



Elu

PARLIAMENT
OF KENYA
LIBRARY

REPUBLIC OF KENYA

NATIONAL ASSEMBLY

SEVENTH REPORT

OF THE

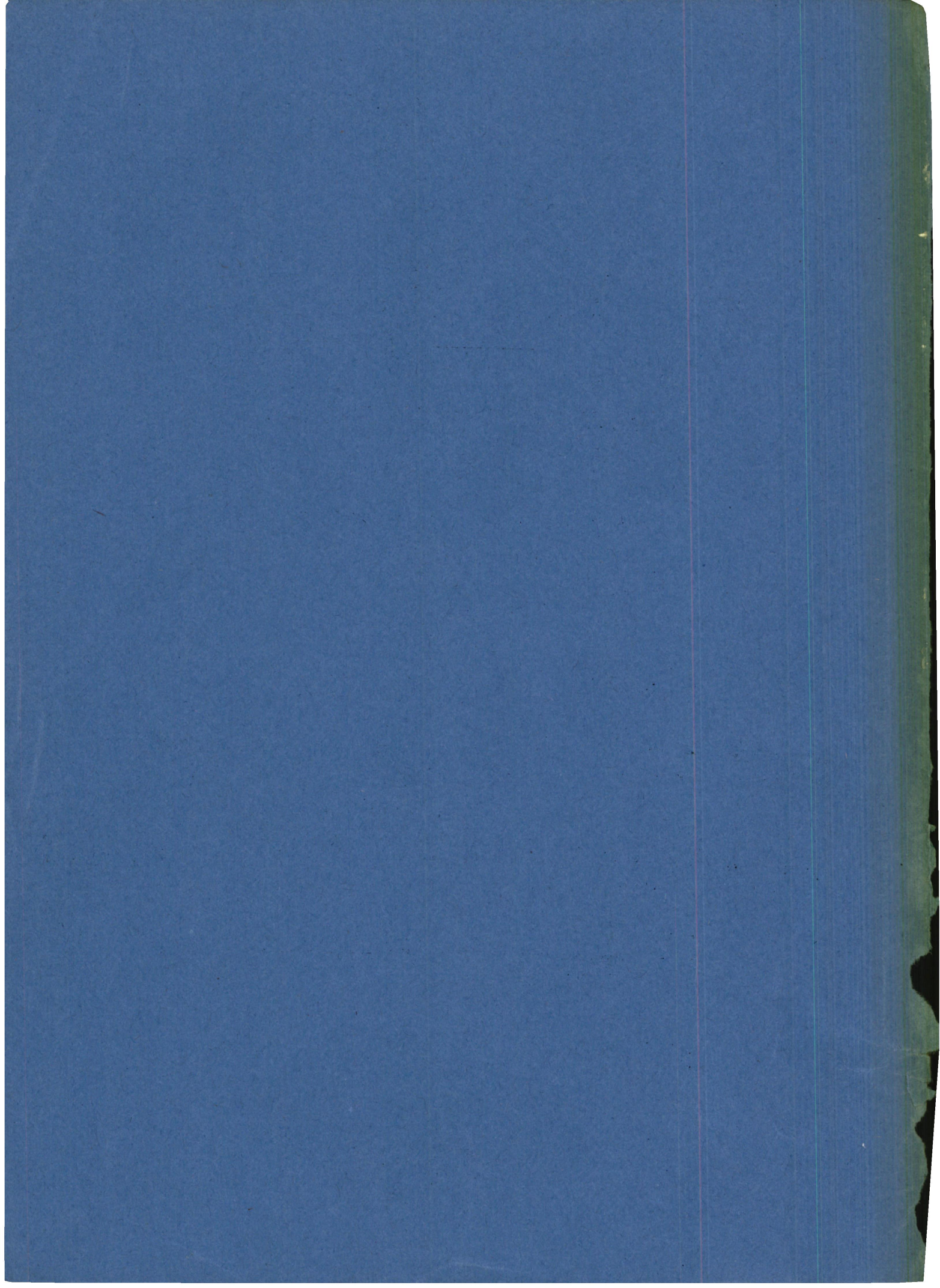
PUBLIC INVESTMENTS COMMITTEE

ON THE ACCOUNTS OF

STATE CORPORATIONS

VOLUME II

1997



TREASURY MEMORANDUM

ON THE

IMPLEMENTATION STATUS

ON THE SIXTH REPORT

OF THE

PUBLIC INVESTMENTS COMMITTEE

1997

VOLUME II

KENYA NATIONAL ASSEMBLY LIBRARY

Accession: 10006187

Call No: 332.67/KNA



TREASURY MEMORANDUM

INTRODUCTION

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

The Memorandum contains the exact 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 the relevant Chief Executives of the various parastatals after the adoption of the Seventh Report with the view to preparing the next Memorandum on time, ready for the next Public Investments Committee's deliberations.

The Treasury Memorandum is hereby printed for discussions and adoption.

TREASURY

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, 1989

1. FIXED ASSETS

The Committee directed the Chief Executive to liaise with the Commissioner of Lands and ensure that the Board acquires title deeds for its remaining property by 30th June, 1996.

STATUS: *The Chief Executive confirms that most of the title deeds have been acquired. The matter is not yet completed and the process is still going on.*

The Committee recommends that the Chief Executive should ensure that the Board always maintains an up-to-date fixed assets register.

STATUS: *The Chief Executive confirms that all attempts are being made to maintain an up-to-date fixed assets register.*

The Committee strongly recommends that the parent Ministry should include the amount of Kshs.21,815,991.00 in the 1996/97 annual estimates with a view to reimbursing the Board this debt without further delay. The Committee further recommends that the Board should prioritise and properly plan for its projects in order to avoid such huge outstanding debts from the parent Ministry.

STATUS: *The Chief Executive states that the money is expected as recommended and that the Board has prioritized and its projects are now properly planned.*

2. OPERATING STOCK

The Committee, while noting that maize is the staple food for most communities in the country, strongly recommends that:

- (i) The Board should come up with a long term plan for storage in order to cope with bumper harvests.
- (ii) The Chief Executive must adhere to the normal acceptable average loss of 2.2% set for the grain industry.
- iii) The Board should only buy maize with the acceptable moisture content.

STATUS: *The Chief Executive confirms that the recommendations have been noted and are being followed very closely as required.*

3. SUB-STANDARD COMMODITIES

The Committee recommends that the Chief Executive should strictly adhere to the new guidelines on the handling of maize and ensure that loss attributed to poor quality of maize is minimized.

STATUS: *The Chief Executive confirms that he is strictly adhering to the new guidelines on the handling of maize to ensure that loss attributed to poor quality of maize is minimized.*

4. GOVERNMENT DEBTORS

The Committee strongly recommends that the parent Ministry should urgently constitute an inter-ministerial Committee involving the Office of the President, Ministry of Agriculture, Livestock Development and Marketing, the Treasury, the Board and any other party involved with a view to recovering the huge outstanding debt amounting to Kshs.183,922,031.00 by 30th June, 1996.

STATUS: *The Chief Executive confirms that the committee was constituted as recommended and the debt recovery is being addressed as required.*

5. SUNDRY DEBTORS

The Committee directed the Chief Executive to recover the amount of Kshs.6,234,292.00 from the farmers for the gunny bags issued and the other debts by 30th June, 1996 and that the details of the recoveries made thereof should be submitted to the Auditor-General (Corporations) for verification.

STATUS: *The Chief Executive confirms that the recommendation has been implemented.*

The Committee recommends that the Chief Executive should strengthen the Board's debt recovery mechanism with a view to eliminating outstanding debts.

STATUS: *The Chief Executive confirms that the Board's debt recovery mechanism has been strengthened as recommended.*

6. OTHER TRADE DEBTORS

The Committee recommends that:

- (i) The Chief Executive should ensure that the outstanding amount of Kshs.508,627,349.00 is recovered in full by 30th June, 1996 and the details thereof submitted to the Auditor-General (Corporations) for verification.

- (ii) The Chief Executive should streamline and strengthen the operations of the Board, especially the accounts section and the procurement section, in order to ensure that such fraudulent transactions do not recur.
- iii) The Attorney General should institute immediate investigations with a view to exploring the possibility of using interpol in recovering the amount of Kshs.75,140,468.00 from *Mr. Keter* and *Ms Corrigrain*.
- (iv) The Board should institute civil proceedings against the companies viz Yamao Limited, Lotus Commercial and Nchoke Limited in order to recover Kshs.32,000,000.00.

STATUS: *The Chief Executive confirms that the recovery has not been made and that the matter is being followed up by the Attorney General's Chambers.*

7. IMPORTED WHEAT DEBTORS

The Committee recommends that the Chief Executive should ensure that the Board completes the reconciliation exercise by 30th June, 1996 with a view to recovering the amount in full. The Committee further recommends that the Chief Executive should explore the possibility of using arbitration in liaison with the parent ministry and the Attorney General's Chambers in order to resolve the impasse regarding the unresolved debts amounting to Kshs.138,099,676.00.

STATUS: *The Chief Executive confirms that the reconciliation was completed and the matter of recovery is still being pursued.*

8. KENYA GRAIN GROWERS CO-OPERATIVE UNION LIMITED

The Committee directed the Chief Executive to liaise with the parent Ministry, the Treasury and KGGCU in order to recover the debt in full by 30th June, 1996.

STATUS: *The Chief Executive states that the money has not yet been recovered and the matter is still being pursued.*

The Committee recommends that the Board should, in the meantime, make provision in the accounts for any possible loss.

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

9. SUBSIDIARY AND ASSOCIATED COMPANIES

The Committee recommends that the Chief Executive should follow up the remaining two associated companies' indebtedness to the Board with a view to recovering the debts in full by 30th June, 1996.

STATUS: The Chief Executive confirms that he is still pursuing the matter.

10. STAFF DEBTORS

The Committee directed the Chief Executive to submit details of the recoveries made thereof by 30th June, 1996 to the Auditor-General (Corporations) for verification.

STATUS: The Chief Executive confirms that the details of the recoveries were submitted as required

The Committee recommends that the Chief Executive should ensure that the car and cash loans are recovered in full.

STATUS: The Chief Executive confirms that the recommendation has been implemented.

11. NAROK WHEAT PROJECT

The Committee recommends that the Chief Executive should follow up the matter with the Attorney-General with a view to recovering the debts in full by 30th June, 1996.

STATUS: The Chief Executive states that the matter has not been finalized and that the Board is still pursuing the same.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL CEREALS AND PRODUCE BOARD FOR THE YEAR ENDED 30TH JUNE, 1990

1. FIXED ASSETS

The Committee directed the Chief Executive to liaise with the Commissioner of Lands and ensure that the Board acquires title deeds for its remaining property by 30th June, 1996.

STATUS: The matter is as reported above.

The Committee reiterates its earlier recommendation under paragraph 1(a) of 1988/89 accounts that the Chief Executive should ensure that the Board always maintains an up-to-date fixed assets register.

STATUS: *The matter is as reported above.*

The Committee reiterates its earlier recommendation under paragraph 1(b) of 1988/89 accounts that the parent Ministry should include the amount of Kshs.21,815,991.00 in the 1996/97 annual estimates with a view to reimbursing the Board this money without any further delay.

STATUS: *The matter is as reported above.*

The Committee further recommends that the Board should prioritise and properly plan for its projects in order to avoid such huge outstanding debts from the parent Ministry.

STATUS: *The matter is as reported above.*

The Committee directed the Chief Executive to liaise with the Government District Valuers to value the three pieces of land at the market rate prevailing in 1989 and submit the details to the Auditor-General (Corporations) for verification.

STATUS: *The Executive confirms that the recommendation was implemented.*

The Committee recommends that the Chief Executive should always ensure that land is valued before it is purchased by the Board.

STATUS: *The Chief Executive confirms that the recommendation has been noted and that it is being adhered to.*

2. OPERATING STOCK

The Committee reiterates its earlier recommendation under paragraph 2 of 1988/89 accounts that:

- (i) The Board should come up with a long term plan for storage in order to cope with bumper harvests.
- (ii) The Chief Executive must adhere to the normal acceptable average loss of 2.2% set for the grain industry.
- (iii) The Board should only buy maize with the acceptable moisture content.

STATUS: *The matter is as reported above.*

3. SUBSTANDARD COMMODITIES

The Committee recommends that the Chief Executive should strictly adhere to the new guidelines on the handling of cereals and ensure that loss attributed to poor quality of cereals is minimized.

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

4. GOVERNMENT DEBTORS

The Committee reiterates its earlier recommendation under paragraph 4 of 1988/89 accounts that the parent Ministry should urgently constitute an inter-Ministerial Committee involving the Office of the President, Ministry of Agriculture, Livestock Development and Marketing, the Treasury, the Board and any other party involved with a view to recovering the huge outstanding debts amounting to Kshs.207,963,240.00 by 30th June, 1996.

