

KENYA WILDLIFE SERVICE

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA WILDLIFE SERVICE FOR THE YEAR ENDED 30TH JUNE, 1998

1.0 FINANCIAL POSITION

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should undertake cost-cutting measures to ensure that the Service operates within affordable budget.

Status: The Chief Executive confirms in his letter ref.KWS/CONF/328 dated 5th June, 2002 that cost-cutting measures have been taken to ensure that the service operates within affordable budget.

2.0 IMPRESTS

RECOMMENDATION

2.1 The Committee recommends that the Chief Executive should in future ensure that the Government rules and regulations governing the issuance and surrender of imprest are strictly adhered to.

Status: The Chief Executive confirms that Government rules and regulations governing the issuance and surrender of imprest are strictly being adhered to. As a demonstration imprest dropped from 21million (1998) to Kshs.3million (2001)

KENYA WILDLIFE SERVICE

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA WILDLIFE SERVICE FOR THE YEAR ENDED 30TH JUNE, 1999

1.0 FINANCIAL POSITION

RECOMMENDATION

1.1 The Committee reiterates its earlier recommendation under paragraph 1 of the 1997/98 Accounts that the Chief Executive should undertake cost-cutting measures to ensure that the Service operates within affordable budget.

Status: *The Chief Executive confirms that cost-cutting measures have already been undertaken to ensure that the service operates within affordable budget.*

COUNCIL FOR LEGAL EDUCATION.

1.0 NON-SUBMISSION OF ACCOUNTS

RECOMMENDATION

1.1 The Committee recommends that the Council complies with Section 20 of the Councils Act, Section 11 of the State Corporations Act and Section 31 of the Exchequer and Audit Act before November 04, 2000.

Status: *The Chief Executive confirms that compliance to this recommendation was not possible before November, 04, 2000; because the process of financially de-linking the school from the Office of the Attorney-General had not been completed. De-linking was however, completed on 1st July, 2001.*

1.2 The Committee further recommends that the Office of the Attorney General should ensure the process of delinking is finalised by March 31, 2001.

Status: *The Chief Executive confirms that the process of de-linking was completed on 1st July, 2001.*

1.3 The Committee also recommends that the Council should not charge fees until the delinking process is complete.

Status: *The Chief Executive confirms that the Council's decision to charge fees was gazetted as required under section 14© of the Council of Legal Education Act thereby complying with the Law.*

SAFARICOM OF KENYA LTD.

1.0 STATUS OF THE ACCOUNTS

RECOMMENDATION

1.1 The Committee recommends that the Chief Executive should submit the accounts of the Corporation to the Auditor General (Corporations) for audit as stipulated by the relevant Act.

Status: The Chief Executive confirms full compliance to the recommendation.

APPENDIX

The Committee failed to obtain unanimity in recommendations related to paragraph 5.2; **Buying of Plot LR.No.209/6439,** of the 1997/98 Accounts of the National Social Security Fund and was therefore divided on the said matter.

As a result of the **Division** the minority comprising:-

Hon. John Katuku, M.P.
Hon. Wafula Wamunyinyi, M.P.
Hon. Geoffrey Parpai, M.P.
Hon. Mwangi Githiomi, M.P.

wish to record their decision as Dissent Report as shown:

5.2 **BUYING OF PLOT LR.NO.209/6439**

RECOMMENDATION

The Committee recommends that:-

5.2.1 The Fund must always conduct feasibility studies for all investments it intends to engage itself in future.

Status: *The Chief Executive confirms full compliance. The fund will now conduct feasibility studies for all investments it intends to engage itself in future.*

5.2.2 That the operations/purchases of the Fund should in future be conducted transparently and in the best interest of the Fund.

Status: *The Chief Executive confirms that operations/purchases of the Fund are currently, being conducted transparently and in the best interest of the Fund.*

5.2.3 The Fund should by all means try to develop the plot or recover its investment in the said land.

Status: *The Chief Executive confirms having noted the recommendation. The recommendation will be adhered to.*

5.2.4 The Ministry of Heritage and Sports should consider degazetting the property as a national monument.

Status: *The Chief Executive confirms that the matter is being pursued.*

5.2.5 The then Director of City Planning and Architecture *Mr. G.A. Kiguangu* and *Mr. G.L. Mukofu* of Ministry of Lands who disregarded rules and regulations in approving change of user of the plot be censured.

Status: *The Chief Executive confirms having noted the recommendation. The Government has been informed about the matter through the Parent Ministry for action.*

5.2.6 The then Board of Trustees and the management of National Social Security Fund be held responsible for colluding with M/s Guardian International Co. Ltd. with the intention of defrauding the Fund of huge sums of money.

Status: *The Chief Executive confirms that the recommendation has been noted and the same forwarded to the Government through the Parent Ministry for action*