STATUS: *The matter is as reported above.*

5. SUNDRY DEBTORS

The Committee reiterates its earlier directive under paragraph 5 of 1988/89 accounts that the Chief Executive should recover the amount of Kshs.6,234,292.00 from the farmers for the gunny bags issued and other debts by 30th June, 1996 and that the details of the recoveries made thereof should be submitted to the Auditor-General (Corporations) for verification.

STATUS: *The matter is as reported above.*

The Committee recommends that the Chief Executive should strengthen the Board's debt recovery mechanism with a view to eliminating outstanding debts.

STATUS: *The matter is as reported above.*

6. OTHER TRADE DEBTORS

The Committee reiterates its earlier recommendation under paragraph 6 of 1988/89 accounts that:

- (i) The Chief Executive should ensure that the outstanding amount of Kshs.411,315,964.00 is recovered in full by 30th June, 1996 and the details thereof submitted to the Auditor-General (Corporations) for verification.
- (ii) The Chief Executive should streamline and strengthen the operations of the Board, especially the accounts section and the procurement section in order to ensure that such fraudulent transactions do not recur.
- (iii) The Board should institute civil proceedings against the companies viz Yamao Limited, Lotus Commercial and Nchoke Limited in order to recover Kshs.32,000,000.00

STATUS: *The matter is as reported above.*

The Committee recommends that the Chief Executive should streamline and strengthen the operations in the various depots with a view to eliminating misappropriation of funds.

STATUS: *The Chief Executive confirms that depot operations have now been streamlined and strengthened.*

7. IMPORTED WHEAT DEBTORS

The Committee reiterates its earlier recommendation under paragraph 7 of 1988/89 accounts that the Chief Executive should ensure that the Board completes the reconciliation exercise by 30th June, 1996 with a view to recovering in full the debts which are not in dispute.

STATUS: *The matter is as reported above.*

The Committee further recommends that the Chief Executive should explore the possibility of using arbitration in liaison with the parent Ministry and the Attorney-General's Chambers in order to resolve the impasse regarding the unresolved debts amounting to Kshs.80,797,680.00.

STATUS: *The matter is as reported above.*

8. KENYA GRAIN GROWERS CO-OPERATIVE LIMITED

The Committee reiterates its earlier directive under paragraph 8 of 1988/89 accounts that the Chief Executive should liaise with the parent Ministry, the Treasury and KGCCU in order to recover the debt in full by 30th June, 1996. The Committee further recommends that the Board should, in the meantime, make provision in the accounts for any possible loss.

STATUS: *The matter is as reported above.*

9. STAFF DEBTORS

The Committee directed the Chief Executive to submit details of the recoveries made thereof as at 30th June, 1995 to the Auditor-General (Corporations) for verification.

STATUS: *The Chief Executive confirms that recovery details were submitted.*

The Committee reiterates its earlier recommendation under paragraph 10 of 1988/89 accounts that the Chief Executive should ensure that the car and cash loans are recovered in full.

STATUS: *The matter is as reported above.*

10. NAROK WHEAT PROJECT

The Committee reiterates its earlier recommendation under paragraph 11 of 1988/89 accounts that the Chief Executive should follow up the matter with the Attorney-General with a view to recovering the debts in full by 30th June, 1996.

STATUS: *The matter is as reported above.*

11. CASH AND BANK BALANCES

The Committee directed the Chief Executive to submit the details of the recoveries made thereof by 30th June, 1995 to the Auditor-General (Corporations) for verification.

STATUS: *The matter is as reported above.*

The Committee recommends that the Chief Executive should identify the officers who authorized the issuance of imprests without following the financial guidelines and severely reprimand them. The Committee further recommends that the Chief Executive should strictly adhere to the financial regulation with regard to the issuance and surrender of imprests.

STATUS: *The Chief Executive confirms that issuance and surrender of imprest process has been streamlined and that the concerned officers have been reprimanded.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL CEREALS AND PRODUCE BOARD FOR THE YEAR ENDED 30TH JUNE, 1990/91

1. FIXED ASSETS

The Committee reiterates its earlier recommendation under paragraph 1 (b) of 1989/90 accounts that the parent Ministry should include the amount of Kshs.21,815,991.00 in the 1996/97 annual estimates with a view to reimbursing the Board this debt without any further delay. The Committee further recommends that the Board should prioritise and properly plan for its projects in order to avoid such huge outstanding debts from the parent Ministry.

STATUS: *The matter is as reported above.*

The Committee recommends that the Treasury should ensure that the amount of Kshs.39,970,000.00 is released to the Board for the Moi's Bridge Silo Project completion.

STATUS: *The amount is expected to be released in 1996/97 financial year.*

2. STRATEGIC RESERVE STOCK

The Committee recommends that the Chief Executive should always maintain the required minimum food strategic reserve levels in the country.

STATUS: *The Chief Executive confirms that the recommendation is being implemented as required.*

3. STOCK OF IMPORTED WHEAT

The Committee recommends that the Ministry of Commerce and Industry which licensed the importation of the wheat should consult with the Board as required by the provisions of the National Cereals and Produce Board Act (Cap.338) until the Act is amended by Parliament.

STATUS: *The matter is being carried out as recommended.*

4. OFF-COLOUR MAIZE

The Committee reiterates its earlier recommendation under paragraph 3 of 1988/89 accounts that the Chief Executive should strictly adhere to the new guidelines on the handling of maize and ensure that loss attributed to quality of maize is minimized.

STATUS: *The matter is as reported above.*

5. UNDERWEIGHT BAGS OF MAIZE

The Committee recommends that:

- (i) The Board should come up with a long term plan for storage in order to cope with bumper harvests.
- (ii) The Chief Executive must adhere to the normal acceptable average loss of 2.2% set for the grain industry.
- (iii) The Board should only buy maize with the acceptable moisture content.

STATUS: *The Chief Executive confirms that the above recommendations are being implemented as required.*

6. DEBTORS

The Committee reiterates its earlier recommendation under paragraph 4 of 1989/90 accounts that the parent Ministry should urgently constitute an Inter-Ministerial Committee involving the Office of the President, Ministry of Agriculture, Livestock Development and Marketing, the Treasury, the Board and any other party involved with a view to recovering the huge debts amounting to Kshs.342,885,868.00 by 30th June, 1996.

STATUS: *The matter is as reported above.*

7. STAFF DEBTORS

The Committee directed the Chief Executive to submit details of the recoveries made thereof by 30th June, 1996 to the Auditor-General (Corporations) for verification.

STATUS: *The matter is as reported above.*

The Committee reiterates its earlier recommendations under paragraph 10 of 1988/89 accounts that the Chief Executive should ensure that the car and cash loans are recovered in full.

STATUS: *The matter is as reported above*

8. NAROK WHEAT DEBTORS

The Committee reiterates its earlier recommendation under paragraph 10 of 1989/90 accounts that the Chief Executive should follow up the matter with the Attorney-General with a view to recovering the debts in full by 30th June, 1996.

STATUS: *The matter is as reported above.*

9. KENYA GRAIN GROWERS CO-OPERATIVE UNION LIMITED

The Committee reiterates its earlier directive under paragraph 8 of 1989/90 accounts that the Chief Executive should liaise with the parent Ministry, the Treasury and KGCCU in order to recover the debt in full by 30th June, 1996.

STATUS: *The matter is as reported above.*

The Committee recommends that the Board should, in the meantime, make provision in the accounts for any possible loss.

STATUS: *The Chief Executive confirms that the recommendation is being implemented.*

10. GOVERNMENT AGENCY

The Committee recommends that the Chief Executive should liaise with the parent Ministry and ensure that the requirements of the bilateral agreement are harmonized with those of the Agency Agreement by 30th June, 1996.

STATUS: *The Chief Executive confirms that the necessary liaison is being made.*

11. CASH AND BANK BALANCE

The Committee recommends that the Chief Executive should strictly enforce the new measures instituted by the Board in order to curb cash related irregularities at the depots. The Committee further recommends that the Chief Executive should follow up the court cases with the Attorney General's Chambers with a view to expedite the court cases to enable the Board claim compensation under the fidelity guarantee insurance policy.

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

12. GRANTS FOR SPECIFIC PROJECTS

The Committee recommends that the Chief Executive, the parent Ministry and the Treasury should ensure that the issue is resolved.

STATUS: *The Chief Executive confirm that the matter is being followed with a view to resolving the same.*

13. MOTOR VEHICLE RUNNING EXPENSES

The Committee recommends that the Chief Executive should always avail information and documents for audit verification as required under the provisions of Section 29 of the Exchequer and Audit Act (Cap.412).

STATUS: *The Chief Executive confirms that he is complying with the recommendation.*

The Committee was subsequently informed that the Board had submitted the necessary information to the Auditor-General (Corporations).

STATUS: *The matter is being followed.*

14. MAINTENANCE OF BUILDINGS

The Committee recommends that the Chief Executive should ensure that the Board strictly adheres to the laid down procedures with regard to procurement of goods and services in order to curb such cases of fraud.

STATUS: *The Chief Executive confirms that the Board is strictly adhering to the laid down procedures with regard to procurement of goods and services.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL CEREALS AND PRODUCE BOARD FOR THE YEAR ENDED 30TH JUNE, 1992

1. STRATEGIC RESERVE STOCK

The Committee reiterates its earlier recommendation under paragraph 2 of 1990/91 accounts that the Chief Executive should always maintain the required minimum food strategic reserve levels in the country.

STATUS: *The matter is as reported above.*

2. GUNNY BAGS

The Committee directed the Chief Executive to submit all the relevant documents, including the details of the 25 quotations, pertaining to the award of the tender for the purchase of gunny bags to the Auditor-General (Corporations) by 30th November, 1995 for verification.

STATUS: *The Chief Executive confirms that the recommendation has been implemented.*

The Committee recommends that the Chief Executive should always avail information and documentary evidence to the Auditor-General (Corporations) for verification as required under the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: *The Chief Executive confirms that compliance with section 29 (3) is being observed.*

3.0 DEBTORS

The Committee reiterates its earlier recommendation under paragraph 6 of 1990/91 accounts that the parent Ministry should urgently constitute an Inter-Ministerial Committee involving the Office of the President, Ministry of Agriculture, Livestock Development and Marketing, the Treasury, the Board and any other party involved with a view to recovering all the debts the various Government ministries and organizations owe the Board.

STATUS: *The matter is as reported above.*

The Committee reiterates its earlier recommendation under paragraph 7 of 1989/90 accounts that the Chief Executive should ensure that the Task Force completes the reconciliation exercise by 30th June, 1996 with a view to recovering the amount in full. The Committee further recommends that the Chief Executive should explore the possibility of using arbitration in liaison with the parent Ministry and the Attorney General's Chambers in order to resolve the impasse regarding the unresolved debts amounting to Kshs.106,397,867.00.

STATUS: *The matter is as reported above.*

3.1 STAFF DEBTORS

The Committee recommends that the Chief Executive should ensure that the car and cash loans are recovered in full. The Committee further recommends that the Chief Executive should strictly enforce the new measures instituted by the Board in order to curb cash related irregularities at the depots.

STATUS: *The Chief Executive confirms that he is jully implementing recommendation.*

3.2 KENYA GRAIN GROWERS CO-OPERATIVE UNION LIMITED

The Committee reiterates its earlier directive under paragraph 9 of 1990/91 accounts that the Chief Executive should liaise with the parent Ministry, the Treasury and KGVCU in order to recover the debt in full by 30th June, 1996.

STATUS: *The matter is as reported above.*

The Committee recommends that the Board should, in the meantime, make provision in the accounts for any possible loss.

STATUS: *The Chief Executive confirms that provision is being made.*

4. MISUSE OF MOTOR VEHICLE

The Committee reiterates its earlier directive under paragraph 13 of 1990/91 accounts that the Chief Executive should submit to the Auditor-General (Corporations) by 30th November, 1995 the necessary authority from the Government which allowed the Board to use civilian registration for the vehicle and the authority to have unlimited use of the vehicle.

STATUS: *The matter is as reported above.*

The Committee recommends that the Chief Executive should always avail all relevant information and documents to the Auditor-General (Corporations) for verification as required under the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: *The Chief Executive confirms that he is complying with section 29 (3) as required.*

5.0 LEASED WAREHOUSES

The Committee recommends that the Chief Executive should strictly observe the "First In, First Out" principle (FIFO) in disposing of its commodities in order to maintain the quality of grain in the warehouses. The Committee further recommends that the Chief Executive should endeavour to have adequate warehouses to store any bumper harvests.

STATUS: *The Chief Executive confirms that the recommendation is being adhered to as required.*

6. INSURANCE EXPENSES

The Committee recommends that the Chief Executive should liaise with the Attorney-General with a view to expedite the court cases to enable the Board finalise the claims with the insurers.

STATUS: *The Chief Executive confirms that the cases are being followed with the concerned parties as required.*

7. CONTRACT FOR REBAGGING IMPORTED MAIZE AND WHEAT

The Committee directed the Chief Executive to submit all the relevant documents pertaining to the award of the contract for rebagging and the payment of bonus to the Auditor-General (Corporations) for verification as required under the provisions of Section 29(3) of the exchequer and Audit Act (Cap.412).

STATUS: *The Chief Executive Confirms that the recommendation was implemented.*

The Committee recommends that the Chief Executive must always avail relevant information and documents to the Auditor-General (Corporations) during the audit exercise as required under the provisions of Section 29 of the Exchequer and Audit Act (Cap.412).

STATUS: The matter is as reported above.

8. ELDORET DEPOT

The Committee recommends that the Chief Executive should ensure that the Board recovers the losses amounting to Kshs.12,289,722.60 in full.

STATUS: The Chief Executive confirms that the matter is being pursued.

- 8.1** The Committee directed the Chief Executive to sue the directors of Saficco Limited to recover the outstanding amount of Kshs.3,872,016.00 by 30th June, 1996.

STATUS: The Chief Executive confirms that the matter is being actively pursued.

The Committee recommends that the Chief Executive should streamline and strengthen the operations at the depots in order to curb such losses.

STATUS: The Chief Executive confirms having streamlined and strengthened depot operations as required.

- 8.2** The Committee recommends that the Chief Executive should use all means, including litigation, with a view to recovering the outstanding gunny bags. The Committee further recommends that in future, the officers in charge should be held personally responsible for such losses.

STATUS: The matter is as reported above.

9. OUTSTANDING LOANS

The Committee directed the Chief Executive to liaise with the parent Ministry and the Treasury with a view to determining the terms and conditions of the disbursed amount by 31st December, 1995.

STATUS: The Chief Executive confirms that the matter has been implemented.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL CEREALS AND PRODUCE BOARD FOR THE YEAR ENDED 30TH JUNE, 1993

1. OPERATING STOCKS

The Committee, while noting that maize is the staple food for most communities in the country, reiterates its earlier recommendation under paragraph 2 of 1989/90 accounts that:

- (i) The Board should come up with a long term plan for storage in order to cope with bumper harvests.
- (ii) The Chief Executive must adhere to the normal acceptable average loss of 2.2% set for the grain industry.
- (iii) The Board should only buy maize with the acceptable moisture content.

STATUS: *The matter is as reported above.*

2. FINANCIAL POSITION

The Committee recommends that Treasury should reimburse the Board the full amount owed during the 1996/97 financial year.

STATUS: *The Chief Executive confirms that the matter of reimbursement is being pursued.*

The Committee further recommends that the Treasury should never encourage expenditure which it cannot reimburse. The Committee also recommends that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to ensuring that the Board operates viably.

STATUS: *The recommendation has been noted and will be complied to.*

3. FIXED ASSETS

The Committee recommends that the Chief Executive should follow up the issue of the donor funded projects and the former Wheat Board stores in order to include their value in the fixed assets register by 30th June, 1996. The Committee further recommends that the Chief Executive should lease out extra storage facilities.

STATUS: *The matter is as reported above.*

4.0 DEBTORS

The Committee reiterates its earlier recommendation under paragraph 3.2 of 1991/92 accounts that the Chief Executive should liaise with the parent Ministry, the Treasury and KGGCU with a view to ensuring that the debt is recovered by 30th June, 1996. The Committee further recommends that the Board should, in the meantime, make a provision in the accounts for any possible loss.

STATUS: *The matter is as reported above.*

The Committee reiterates its earlier recommendation under paragraph 3.0 (ii) of 1991/92 accounts that the Chief Executive should ensure that the Task Force completes the reconciliation exercise by 30th June, 1996 with a view to recovering the debt in full. The Committee further recommends that the Chief Executive should explore the possibility of using arbitration in liaison with the parent Ministry and the Attorney General's Chambers in order to resolve the impasse regarding the unresolved debts amounting to Kshs.106,397,867.00.

STATUS: *The matter is as reported above.*

4.1 STAFF DEBTS

The Committee reiterates its earlier recommendation under paragraph 3.1 of 1991/92 accounts that the Chief Executive should ensure that the car and cash loans are recovered in full.

STATUS: *The matter is as reported above.*

The Committee further recommends that the Chief Executive should strictly enforce the new measures instituted by the Board in order to curb cash related irregularities at the depots.

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

4.2 OTHER TRADE DEBTORS

The Committee recommends that the Chief Executive should make a follow up with the Attorney General with a view to expediting the court cases. The Committee further recommends that the Chief Executive should ensure that the new measures imposed by the Board to curb such fraudulent transactions are strictly adhered to.

STATUS: *The matter is as reported above.*

5. MISUSE OF MOTOR VEHICLES

The Committee reiterates its earlier directive under paragraph 4 of 1991/92 accounts that the Chief Executive should submit to the Auditor-General (Corporations) by 30th November, 1995 the necessary authority from the Government which allowed the Board unlimited use of the vehicle.

STATUS: The matter is as reported above.

The Committee recommends that the Chief Executive should always avail all relevant information and documents to the Auditor-General (Corporations) for verification as required under the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: The matter is as reported above.

6.0 IRREGULAR PROCUREMENT OF GOODS AND SERVICES

The Committee recommends that the Chief Executive should follow up the matter with a view to expediting the court case. The Committee further recommends that the Chief Executive should ensure that the new procurement measures introduced by the Board are strictly adhered to.

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

6.1 PRINTING AND STATIONERY

The Committee recommends that the Chief Executive should ensure that the procurement measures introduced by the Board are strictly adhered to. The Committee further recommends that the Chief Executive should closely monitor the supplies section with a view to detecting any acts of fraud in good time.

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

6.2 PURCHASE OF TECHNICAL SPARE PARTS

The Committee recommends that the Chief Executive should pursue the matter with the Attorney General with a view to expediting the court case. The Committee further recommends that the Chief Executive should ensure that the new procurement measures introduced by the Board are strictly adhered to.

STATUS: The matter is as reported above.

6.3 PURCHASE OF UNIFORMS

The Committee directed the Chief Executive to submit all the necessary documentary evidence pertaining to the purchase of the uniforms to the Auditor-General (Corporations) by 30th November, 1995 for verification.

STATUS: The Chief Executive confirms that the directive was implemented.

The Committee recommends that the Chief Executive should strictly adhere to the laid down financial regulations with regard to procurement of goods and services.

7. INSURANCE EXPENSES

The Committee reiterates its earlier recommendation under paragraph 6 of 1991/92 accounts that the Chief Executive should liaise with the Attorney General with a view to expediting the court cases to enable the Board finalise the claims with insurers.

STATUS: The matter is as reported above.

8. OUTSTANDING LOANS

The Committee reiterates its earlier directive under paragraph 9 of 1991/92 accounts that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to determining the terms and conditions of the disbursed amount by 31st December, 1995.

STATUS: The matter is as reported above.

9.0 SALE OF SUBSIDIARY COMPANIES

The Committee recommends that the Chief Executive should ensure that the debt of Kshs.46,600,000.00 and the loan balance of Kshs.10,000,000.00 million are recovered in full as per the terms of the agreement.

STATUS: *The matter is a reported above.*

- 9.1** **The Committee recommends that the revaluation exercise of the Milling Corporation of Kenya should be expedited with a view to including the difference of Kshs.13,968,104.35 which was outstanding as a liability to be taken over by the purchaser of the Corporation as per the original terms and conditions of the sale agreement.**

STATUS: *The Chief Executive confirms that the recommendation has been implemented.*

NATIONAL SOCIAL SECURITY FUND

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE NATIONAL SOCIAL SECURITY FUND FOR THE YEAR ENDED 30TH JUNE, 1992

1.0 PURCHASE OF LAND AND BUILDINGS

The Committee recommends that the then Members of the Board including the former Managing Trustee, *Mr. Martin P. Kunguru*, and the then Permanent Secretary, Treasury, *Dr. Wilfred K. Koinange*, be surcharged in accordance with Section 19(3) of the State Corporations Act (Cap.46) for having irregularly forced the Fund to purchase the two pieces of land.

STATUS: *Surcharge has not been done because the Appeal Tribunal under Section No.22 is not in place.*

The Committee further recommends that the Attorney General should institute criminal investigations into the fraudulent manner in which the Fund paid Kshs.31,860,000.00 to *Ms Onalo and Company Advocates* with a view of recovering this money in full and taking appropriate legal action on all those involved by 30th June, 1996.

STATUS: *The necessary documentation is still being compiled to enable the Attorney General's Chambers to decide if prosecution is possible.*

1.1.2 PURCHASE OF 409 PLOTS, TASSIA COFFEE ESTATE - EMBAKASI, NAIROBI

The Committee recommends that the then members of the Board, including, the then Managing Trustee, *Mr. Martin P. Kunguru*, should be surcharged for engaging the Fund in an undertaking whose economic viability was in doubt and for payment of unvouched legal fee. The Committee further recommends that the overpayment made to the lawyers be recovered by the Board of Trustees in full by 30th June, 1996.

STATUS: *Surcharge has not done because the Appeal Tribunal is not in place. Recoverability is still difficult as both parties consented.*

1.1.3 BRUCE HOUSE - L.R.209/6776

The Committee recommends that the Board should formulate a sound investment policy which should be strictly adhered to so as to avoid haphazard, erratic and risk-laden investments.

STATUS: *The Chief Executive confirms that a sound Investment Policy is now in place.*

The Committee recommends that the Chief Executive should submit the details of these payments to the Attorney-General for further investigations so that if necessary he can institute criminal proceedings against any officer involved in the fraud. The Committee further recommends that the over-payment made to *Messrs Kilonzo and Company Advocates* be recovered by the Board in full by 30th June, 1996.

STATUS: *Details of the payments have been submitted to the Attorney General but no recoveries have been made. The Management confirms that further details are to be given to the Attorney General.*

1.1.4 PLOT L.R.209/6708 - MONROVIA-MOKTAR DADDAR STREETS - NAIROBI

The Committee recommends that the Chief Executive should in such a case commission another professional valuer whose valuation report would also be used when negotiating for the purchase price.

STATUS: *The Chief Executive confirms that he is adhering to the recommendation.*

The Committee recommends that the Chief Executive should in future ensure that land purchased is put into immediate use. The Committee further recommends that the Chief Executive should have a sound investment policy to avoid such haphazard investments.

STATUS: *The Chief Executive confirms that all land purchased is now being put into immediate use and that there is currently a sound investments policy in place.*

The Committee recommends that the Chief Executive should submit the details of these payments to the Attorney-General for further investigations to enable the Attorney-General institute criminal proceedings against any officer involved in the fraud.

STATUS: *The fund is about to complete the document for submission as recommended.*

2.0 EXTENSION OF SOCIAL SECURITY HOUSE, NAIROBI

2.1 The Committee recommends that since the work was not completed within the contract date despite the inducement, the Fund should invoke the provisions of Clause 25 and recover Kshs.1,000,000.00 per week for each week the Contractor delayed in completing the project.

STATUS: *The Management confirm inability to recover the money since the Fund consented to time extensions*

The Committee further recommends that the Permanent Secretary of the parent Ministry should ensure that the acceleration fee of Kshs.117,828,368.00 paid to the Contractor be recovered in full from the then Chief Executives i.e. *Messrs Philip Mulei, Martin Kunguru and the Board Members of the Fund* as per the recommendations made in Paragraph 1.0 of the Public Investments Committee's Fifth Report.

STATUS: *The money has not yet been recovered and it looks difficult to implement the recommendation.*

3.0 REFURBISHMENT OF THE SOCIAL SECURITY HOUSE, NAIROBI

The Committee recommends that the Chief Executive should strictly adhere to the existing financial regulations and that in future, he should be personally held responsible for acts of omission and commission. The Committee further recommends that the Permanent Secretary of the parent Ministry should continue reviewing and monitoring closely the performance of the individual members of the Board of Trustees with a view to making it more efficient.

STATUS:*This recommendation is fully being complied with.*

4.0 SOCIAL SECURITY HOUSE, MOMBASA

- 4.1** The committee directed the Chief Executive to submit all the managing agent's records used to account for the rent collected to the Auditor-General (Corporations) by 30th August, 1995 for verification.

STATUS: *The information and records were submitted under covering letter ref.SF/A/16 (S) 12 dated 29th September, 1995.*

- 4.1** The Committee recommends that the Chief Executive should liaise with the Ministries which have defaulted in paying rent with a view to recovering the outstanding rent by 30th June, 1996. The Committee further recommends that the Chief Executive should in future avail all information and documents to the Auditor-General (Corporations) for verification as required by the provisions of Section 29(3) of the Exchequer and Audit Act (Cap 412).

STATUS: *Most of the rents has been cleared. The balance is being followed up and Section 29(3) is being complied with.*

- 4.2** The Committee directed the Chief Executive to submit all relevant documents, showing the current and the former Fund's Managing Agents to the Auditor-General (Corporations) by 30th October, 1995 for verification.

STATUS: *All the relevant documents were submitted as per recommendation.*

5.0 TREASURY IMPREST - REIMBURSEMENT DUE TO GOVERNMENT

The Committee directed the Chief Executive to account for the difference of Kshs.79,952,000.00 by 30th October, 1995 to the Auditor-General (Corporations).

STATUS: *The differences were reconciled and submitted under letter ref.No.SF/A/16/12 dated 28th February, 1997.*

The Committee recommends that the Chief Executive should ensure that the Fund maintains correct and up to date books of account.

STATUS: *The Chief Executive confirms that correct and up to date books of account are being maintained.*

The Committee recommends that the Chief Executive should immediately demand payment of the said amount from Treasury, which was the guarantor of Nairobi City Council and inform the Auditor-General (Corporations) of the progress made by 30th June, 1996.

STATUS: *The fund made the demand under letter ref. SF/A/8/60 dated 19th Sept. 1995 but payment has not yet been made.*

The Committee further recommends that copies of the court proceedings and the final judgement should be submitted to the Auditor-General (Corporations) by 30th October, 1995 for verification.

STATUS : *The court proceedings and final judgement were submitted under letter ref.No.SF/A/16(s) 12 dated 29th September, 1995.*

7.0 LONG TERM INVESTMENTS

7.1 PRUDENTIAL BUILDING SOCIETY

7.1.1 The Committee recommends that the Chief Executive should adhere to Treasury's regulations with regard to the investment of surplus funds.

STATUS: *The Chief Executive confirms that Treasury regulations are currently being followed.*

7.1.2 The Committee recommends that the Chief Executive should adhere to Treasury's regulations with regard to the investment of surplus funds.

STATUS: *The Chief Executive confirms that Treasury regulations with regard to the Investment of surplus funds are being followed.*

7.1.3 The committee directed the Chief Executive to explain in writing why the Prudential Building Society was involved in the transaction yet it was neither the developer of purchasing 144 maisonettes. The Committee further directed the Chief Executive to submit all the relevant documents related to the transaction between the Fund, Treasury and the parent Ministry to the Auditor-General (Corporations) by 15th September, 1995.

STATUS: This was done under letter ref. No.SF/A/16(s) dated 29th September, 1995

The Committee, while taking great exception to the manner in which the Fund handled this investment, recommends that all such investments must be done strictly in accordance with the law and laid down regulations. The Committee further recommends that the Fund should cease forthwith from investing surplus funds in unsound, unproven and risk-ridden financial institutions

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

7.2 INDUSTRIAL DEVELOPMENT BANK

The Committee recommends that the Chief Executive should strictly adhere to the existing financial regulations regarding the investment of surplus funds.

STATUS: The Chief Executive confirms that existing financial regulations are being strictly followed.

7.3. CO-OPERATIVE BANK OF KENYA

The Committee recommends that the then Chief Executive should be held responsible for the loss incurred by the Fund and be surcharged. The Committee further recommends that the Chief Executive should strictly adhere to the existing financial regulations with regard to the investment of surplus funds.

STATUS: Surcharge has not been effected as the Appeal Tribunal is not in place. The Chief Executive is strictly adhering to the existing financial regulations.

7.4 TRUST FINANCE LIMITED

The Committee recommends that the then Chief Executive should be held responsible for the irregular deposit. The Committee further recommends that the Chief Executive should always adhere to the laid down financial regulations with regard to the investment of surplus funds.

STATUS: The matter is being pursued and the financial regulations are being adhered to.

8.0 SHORT TERM DEPOSITS

8.1 NATIONAL BANK OF KENYA

The Committee recommends that the Chief Executive should ensure that the deposits are recovered in full. The Committee further recommends that the Chief Executive should ensure that the Fund maintains correct and up-to-date books of account.

STATUS: All maturing deposits are being recovered and up to date books of account are being maintained.

8.2 DEPOSITS HELD IN FINANCIAL INSTITUTIONS WHOSE OPERATIONS WERE SUSPENDED BY THE CENTRAL BANK OF KENYA

The Committee strongly recommends that urgent steps should be taken by the Office of the President, Treasury and parent Ministry to intervene in National Social Security Fund affairs so as to ensure the full recovery of funds placed in all these shaky financial institutions.

STATUS: All possible measures are being undertaken but there is limitation due to the laws of Bankruptcy.

The Committee further recommends that the Board Members responsible for the irregular investment and enormous loss of public funds be banished from holding any public office in the Republic of Kenya.

STATUS: The matter is being looked into.

8.3.1 KENYA COMMERCIAL BANK

The Committee recommends that the Chief Executive should obtain receipts for all fixed deposits and that he should maintain up-to-date registers for all such deposits.

STATUS: All fixed deposits receipts have been obtained and an up-to-date register is being maintained.

8.3.2 The Committee recommends that the Fund should always negotiate rates of interest in respect of all deposits with all banks.

STATUS: The recommendation is being complied with.

8.3.3 The Committee recommends that the Chief Executive should ensure that the accrued interest is recovered in full. The Committee further recommends that the Fund should always negotiate up-to-date rates of interest in respect of all deposits with all banks.

STATUS: The accrued interest has been recovered and the best market rates of interest are being obtained.

8.3.4 The Committee directed the Chief Executive to forward certified copies of the fixed deposits receipts to the Auditor-General (Corporations) by 8th December, 1995 for verification.

STATUS: Certified copies of the fixed receipts were submitted as recommended.

The Committee recommends that the Chief Executive should always keep fixed deposits receipts and avail them to the Auditor-General (Corporations) for verification.

STATUS: The recommendation is being observed.

9.0 MEMBERS CONTRIBUTIONS

The Committee recommends that the Chief Executive should ensure that the exercise of reconciling the suspense accounts is completed and members' contributions credited to their individual accounts by 30th June, 1996.

STATUS: The recommendation is still on-going and members records are being updated.

10.0 BENEFIT PAYMENTS

STATUS: The reconciliation is still on going and suspense account reconciliation is not yet completed.

The Committee recommends that the Chief Executive should ensure that the exercise of reconciling the suspense account is completed by 30th June, 1996.

11.0 DEBTORS, PREPAYMENTS AND DEBT BALANCES

11.1 SUNDRY DEBTORS/BOUNCED CHEQUES

The Committee recommends that the Chief Executive should ensure that the employers replace all their bounced cheques by 30th June, 1996.

STATUS: The fund has established a system to ensure that bounced cheques are replaced continuously.

11.2 DEBT BALANCE

The Committee directed the Chief Executive to submit the said information to the Auditor General (Corporations) by 30th June, 1996.

STATUS: The information was submitted to the Auditor-General (Corporations) as directed.

The Committee recommends that the Chief Executive should always avail information and documents to the Auditor-General (Corporations) for verification as required by the Provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: The Chief Executive confirms that he is obeying the laws as provided under section 29 (3).

12.0 STAFF LOANS AND ADVANCES

The Committee recommends that the then Chief Executive Mr. Martin Kunguru should be held responsible for the loss of Kshs.6,630,400.00. The Committee further recommends that the Insurance Company that gave a defective performance bond be made to pay up the sum guaranteed by their bond and that the Chief Executive pursue the directors of M/S Boma Developers with a view to recovering the money paid to them for no work

STATUS: The fund has instituted a law suit with a view to recovering the money paid from the concerned parties. The matter is before the High Court.

13. CASH AND BANK BALANCES

13.1 The Committee directed that these reconciliations together with supporting documents should be handed over to the Auditor-General (Corporations) by 30th June, 1996.

STATUS: The reconciliation with supporting documents were submitted to the Auditor-General (Corporations).

The Committee recommends that the Chief Executive should always maintain bank reconciliation statement.

STATUS: *Bank reconciliations are now being done regularly.*

13.3 KENYA COMMERCIAL BANK - EXPENDITURE ACCOUNT

The Committee directed the Chief Executive to submit these reconciliations together with supporting documents to the Auditor-General (Corporations) by 30th June, 1996.

STATUS: *The reconciliation together with the supporting documents were submitted.*

The Committee recommends that the Chief Executive should always maintain bank reconciliation statement.

STATUS: *The Chief Executive confirms that bank reconciliation statements are now being maintained.*

POLICY ISSUES

The Committee, therefore, directed that the Permanent Secretary, Ministry of Lands and Settlement provides valuation of the remaining piece of land to the Auditor-General (Corporations) for verification by 29th May, 1996. The Permanent Secretary, Ministry of Lands and Settlement and Commissioner of Lands should be prosecuted for blocking evidence to the Committee.

STATUS *It is confirmed that the valuation was done as recommended. Prosecution of the two is yet to be done.*

The Committee recommends that having displayed profound lack of integrity, the Permanent Secretary, Ministry of Lands and Settlement, Mr. J. Sang' and the Commissioner of Lands Mr. W. Gachanja, should be banned from holding public offices.

STATUS: *Banning is not yet possible due to the amendment before adopting this report.*

The Committee further recommends that:

- (i) The National Social Security Fund Act should be amended so that the Board of Trustees membership reflect equitable representation of workers, employers, professional bodies e.g., banks, insurance and Government in order to avoid the current over-representation of the Government in the Board of Trustees.

STATUS: *The matter of amendment of the NSSF Act is being pursued.*

- (ii) The Board of Trustee be composed of people with proven public record of integrity, honesty and strength of character in order to protect the interest of workers.

STATUS: *The Board of Trustee is composed of people of integrity.*

- (iii) The Fund suspends all land and buildings transactions with immediate effect until a new Board, so constituted, formulates a thorough and economically more viable investment strategy.

STATUS *The Fund's Chief Executive confirms that the recommendation is being adhered to.*

- (iv) The Members of the Board together with the Chief Executive involved in these decisions that could cause the collapse of the Fund be jointly held responsible for the misuse of public funds and be made to pay back the excess amounts in full.

STATUS: *This recommendation remains practically difficult to implement.*

- (v) All the excess money paid by the Fund to the vendors above market price for these pieces of land be recovered in full from the vendors.

STATUS: *This is proving to be a difficult task to accomplish.*

- (vi) That the valuers who gave inflated valuation for these pieces of land be disciplined in accordance with the Valuers Act.

STATUS: *This recommendation is being followed up.*

- (vii) The price paid over and above the actual market value prevailing at the time be recovered in full from the valuer(s) who carried out fraudulent valuations on behalf of the Fund.

STATUS: *The matter is still being followed up for any possible recovery.*

KENYA RAILWAYS CORPORATION

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

1. FINANCIAL POSITION

The Committee recommends that the Chief Executive should take all necessary steps including legal action against the debtors and ensure that the outstanding debts are recovered in full by 30th June, 1996.

STATUS: The Chief Executive confirms that debt recovery among members of staff is on-going and that similar advances have been stopped. The process of recovering other debts is still going on.

2. FIXED ASSETS

The Committee directed the Chief Executive to submit a detailed analysis to the Auditor-General (Corporations) showing all the categories of land owned by the Corporation by 31st January, 1996 for verification.

STATUS: The Chief Executive confirms that the details were submitted as directed.

The Committee recommends that the Chief Executive must expedite the survey and valuation of all unsurveyed pieces of land which the Corporation owns by 30th June 1996 and include their values in the books of account.

STATUS: The Chief Executive confirms that the process is being followed closely. At least eleven title deeds have been obtained and 6 are expected in May, 1997.

3. WORKS IN PROGRESS

The Committee recommends that the Corporation should follow the Kenyan Accounting Standards or the International Accounting Standards and treat these items as fixed assets.

STATUS The Chief Executive confirms that the Corporation is following the Kenya Accounting Standards.

4. NET PUBLIC DEBT

The Committee directed the Treasury to submit documents showing the terms and conditions of the loan as per the agreement between the Treasury and the German Government to the Auditor-General (Corporations) for verification by 31st January, 1996.

STATUS: *The Chief Executive confirms that the documents were forwarded as recommended. A subsidiary loan agreement was signed on 21st November, 1995 and terms and conditions spelt out.*

5. INVESTMENTS

The Committee recommends that the Chief Executive should request for an interest from the Treasury.

STATUS: *The Chief Executive confirms that the offsetting was against the loan from IBRD 0674 with same amount and that the matter of interest is being followed up with the Central Bank of Kenya and Treasury.*

6. STORES STOCKS

The Committee recommends that the Chief Executive should give a progress report on the court action by 30th June, 1996 and should ensure spares are bought from reputable and recognized spares manufacturers.

STATUS: *The Chief Executive confirms that the matter was handed over to M/S Kaplan and Stratton Advocates who are pursuing the same with the arbitrators. Spares are now being bought from reputable and recognized spares manufacturers.*

7. DEBTORS

The Committee therefore, recommends that an Inter-Ministerial Committee should be formed, consisting of the Permanent Secretaries from the Office of the President, Ministry of Transport and Communications and Treasury to resolve the indebtedness of the Corporation.

STATUS: *The Chief Executive confirms that the Inter-Ministerial Committee was formed and that the indebtedness issue is being resolved.*

The Committee further recommends that the Chief Executive should strengthen the Corporation's debt recovery system in order to avoid such outstanding debts.

STATUS: *The Chief Executive confirms that the Corporations debt recovery system has been strengthened. A case has been filed in court against the Attorney General on Government warrants.*

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, 1990

1. FIXED ASSETS

The Committee recommends that the Chief Executive should ensure that the Bureau always maintains an up-to-date fixed assets register.

STATUS: *The Chief Executive confirms that the Bureau now maintains an up-to-date fixed assets Register. The Fixed Assets Register is now fully computerized.*

2. STOCKS

The Committee directed the Chief Executive to reconcile the records pertaining to the other stocks by 30th November, 1995 and submit the analysis to the Auditor-General (Corporations) by the same date for verification.

STATUS: *A reconciliation of the records pertaining to the stocks omitted was done and submitted to the Auditor-General (Corporations) on 30th November, 1995 as confirmed by the Chief Executive.*

The Committee recommends that the Chief Executive should ensure that the Bureau maintains correct and up-to-date accounts.

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA BUREAU OF STANDARDS FOR THE YEAR ENDED 30TH JUNE, 1991

1. FIXED ASSETS

The Committee reiterates its earlier recommendation under paragraph 1 of 1989/90 accounts that the Chief Executive should ensure that the Bureau always maintains an up-to-date fixed assets register.

STATUS: *The matter is as reported above.*

2. STOCKS

The Committee directed the Chief Executive to reconcile the records pertaining to the other stocks by 30th November, 1995 and submit the analysis to the Auditor-General (Corporations) by the same date for verification. The committee reiterates its earlier recommendation under paragraph 2 of 1989/90 accounts that Bureau maintains correct and up to date accounts.

STATUS: *The reconciliation was done and submissions made as recommended. The Bureau now maintains correct and up-to-date accounts.*

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA BUREAU OF STANDARDS FOR THE YEAR ENDED 30TH JUNE, 1992

1. FIXED ASSETS

The committee reiterates its earlier recommendation under paragraph 1 of 1990/91 accounts that the Chief Executive should ensure that the Bureau always maintains an up to date fixed assets register.

STATUS: *The matter is as reported above.*

The Committee recommends that the Chief Executive should strictly adhere to the Kenyan Accounting Standard No.5 on depreciating accounting.

STATUS: *The Chief Executive confirms that the Bureau now complies with the Kenya Accounting Standard No.5 as recommended.*

2. STOCKS

The Committee reiterates its earlier recommendation under paragraph 2 of 1990/91 accounts that the Chief Executive should ensure that the Bureau maintains correct and up-to-date accounts.

STATUS: *The matter is as reported above.*

3. OPERATING RESULTS

The Committee recommends that the Chief Executive should streamline the accounting system and strictly enforce budgetary controls to ensure that such deficits do not recur.

STATUS: *The Chief Executive confirms having streamlined the accounting system. Budgetary controls are being applied to ensure that operating results are according to estimates.*

KENYA AGRICULTURAL RESEARCH INSTITUTE

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA AGRICULTURAL RESEARCH INSTITUTE FOR THE YEAR ENDED 30TH JUNE, 1989

1. LACK OF ACCOUNTING RECORDS

The Committee recommends that the Chief Executive should always keep correct and up-to-date accounting records.

STATUS: The Chief Executive confirms that correct and up-to-date accounting records are being kept as from 1990/91.

2. FIXED ASSETS

The Committee directed the Chief Executive to submit the details of the fixed assets and the subsequent fixed assets register to the Auditor-General (Corporations) by 30th November, 1995 for verification.

STATUS: The Chief Executive confirms that the assets were valued and a register opened and details given to the Auditor General Corporations on 17th February, 1996.

The Committee recommends that the Chief Executive should always maintain a correct and up-to-date fixed assets register.

STATUS: The Chief Executive confirms that the institute now maintain a correct and up-to-date fixed assets register.

3. STOCKS

The Committee directed the Chief Executive to value the stocks and include their value in the books of account by 30th June, 1996.

STATUS: The Chief Executive confirms that the stocks were valued and their value included in the books in the 1996 final accounts.

The Committee recommends that the Chief Executive should always keep correct and up-to-date books of account.

4. VEHICLES MANAGEMENT

The Committee directed the Chief Executive to submit the details of the Institute's vehicle establishment to the Auditor-General (Corporations) by the 30th June, 1996 for verification.

STATUS: *The Chief Executive confirms that the vehicle fleet management has been restructured - i.e. the vehicles transferred from the Ministry and those procured by donors. The vehicles have been subsequently valued and properly insured.*

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA AGRICULTURAL RESEARCH INSTITUTE FOR THE YEAR ENDED 30TH JUNE, 1990

1. LACK OF ACCOUNTING RECORDS

The Committee reiterates its earlier recommendation under paragraph 1 of 1988/89 accounts that the Chief Executive should always keep correct and up to date accounting records.

STATUS: *The matter is as reported above.*

2. FIXED ASSETS

The Committee directed the Chief Executive to liaise with the Commissioner of Lands with a view to getting title deeds for all pieces of land owned by the Institute.

STATUS: *The Chief Executive confirms having received one title deed and 5 letters of allotment and that he is pursuing the others.*

The Committee reiterates its earlier recommendation under paragraph 2 of 1988/89 accounts that the Chief Executive should submit the details of the assets and subsequent fixed assets register to the Auditor-General (Corporations) by 30th September, 1995 for verification. The Committee further recommends that the Chief Executive should always maintain a correct and up-to-date fixed assets register.

STATUS: *The matter is as reported above.*

3. STOCKS

The Committee reiterates its earlier recommendation under paragraph 3 of 1988/89 accounts that the Chief Executive should value the stocks and include their value in the books of account by 30th June, 1996. The Committee further recommends that the Chief Executive should always keep correct and up to date books of account.

STATUS: *The matter is as reported above.*

4. DEBTORS

The Committee recommends that the Chief Executive should liaise with the parent Ministry with a view to settling the outstanding balance of Kshs.7,887,116.75 by 30th June, 1996.

STATUS: *The Chief Executive confirms that he has put the request and is still waiting for the provision of the funds in settlement of the outstanding balance.*

5. BUDGETARY CONTROL

The Committee directed the Chief Executive to submit the approvals by the Board and parent Ministry to the Auditor-General (Corporations) by 30th November, 1995 for verification.

STATUS: *The Chief Executive confirms having forwarded the approvals to the Auditor-General (Corporations) on 17th February, 1996.*

The Committee recommends that the Chief Executive should always ensure that the Institute operates within the approved budgetary allocations.

STATUS: *The Chief Executive confirms having introduced a new financial system which ensures that the institute operates within the budget.*

6. CREDITORS

The Committee directed that the Chief Executive to submit the details regarding the creditors to the Auditor-General (Corporations) by 30th November, 1995 for verification.

STATUS: *The Chief Executive confirms having forwarded the details regarding creditors as directed.*

The Committee recommends that the Chief Executive should always avail information and documents to the Auditor-General (Corporations) for verification as required under the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS *The Chief Executive confirms that he is currently complying with section 29 (3) as recommended.*

**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF THE KENYA AGRICULTURAL RESEARCH INSTITUTE FOR THE YEAR
ENDED 30TH JUNE, 1991**

1. FIXED ASSETS

The Committee reiterates its earlier recommendation under paragraph 2 of 1989/90 accounts that the Chief Executive should liaise with the Commissioner of Lands with a view to getting title deeds for all the pieces of land owned by the Institute. The Committee further recommends that the Chief Executive should always maintain a correct and up to date fixed assets register.

STATUS: The matter is as reported above.

2. STOCKS

The Committee reiterates its earlier recommendation under paragraph 3 of 1989/90 accounts that the Chief Executive should value the stocks and include their value in the books of account. The Committee further recommends that the Chief Executive should always keep correct and up to date books of account.

STATUS: The matter is as reported above.

**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF THE KENYA AGRICULTURAL RESEARCH INSTITUTE FOR THE YEAR
ENDED 30TH JUNE, 1992**

1. FIXED ASSETS

The Committee directed the Chief Executive to submit the details of the assets and subsequent fixed assets register to the Auditor- General (Corporations) by 30th September, 1995 for verification.

STATUS: The matter is as reported above.

The Committee reiterates its earlier recommendation under paragraph 1 of 1990/91 accounts that the Chief Executive should liaise with the Commissioner of Lands with a view to getting title deeds for all the piece of land owned by the Institute. The Committee further recommends that the Chief Executive should always maintain a correct and up-to-date fixed assets register.

STATUS: The matter is as reported above.

The Committee directed the Chief Executive to liaise with the parent Ministry and the Commissioner of Lands with a view to getting title deeds for all pieces of land owned by the Institute by 30th June, 1996.

STATUS: The matter is as reported above.

2. CREDITORS

The Committee directed the Chief Executive to submit details of the remissions amounting to Kshs.51,517,946.00 to the Auditor-General (Corporations) by 30th November, 1995 for verification.

STATUS: *The Chief Executive confirms having submitted the details as directed.*

The Committee recommends that the Chief Executive should always ensure that statutory deductions are remitted to the various organizations in accordance with the law.

STATUS: *The Chief Executive confirms that he is adhering to the recommendation and remitting statutory deductions as required.*

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA AGRICULTURAL RESEARCH INSTITUTE FOR THE YEAR ENDED 30TH JUNE, 1993

1.0 FIXED ASSETS

The Committee recommends that the Chief Executive should always maintain a correct and up-to-date fixed assets register.

STATUS: *The matter is as reported above.*

2.0 LAND AND BUILDINGS - OWNERSHIP

The Committee reiterates its earlier recommendation under paragraph 1.2 of 1991/92 accounts that the Chief Executive should liaise with the parent Ministry and the Commissioner of Lands with a view to getting title deeds for all the pieces of land owned by the Institute by 30th June, 1996. The Committee further recommends that all the pieces of land formerly occupied and/or used by the Institute and were allocated to private individuals should be re-possessioned forthwith and transferred back to the Institute and the individuals be reprimanded.

STATUS *The matter is as reported above.*

3.0 DEBTORS - VACCINE SALES

The Committee directed the Chief Executive to liaise with the parent Ministry and the Ministry of Agriculture, Livestock Development and Marketing with a view to recovering the outstanding debts.

STATUS: *The matter is as reported above.*

The Committee recommends that the Chief Executive should overhaul and strengthen the Institute's credit facility procedures with a view to eliminating outstanding debts.

4.0 CREDITORS

4.1 TRADE CREDITORS

The Committee recommends that the Chief Executive should always maintain correct and up-to-date books of account. The Committee further recommends that the Chief Executive should overhaul and strengthen the accounts section and ensure that such errors do not recur.

STATUS: The matter is as reported above.

4.2 OTHER CREDITORS

The Committee directed the Chief Executive to submit details of the remissions amounting to Kshs.56,572,130.00 to the Auditor-General (Corporations) by 30th November, 1995 for verification.

STATUS: The matter is as reported above.

The Committee reiterates its earlier recommendation under paragraph 2 of 1991/92 accounts that the Chief Executive should always ensure that statutory deductions are remitted to the various organizations in accordance with the law.

STATUS: The matter is as reported above.

5.0 IMPREST

5.1 The Committee directed the Chief Executive to submit details of the imprests and the recoveries made thereof to the Auditor-General (Corporations) by 31st December, 1995 for verification.

STATUS The Chief Executive confirms that the details were submitted on 17th February, 1996.

The Committee recommends that the Chief Executive should strictly adhere to the financial regulations with regard to issuance and surrender of imprests.

6.0 STOCK

The Committee reiterates its earlier recommendation under paragraph 2 of 1990/91 accounts that the Chief Executive should value the stocks and include their value in the books of account by 30th June, 1996. The Committee further recommends that the Chief Executive should always keep correct and up-to-date books of account.

STATUS: *The matter is as reported above.*

7.0 CASH AND BANK BALANCES

The Committee recommends that the Chief Executive should always maintain up to date books of account. The Committee further recommends that the Chief Executive should overhaul and strengthen the accounts section and ensure that such errors do not recur.

STATUS: *The matter is as reported above.*

EWASO NGIRO SOUTH DEVELOPMENT AUTHORITY

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF EWASO NGIRO SOUTH DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1992

FIXED ASSETS

The Committee directed the Chief Executive to liaise with the Commissioner of Lands with a view to getting title deeds by 31st December, 1995.

STATUS: The Chief Executive confirms that the Authority has now obtained the title deed for the Authority Headquarters plot in Narok.

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF EWASO NGIRO SOUTH DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1993

1. FIXED ASSETS

The Committee reiterates its earlier directive under paragraph 1 of 1991/92 accounts that the Chief Executive should liaise with the Commissioner of Lands with a view to getting title deeds by 31st December, 1995.

STATUS: The matter is as stated above. The title deed was obtained as recommended.

2. BUDGET AND BUDGETARY CONTROL

The Committee recommends that the Chief Executive should ensure that the Authority has adequate qualified staff and that in future, the Authority should always adhere to the approved budgetary provisions.

STATUS: The Chief Executive confirms that the Authority has now employed adequate qualified staff and that the approved budget is being adhered to.

MWEA RICE MILLS LIMITED

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF MWEA RICE MILLS LIMITED FOR THE YEAR ENDED 30TH JUNE, 1987

1. STOCKS AND STORES

The Committee recommends that the Chief Executive should always ensure that the Company maintains correct and up to date accounts. The Committee further recommends that the Chief Executive should overhaul and strengthen the accounts section in order to eliminate such differences in future.

STATUS: The Chief Executive confirms that he overhauled and strengthened the accounts section and now the company maintains correct and up-to-date accounts.

2. TAXATION

The Committee recommends that the Chief Executive should in future promptly pay all taxes due to the Government.

STATUS: The Chief Executive confirms that the company is currently paying taxes as they fall due.

3. MANAGEMENT FEES

The Committee recommends that the Chief Executive should always avail information and documents to the Auditor-General (Corporations) in accordance with the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412). The Committee further recommends that the management of Mwea Rice Mills should be de-linked from that of the National Irrigation Board.

STATUS: The Chief Executive confirms that section 29(3) is being complied with and that the de-linking process is nearly complete.

4. GOVERNMENT PROPOSED LEVY

The Committee directed the Chief Executive to account for the expenditure of the K£ 2,151,869 and submit the details to the Auditor-General (Corporations) by 31st December, 1995 for verification.

STATUS: The details were submitted on 18th July, 1995 as confirmed by the Chief Executive.

The Committee recommends that the Chief Executive should ensure that no levy is effected without prior approval as required by law. The Committee further recommends that the management of Mwea Rice Mills should be de-linked from that of the National Irrigation Board.

STATUS: *The Chief Executive confirms that the recommendation is being adhered to and the de-linking is about to be completed.*

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF MWEA RICE MILLS LIMITED FOR THE YEAR ENDED 30TH JUNE, 1988

1. TAXATION

The Committee reiterates its earlier recommendation under paragraph 2 of 1986/87 accounts that the Chief Executive should in future promptly pay all taxes due to the Government.

STATUS: *This is as explained above.*

2. MANAGEMENT FEES

The Committee reiterates its earlier recommendation under paragraph 3 of 1986/87 accounts that the Chief Executive should always avail information and documents to the Auditor-General (Corporations) in accordance to the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412). The Committee further recommends that the management of Mwea Rice Mills should be de-linked from that of the National Irrigation Board.

STATUS: *The position is as stated above.*

3. GOVERNMENT PROPOSED LEVY

The Committee directed the Chief Executive to account for the expenditure of the K£ 2,151,869 and submit the details to the Auditor-General (Corporations) by 31st December, 1995 for verification.

STATUS: *This has been implemented as stated above.*

The Committee reiterates its earlier recommendation under paragraph 4 of 1986/87 accounts that the Chief Executive should ensure that no levy is effected without prior approval as required by law. The Committee further recommends that the management of Mwea Rice Mills should be de-linked from that of the National Irrigation Board.

STATUS: *The matter is as stated above.*

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF MWEA RICE MILLS LIMITED FOR THE YEAR ENDED 30TH JUNE, 1989

1. TAXATION

The Committee reiterates its earlier recommendation under paragraph 1 of 1987/88 accounts that the Chief Executive should in future promptly pay all taxes due to the Government.

STATUS: The matter is as stated above.

2. MANAGEMENT FEES

The Committee reiterates its earlier recommendation under paragraph 2 of 1987/88 accounts that the Chief Executive should always avail information and documents to the Auditor-General (Corporations) in accordance with the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412). The Committee further recommends that the management of Mwea Rice Mills should be de-linked from that of the National Irrigation Board.

STATUS: The matter is as stated above.

3. GOVERNMENT PROPOSED LEVY

The Committee directed the Chief Executive to account for the expenditure of the K£2,151,869 and submit the details to the Auditor-General (Corporations) by 31st December, 1995 for verification.

STATUS: The status is as stated above.

The Committee reiterates its earlier recommendation under paragraph 3 of 1987/88 accounts that the Chief Executive should ensure that no levy is effected without prior approval as required by law. The Committee further recommends that the management of Mwea Rice Mills should be de-linked from that of the National Irrigation Board.

STATUS: The matter is as stated above.

4. STOCK AND STORES

The Committee reiterates its earlier recommendation under paragraph 1 of 1986/87 accounts that the Chief Executive should always ensure that the Company maintains correct and up to date books of account. The Committee further recommends that the Chief Executive should streamline and strengthen the accounts section in order to eliminate such differences in future.

STATUS: The matter is as stated above.

**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF MWEA RICE MILLS LIMITED FOR THE YEAR ENDED 30TH JUNE, 1990**

1. TAXATION

The Committee reiterates its earlier recommendation under paragraph 1 of 1988/89 accounts that the Chief Executive should in future promptly pay all taxes due to the Government.

STATUS: *The matter is as stated above.*

2. MANAGEMENT FEES

The Committee reiterates its earlier recommendation under paragraph 2 of 1988/89 accounts that the Chief Executive should always avail information and documents to the Auditor-General (Corporations) in accordance with the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: *The matter is as stated above.*

The Committee further recommends that the management of Mwea Rice Mills should be de-linked from that of the National Irrigation Board.

STATUS: *The matter is as stated above.*

3. GOVERNMENT PROPOSED LEVY

The Committee directed the Chief Executive to account for the expenditure of K£2,151,869 and submit the details to the Auditor-General (Corporations) by 31st December, 1995 for verification.

STATUS: *This was submitted as stated above.*

The Committee reiterates its earlier recommendation under paragraph 3 of 1988/89 accounts that the Chief Executive should ensure that no levy is effected without prior approval as required by law. The Committee further recommends that the management of Mwea Rice Mills should be de-linked from that of the National Irrigation Board.

STATUS: *The matter is as stated above.*

4. LOANS TO NATIONAL IRRIGATION BOARD

The Committee recommends that the Treasury and the Chief Executive should always ensure that loan agreements spelling out the terms and conditions of repayment, are signed before disbursement.

STATUS: *It is confirmed that loan agreements are being made only after the terms and conditions are agreed upon.*

5. SHORT TERM DEPOSITS

The Committee directed the Chief Executive to liaise with the Official Receiver and put a claim in order to recover the total amount of money still owed.

STATUS: *The Chief Executive confirms that a claim has already been lodged with the Official Receiver as recommended.*

The Committee recommends that the Chief Executive should strictly adhere to the financial regulations by investing any surplus funds in Treasury bills and bonds. The Committee further recommends that the Attorney General should investigate the circumstances under which the former Chief Executive, *Mr. Haroun Lempaka*, deposited the said amount in Continental Credit Finance Company without the approval of the Board.

STATUS: *The Chief Executive confirms that he is following the financial regulations as laid down.*

6. DEBTORS

The Committee directed the Chief Executive to use all available means, including litigation, in order to recover the outstanding balance of Kshs.1,780,402.25 by 30th June, 1996. The Committee further directed that the Chief Executive to submit an analysis and details of the recoveries made, so far, to the Auditor-General (Corporations) for verification by 30th June, 1996.

STATUS: *Partial recoveries have been made and details given to the Auditor General (Corporations) on 1st September, 1995.*

**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF MWEA RICE MILLS LIMITED FOR THE YEAR ENDED 30TH JUNE, 1991**

1. MANAGEMENT FEES

The Committee reiterates its earlier recommendation under paragraph 2 of 1989/90 accounts that the Chief Executive should always avail information and documents to the Auditor-General (Corporations) in accordance with the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412). The Committee further recommends that the management of Mwea Rice Mills should be de-linked from that of the National Irrigation Board.

STATUS: *The matter is as reported above.*

2. SHORT TERM DEPOSITS

The Committee reiterates its earlier recommendation under paragraph 5 of 1989/90 accounts that the Chief Executive should liaise with the Official Receiver and put a claim with a view to recovering the total amount of money still owed.

STATUS: *The matter is as reported above.*

The Committee further recommends that the Chief Executive should strictly adhere to the financial regulations by investing any surplus funds in Treasury bills and bonds. The Committee also recommends that the Attorney General should investigate the circumstances under which the former Chief Executive, *Mr. Haroun Lempaka*, deposited the said amount in Continental Credit Finance without the approval of the Board.

STATUS: *The matter is as reported above.*

3. DEBTORS AND PREPAYMENTS

The Committee directed the Chief Executive to use all available means, including litigation, in order to recover the outstanding debts totalling K£ 126,610.

STATUS: *The matter is as reported above.*

The Committee recommends that the Chief Executive should in the mean-time make adequate provisions in the books of account for any possible loss.

STATUS: *The Chief Executive confirms that adequate provision has been made.*

4. GOVERNMENT PROPOSED LEVY

The Committee directed the Chief Executive to account for the expenditure of K£2,151,869 and submit the details to the Auditor-General (Corporations) by 31st December, 1995 for verification.

STATUS: *The matter is as reported above.*

The Committee reiterates its earlier recommendation under paragraph 3 of 1989/90 accounts that the Chief Executive should ensure that no levy is effected without prior approval as required by law. The Committee also recommends that the management of Mwea Rice Mills should be de-linked from that of the National Irrigation Board.

STATUS: *The matter is as reported above.*

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF MWEA RICE MILLS LIMITED FOR THE YEAR ENDED 30TH JUNE, 1992

1. MANAGEMENT FEES

The Committee reiterates its earlier recommendation under paragraph 2 of 1990/91 accounts that the Chief Executive should always avail information and documents to the Auditor-General (Corporations) in accordance with the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412). The Committee further recommends that the management of Mwea Rice Mills should be de-linked from that of the National Irrigation Board.

STATUS: *The matter is as reported above.*

2. SHORT TERM DEPOSIT - K£ 1,102,626

The Committee reiterates its earlier recommendation under paragraph 2 of 1990/91 accounts that the Chief Executive should liaise with the Official Receiver and put a claim with a view to recovering the total amount of money still owed.

STATUS: *The matter is as reported above.*

The Committee further recommends that the Chief Executive should strictly adhere to the financial regulations by investing any surplus funds in Treasury bills and bonds. The Committee also recommends that the Attorney General should investigate the circumstances under which the former Chief Executive, *Mr. Haroun Lempaka*, deposited the said amount in Continental Credit Finance without the approval of the Board.

STATUS: *The matter is as reported above.*

3. GOVERNMENT PROPOSED LEVY

The Committee directed the Chief Executive to account for the expenditure of the K£2,151,869 and submit the details to the Auditor-General (Corporations) by 31st December, 1995 for verification.

STATUS: *The matter is as reported above.*

The Committee reiterates its earlier recommendation under paragraph 4 of 1990/91 accounts that the Chief Executive should ensure that no levy is effected without prior approval as required by law.

STATUS: *The matter is as reported above.*

The Committee further recommends that the management of Mwea Rice Mills should be de-linked from that of the National Irrigation Board.

STATUS: *The matter is as reported above.*

4. STOCKS DIFFERENCE ACCOUNT

The Committee reiterates its earlier recommendation under paragraph 4 of 1988/89 accounts that the Chief Executive should always ensure that the Company maintains correct and up to date books of account. The Committee further recommends that the Chief Executive should streamline and strengthen the accounts section in order to eliminate such differences in future.

STATUS: *The matter is as reported above.*

KENYA FORESTRY RESEARCH INSTITUTE (KEFRI)

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA FORESTRY RESEARCH INSTITUTE (KEFRI) FOR THE YEAR ENDED 30TH JUNE, 1989

1. FIXED ASSETS REGISTER

The Committee recommends that the Chief Executive should always maintain a correct and up-to-date fixed assets register.

STATUS: *The Chief Executive now confirms that the institute has since sorted out the problem and now maintains a correct and up-to-date fixed assets register.*

2. SALARIES AND WAGES

The Committee recommends that the Chief Executive should ensure that such discrepancies do not recur.

STATUS: *The Chief Executive confirms that the institute has acquired its own computer and all payroll reports can now be verified with ease.*

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA FORESTRY RESEARCH INSTITUTE (KEFRI) FOR THE YEAR ENDED 30TH JUNE, 1991

1. FIXED ASSETS REGISTER

The Committee reiterates its earlier recommendation under paragraph 1 of 1988/89 accounts that the Chief Executive should always maintain a correct and up to date fixed assets register.

STATUS: *The matter is as reported above.*

2. CREDITORS

The Committee recommends that the Institute should liaise with the parent Ministry and the Treasury with a view to remitting all the outstanding deductions to the various organizations by 30th June, 1996. The Committee further recommends that the Chief Executive must always remit statutory and other payroll deductions promptly as required by law.

STATUS: *The Chief Executive confirms the Parent Ministry and Treasury have assisted and cash flow problem solved and that the institute is now up-to-date with all statutory deductions and remittances. The position has been verified by the Auditor General (Corporations).*

3. BUDGETARY CONTROL

The Committee recommends that the Chief Executive should always ensure that the Institute operates within the budgeted provisions. The Committee further recommends that the Chief Executive should always seek prior approval from the relevant authorities before expenditure is effected and that in future, the Chief Executive should personally be held responsible for any over expenditure.

STATUS: The Chief Executive confirms that the institute is complying with the recommendation.

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA FORESTRY RESEARCH INSTITUTE (KEFRI) FOR THE YEAR ENDED 30TH JUNE, 1992

1. FIXED ASSETS

The Committee reiterates its earlier recommendation under paragraph 1 of 1990/91 accounts that the Chief Executive should always maintain a correct and up to date fixed assets register.

STATUS: The matter is as reported above.

2. CREDITORS

The Committee reiterates its earlier recommendation under paragraph 2 of 1990/91 accounts that the Institute should liaise with the parent Ministry and the Treasury with a view to remitting all the outstanding deductions to the various organizations by 30th June, 1996. The Committee further recommends that the Chief Executive must always remit statutory and other payroll deductions promptly as required by law.

STATUS: The matter is as reported above.

3. PENSION FUND

The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to remitting all the outstanding amounts due by 30th June, 1996. The Committee further recommends that the Chief Executive should ensure that pension contributions are remitted on time as required by law.

STATUS: The Chief Executive confirms that all remittances have been made and invested through the Barclays Trust Fund which is being managed by Minet ICI DC.

KENYA NATIONAL TRADING CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA NATIONAL TRADING CORPORATION FOR THE YEAR ENDED 30 JUNE, 1988

1. GOING CONCERN

The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to making the Corporation solvent and viable.

STATUS: *The Chief Executive confirms that he is making all attempts to make the Corporation solvent and viable.*

2. RENT INCOME

The Committee recommends that the Chief Executive should ensure that all the outstanding rent arrears are collected in full by 30th June, 1996. The Committee further recommends that the Chief Executive should strengthen the rent collection system of the Corporation.

STATUS: *The Chief Executive confirms that the rent collection system has been strengthened but all debts had not been collected by 30th June, 1996 and the matter is now being handled through legal means.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA NATIONAL TRADING CORPORATION FOR THE YEAR ENDED 30 JUNE, 1989

The Committee reiterates its earlier recommendation under paragraph 1 of 1987/88 accounts that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to making the Corporation solvent and viable.

STATUS: *The matter is as reported above.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA NATIONAL TRADING CORPORATION FOR THE YEAR ENDED 30 JUNE, 1992

1. FIXED ASSETS

The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Commissioner of Lands with a view to recovering the compensation in full. The Committee further recommends that the Board should institute civil proceedings against *Mr. P.K. arap Magut* in order to recover this amount in full by 30th June, 1996.

STATUS: *The Chief Executive confirms that the money has not been recovered as directed and that the matter is still being pursued.*

2. DIRECTORS' EMOLUMENTS

The Committee directed the Chief Executive to liaise with the parent Ministry and recover the amounts totalling Kf40,700 from the Board Members who had benefitted from these irregular payments in full by 30th June, 1996.

STATUS: *The Chief Executive confirms that the money has not been recovered as directed and that the matter is still being pursued.*

The Committee recommends that the Chief Executive should strictly adhere to the laid down financial regulations with regard to director's emoluments.

STATUS: *The Chief Executive confirms that he is adhering to the recommendation. The Board of Directors was dismissed by the Ministry in January, 1996.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA NATIONAL TRADING CORPORATION FOR THE YEAR ENDED 30 JUNE, 1993

1. FIXED ASSETS

The Committee reiterates its earlier recommendation under paragraph 1 of 1991/92 accounts that the Chief Executive should liaise with the parent Ministry and the Commissioner of Lands with a view to recovering the compensation in full. The Committee recommends that the Board should institute civil proceedings against Mr. P.K. arap Magut in order to recover this amount in full by 30th June, 1996.

STATUS: *The matter is as reported above.*

2. STAFF AND DIRECTORS EMOLUMENTS

The Committee reiterates its earlier directive under paragraph 2 of 1991/92 accounts that the Chief Executive should liaise with the parent Ministry and recover the amounts totalling Kf83,900 from the Board Members who had benefitted from these irregular payments by 30th June, 1996.

The Committee recommends that the Chief Executive should strictly adhere to the laid down financial regulations with regard to director's emoluments.

STATUS: *The Chief Executive confirms that he is adhering to the laid down financial regulations.*

3. NON-COMPLIANCE WITH PROCUREMENT PROCEDURES

The Committee strongly recommends that:

- (i) The Chief Executive should submit all the necessary information and documents pertaining to the purchase of ammonia sulphate to the Corporation's lawyer to enable him institute civil proceedings against Ms Raspel Limited and recover the Kshs.7,000,000.00.
- (ii) The Attorney General should institute further investigations into these irregular transactions with a view to instituting criminal proceedings against any officer(s) who might have been involved in fraud during the irregular procurement of the goods and services.
- (iii) The Attorney General should institute full investigations into the activities of the then Managing Director, *Mr. D.K. Tirop*, with a view to instituting civil and criminal proceedings against him if there is *prima facie* evidence of fraud.
- (iv) In future, the Permanent Secretary should take stern action, including recommendation for dismissal, against Board Members who ignore instructions from the parent Ministry.
- (v) *Mr. D.K. Tirop* should be banned from holding a public office.

STATUS: *The Chief Executive confirms that external lawyers and other legal means are being used to pursue the fulfillment of the above recommendations.*

4. DEBTORS

The Committee directed the Chief Executive to use all possible means, including litigation, in order to recover the outstanding balance by 30th June, 1996.

STATUS: *The Chief Executive confirms that external lawyers have been engaged to assist in the matter.*

The Committee recommends that the Chief Executive should strengthen the Corporation's debt recovery system to avoid such outstanding debts.

STATUS: *The Chief Executive confirms that he has strengthened the Corporation's debt recovery system to avoid future recurrence.*

5. POST BALANCE SHEET EVENT: SALE OF MEPAL PLASTICS KENYA LIMITED

The Committee recommends that the Chief Executive should strictly adhere to the terms and conditions of the Sale Agreements.

STATUS: *The Chief Executive confirms that he is strictly adhering to the terms and conditions of the Sale Agreements.*

TEA RESEARCH FOUNDATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE TEA RESEARCH FOUNDATION OF KENYA FOR THE YEAR ENDED 30 JUNE, 1990

1. DEFERRED LIABILITY

The Committee recommends that the Chief Executive should always ensure that the Foundation maintains correct and up-to-date books of account.

STATUS: *The Chief Executive confirms that the Foundation currently maintains correct and up-to-date books of account.*

2. DEPOSIT, BANK AND CASH BALANCES

The Committee recommends that the Chief Executive should always ensure that the Foundation maintains correct and up to date books of account. The Committee further recommends that the Chief Executive should follow up the matter with the Consolidated Bank of Kenya with a view to recovering in full the amount invested in Home Savings and Mortgages.

STATUS: *The Chief Executive confirms that correct and up-to-date books of account are now being maintained and that recovery of the money is being pursued.*

3. DEBTORS

The Committee recommends that the Chief Executive should strengthen the internal financial controls to ensure that funds are not misappropriated.

STATUS: *The Chief Executive confirms that internal financial controls have been strengthened.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE TEA RESEARCH FOUNDATION OF KENYA FOR THE YEAR ENDED 30 JUNE, 1991

DEFERRED LIABILITY

The Committee reiterates its earlier recommendation under paragraph 1 of 1990/91 accounts that the Chief Executive should ensure that the Foundation maintains correct and up to date books of account.

STATUS: *The matter is as reported above.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE TEA RESEARCH FOUNDATION OF KENYA FOR THE YEAR ENDED 30 JUNE, 1992

DEFERRED LIABILITY

The Committee reiterates its earlier recommendation under paragraph 1 of 1990/91 accounts that the Chief Executive should always ensure that the Foundation maintains correct and up to date books of account.

STATUS: *The matter is as reported above.*

PURCHASE OF SECOND HAND VEHICLE

The Committee recommends that the Chief Executive should strictly adhere to the financial regulations with regard to the purchase of goods and services.

STATUS: *The Chief Executive confirms that he is now strictly following the financial regulations with regard to purchase of goods and services.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE TEA RESEARCH FOUNDATION OF KENYA FOR THE YEAR ENDED 30 JUNE, 1993

The Committee noted that this was a clean report and commends the Chief Executive for the efforts made during the year under review,

STATUS: *This is a clean report hence no further action.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE TEA RESEARCH FOUNDATION OF KENYA FOR THE YEAR ENDED 30 JUNE, 1994

The Committee noted that this was a clean report and commends the Chief Executive for the efforts made during the year under review.

STATUS: *This is a clean report hence no further action.*

KENYA BROADCASTING CORPORATION

REPORT AND ACCOUNTS OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA BROADCASTING CORPORATION FOR THE YEAR ENDED 30TH JUNE, 1993

1. FINANCIAL POSITION

The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Treasury in order to find ways and means of treating the huge foreign exchange loss in the books of account. The Committee further recommends that the Chief Executive should diversify the operations of the Corporation with a view to making it financially self-sustaining. The Committee also recommends that the Chief Executive should liaise with the parent Ministry and the Treasury in order to restructure the Corporation with a view to enhancing its financial viability.

STATUS: *The Chief Executive confirms the matter is being pursued with the parent ministry and Treasury. Diversification has been done to increase revenue and Commercial FM radio and KBC 2 introduced.*

2. GOVERNMENT OF KENYA LOANS

The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to settling the Corporation's debts owed to the Government in respect of the Japanese loan. The Committee further recommends that the Chief Executive should diversify the operations of the Corporation in order to make it financially self-sustaining.

STATUS: *The Chief Executive confirms that GOK is paying interest which amounts to Kshs.200m annually. Discussions are being held for OECF loan to be taken over as KBC endeavors to diversify.*

3. DEBTORS

The Committee directed the Chief Executive to liaise with the parent Ministry and submit the supporting documents pertaining to the outstanding debts to the Auditor-General (Corporations) for verification by 31st December, 1995.

STATUS: *The Chief Executive confirms that the supporting documents were submitted.*

The Committee, while noting the poor financial position of the Corporation, coupled with huge outstanding debts which could have greatly boosted the Corporation's financial position, recommends that:-

- (i) The Chief Executive should take the necessary action with a view to recovering in full the outstanding amount of Kshs.55,897,127.00 by 30th June, 1996.
- (ii) The Chief Executive should not write off debts as contemplated.
- (iii) The Chief Executive should streamline and strengthen the debt recovery system of the Corporation.

STATUS: *The Chief Executive confirms that the debt recovery system has been streamlined and strengthened. The debt of Kshs.35,897,127.00 has been recovered leaving a balance of Kshs.20 million. This is being pursued but the problem of lack of supporting documents during the VOK tenure still persists.*

KENYA NATIONAL LIBRARY SERVICES BOARD

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA NATIONAL LIBRARY SERVICES BOARD FOR THE YEAR ENDED 30 JUNE, 1991

1. FIXED ASSETS

The Committee was informed that the Board later obtained either title deeds or letters of allotment for all the pieces of land with an exception of the ones in Kisumu, Kakamega and Thika. The Committee was subsequently informed that the Board had valued its assets and their value incorporated in a fixed assets register.

The Committee recommends that the Chief Executive should always maintain a correct and up to date fixed assets register. The Committee further recommends that the Chief Executive should liaise with the Commissioner of Lands with a view to getting the remaining three title deeds by 30th June, 1996.

STATUS: *The Chief Executive now confirms that the Board now maintains correct and up-to-date Fixed Assets Register. Title deeds have been obtained in Nairobi, Eldoret, Nyeri, Embu, Kisumu, Kapsabet, Kakamega, Mombasa, Nakuru, Isiolo, Busia, Laikipia, Ngong, Garissa, Kericho. Other title deeds for plots in the other towns are being followed up.*

2. BOOKS AND PERIODICALS

The Committee recommends that the Chief Executive should ensure that the Board maintains correct and up to date registers for its library books.

STATUS: *The Chief Executive confirms that the Board now maintains correct and up-to-date registers for its library books.*

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

1. FIXED ASSETS

The Committee reiterates its earlier recommendation under paragraph 1 of 1990/91 that the Chief Executive should always maintain a correct and up to date fixed assets register. The Committee further recommends that the Chief Executive should liaise with the Commissioner of Lands with a view to getting the remaining three title deeds by 30th June, 1996.

STATUS: *The matter is as reported above.*

2. BOOKS AND PERIODICALS

The Committee reiterates its earlier recommendation under paragraph 2 of 1990/91 accounts that the Chief Executive should ensure that the Board maintains correct and up-to-date registers for its library books.

STATUS: *The matter is as reported above.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA NATIONAL LIBRARY SERVICES BOARD FOR THE YEAR ENDED 30TH JUNE, 1993.

The Committee noted that this was a clean report and commends the Chief Executive for the efforts made during the year under review.

STATUS: *This is a clean report and hence no further action required.*

TEACHERS SERVICE COMMISSION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF TEACHERS SERVICE COMMISSION FOR THE YEAR ENDED 30TH JUNE, 1992

1. SALARY OVERPAYMENTS

The Committee recommends that the Chief Executive should ensure that the Commission recovers all the outstanding amounts by 31st December, 1996 and also exercise more effective control over the agents in the field in order to minimize and ultimately eliminate such overpayments.

STATUS: *The Chief Executive confirms having set up a special committee to handle the salary overpayments and that a substantial amount has been recovered and details were to be submitted to PIC by March, 1997.*

2. SHORT TERM DEPOSITS

The Committee recommends that the Chief Executive should pursue the matter with the Official Receiver with a view to recovering the balance of K£408,931-4-45 in full. The Committee further recommends that the Chief Executive should make provision in the Commission's books of account for any possible loss.

STATUS: *The Chief Executive confirms that the matter is still being pursued as the official Receiver states that collections are still insufficient. Provision in the books for possible loss is still being discussed.*

3. UNCLAIMED SALARIES

The Committee directed the Chief Executive to take up the matter with the Attorney General in order to recover in full the outstanding balance of K£86,303 by 30th June, 1996.

STATUS: *The Chief Executive confirms having given the details to the Attorney General who is now following up the matter.*

The Committee recommends that the Attorney General should expedite the investigations in order to institute criminal charges against Mr. Cyrus Maina. The Committee further recommends that the Chief Executive should institute strict measures to ensure that unclaimed salaries are returned to the Commission without delay.

STATUS: *The Chief Executive confirms that the Attorney General's chambers is following up the matter of criminal prosecution as confirmed in the meeting with the Head of Public Service and Hon. Attorney General. Strict measures have been instituted to ensure that the unclaimed salaries are returned to the Commission without delay.*

AGRO-CHEMICAL AND FOOD COMPANY LIMITED

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE AGRO-CHEMICAL AND FOOD COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 1992

GOING CONCERN

The Committee, recommends the following:

- (i) The parent Ministry and the Treasury should re-examine the financial proposals made by the Company with a view to restructuring its operations in order to make it financially viable.

STATUS: *The Chief Executive confirms that the restructuring of the company is going on as recommended.*

- (ii) The Chief Executive should re-organize the management of the Company in order to improve its financial position.

STATUS: *The Chief Executive confirms that the Management has been reorganized and the financial position is improving.*

- (iii) The Chief Executive should strengthen, and be aggressive in marketing of the Company's products.

STATUS: *The Chief Executive confirms that marketing is being aggressively done and that the turnover has increased from Kshs.346 million (1995) to Kshs.530 million (1996).*

- (iv) The Chief executive should have realistic pricing of bakers' yeast.

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

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE AGRO-CHEMICAL AND FOOD COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 1993

1. GOING CONCERN

The Committee reiterates its earlier recommendation under paragraph 1 of 1991/92 accounts that:-

- (i) The parent Ministry and the Treasury should re-examine the financial proposals made by the Company with a view to restructuring its operations in order to make it financially more viable.

- (ii) The Chief Executive should re-organize the management of the Company in order to improve its financial position.
- (iii) The Chief Executive should strengthen, and be aggressive in marketing of the Company's products.
- (iv) The Chief Executive should have realistic pricing of bakers' yeast.

STATUS: *The matter is as reported above as per previous year.*

2. SHORT TERM DEPOSITS

The Committee recommends that the Chief Executive must strictly adhere to the Treasury regulations with regard to investment of any surplus funds.

STATUS: *The Chief Executive confirms that he is strictly adhering to the Treasury regulations with regard to investment of surplus funds. All the deposits are said to be in the National Bank of Kenya Ltd.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE AGRO-CHEMICAL AND FOOD COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 1994

1. GOING CONCERN

The Committee reiterates its earlier recommendation under paragraph 1 of 1992/93 accounts that:

- (i) The parent Ministry and the Treasury should re-examine the financial proposals made by the Company with a view to restructuring its operations in order to make it financially viable.
- (ii) The Chief Executive should re-organize the management of the Company in order to improve the financial position.
- (iii) The Chief Executive should strengthen and be aggressive in marketing of the company's products.
- (v) The Chief Executive should have realistic pricing of Bakers' yeast.

STATUS: *The matter is as reported above.*

2. COMPANY DEBTORS

The Committee recommends that the parent Ministry should urgently convene a meeting involving the Treasury, the Company and representatives of the defaulting oil companies with a view to settling the outstanding debt amicably out of court.

STATUS: *The Chief Executive states that the said meetings were convened and the legal option is still pursued with the ultimate aim of recovering the debt.*

3. SHORT TERM DEPOSITS

The Committee reiterates its earlier recommendation under paragraph 2 of 1992/93 accounts that the Chief Executive must strictly adhere to the Treasury regulations with regard to investment of any surplus funds.

STATUS: *The matter is as stated above.*

SOUTH NYANZA SUGAR COMPANY LIMITED

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF SOUTH NYANZA COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 1991

1. GOING CONCERN

The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Treasury, with a view to promptly servicing both the loans and interest accrued on these loans. The Committee further recommends that the Chief Executive should ensure that the Company operates viably.

STATUS: *The Chief Executive confirms that he has ensured that the company operates viably and that loans are now being serviced.*

2. SENIOR STAFF SALARIES

The Committee recommends that the Chief Executive should strictly adhere to the terms and conditions of service approved by the Parastatal Advisory Committee and that prior approval must be sought whenever circumstances arise forcing the Company to deviate from those terms. The Committee further recommends that the Chief Executive should be personally held responsible in future for such arbitrary decisions.

STATUS: *The Chief Executive confirms that he is adhering strictly to the recommendation as required. All approvals are obtained before implementation.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF SOUTH NYANZA COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 1992

1. GOING CONCERN

The Committee reiterates its earlier recommendation under paragraph 1 of 1990/91 accounts that the Chief Executive should liaise with the parent Ministry and the Treasury, with a view to promptly servicing both the loans and interest accrued on these loans. The Committee further recommends that the Chief Executive should ensure that the Company operates viably.

STATUS: *The matter is as reported above.*

2. SENIOR STAFF SALARIES AND ALLOWANCES

The Committee reiterates its earlier recommendation under paragraph 2 of 1990/91 accounts that the Chief Executive should strictly adhere to the terms and conditions of service approved by the Parastatal Advisory Committee and that prior approval must be sought whenever circumstances arise forcing the Company to deviate from those terms. The Committee further recommends that the Chief Executive should be personally held responsible in future for such arbitrary decisions.

STATUS: *The matter is as reported above.*

3. OUTGROWERS LEDGER

The Committee recommends that the Chief Executive should always maintain correct and up to date outgrowers ledgers in order to correctly show all the transactions involving the outgrowers.

STATUS: *The Chief Executive confirms that as of now, correct and up-to-date outgrowers ledgers are being maintained.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF SOUTH NYANZA COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 1993

1. FINANCIAL POSITION

The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Treasury, with a view to servicing all loans promptly. The Committee further recommends that the Chief Executive should ensure that the Company operates viably and that the Ministry and the Treasury should formulate micro-economic policies to ensure this.

STATUS: *The matter is as reported above.*

2. FIXED ASSETS

The Committee directed the Chief Executive to consolidate the various fixed assets registers into one register by 31st December, 1995.

STATUS: *The Chief Executive confirms that consolidation of the various fixed assets registers was done.*

The Committee recommends that the Chief Executive should always maintain correct and up-to-date fixed assets register.

STATUS: *The Chief Executive confirms that a correct and up-to-date fixed assets register is being maintained.*

3. PURCHASE OF TELEPHONE SWITCHBOARD SYSTEM

The Committee recommends that the Chief Executive should submit all the necessary details and documents regarding the purchase of this equipment to the Attorney General to enable him institute investigations into this fraudulent transaction with a view to instituting criminal proceedings against all the officers involved. The Committee further recommends that the Chief Executive should strictly adhere to the financial regulations with regard to purchase of goods and services.

STATUS: *The Chief Executive confirms that he is adhering to the existing financial regulations and that the required documents have been submitted as recommended.*

4. PURCHASE OF MERCEDEZ BENZ - KZL 992

The Committee recommends that the Chief Executive should submit all the details and documents pertaining to the sale of the vehicle to the Attorney General to enable him institute legal proceedings against *Mr. Phares Oluoch Kanindo* and any other person(s) involved in the irregular transaction. The Committee further recommends that the Chief Executive should liaise with the Attorney General with a view to expediting the court case to resolve the ownership of the vehicle and the release of the log book. The Committee also recommends that the Chief Executive should always strictly adhere to the financial regulations with regard to procurement of goods and services.

STATUS: *The Chief Executive confirms that the required documents have been submitted and that the matter of the log book is still being followed up. In the meantime financial regulations are now being followed strictly.*

5. PURCHASE DAY BOOK

The Committee recommends that the Chief Executive should always maintain a correct and up to date purchase day book.

STATUS: *The Chief Executive confirms that correct and up-to-date purchase day book is being maintained.*

6. DEPOSIT WITH SUPPLIERS

The Committee recommends that the Chief Executive should always maintain correct and up to date books of account.

STATUS: *The Chief Executive confirms that correct and up-to-date books of account are being maintained.*

7. STAFF LOANS

The Committee recommends that the Chief Executive should streamline and strengthen the accounts section.

STATUS: *The Chief Executive confirms having streamlined and strengthened the accounts section.*

8. DEBTORS

The Committee directed the Chief Executive to submit the analysis of the reconciliation to the Auditor General (Corporations) by 30th September, 1995 for verification.

STATUS: *The Chief Executive confirms having reconciled and submitted the analysis to the Auditor General (Corporations) as recommended.*

The Committee recommends that the Chief Executive should streamline and strengthen the accounts section.

STATUS: *The Chief Executive confirms to have streamlined and strengthened the accounts section as recommended.*

KENYA AIRPORTS AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA AIRPORTS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 1992

1. FIXED ASSETS

The Committee recommends that the Chief Executive should ensure that the valuation exercise is completed by 30th September, 1995 and the fixed assets register up-dated accordingly by including the payments made by the Government on capital works. The Committee further recommends that the Chief Executive should always maintain a correct and up to date fixed assets register.

STATUS: *The Chief Executive confirms that identification and Asset Valuation exercise was finalized as recommended and that the Fixed Assets Register has been up-dated.*

2. REVENUE

The Committee recommends that the Chief Executive should liaise with the parent Ministry, the Treasury and the Attorney General with a view to harmonizing the Kenya Airports Authority Act (Cap.395) and the Air Passenger Service Act (Cap.475) by 30th June, 1996 in respect of revenue appropriation.

STATUS: *The Chief Executive confirms that the process of harmonizing the two*

3. AGREEMENT BETWEEN THE GOVERNMENT AND THE HOUSE OF PERFORM

The Committee recommends that the Chief Executive should adhere to the terms and conditions of the new agreement. The Committee further recommends that the Permanent Secretary, Office of the President, should immediately institute investigations into this case and take severe disciplinary action against the officers who signed the initial agreement without due care and consideration of the public interests.

STATUS: *The office of the President is pursuing the matter with the Treasury as per the recommendation.*

4. OUTSTANDING LOANS AND LIABILITIES

The Committee recommends that the Chief Executive should immediately liaise with the parent Ministry and Treasury to ensure compliance with the provisions of Section 40(2) of the Kenya Airports Authority Act (Cap.395) and service the loans henceforth. The Committee further recommends that the Chief Executive should liaise with the parent Ministry and the Treasury in order to have the on-lending agreements signed by 31st December, 1995.

STATUS: The Chief Executive states that the Authority is still unable to service the loans and discussions are going on to resolve the matter.

5. DEBTORS

The Committee directed the Chief Executive to liaise with the parent Ministry and Ministry of Energy with a view to ensuring that the Government debts amounting to Kshs.334,125,485.85 are recovered by 30th June, 1996.

STATUS: The Chief Executive confirms that the debts are being repaid and that total payment is expected by 30th June, 1997.

The Committee recommends that the Chief Executive should strengthen the Authority's debt recovery machinery to avoid such huge outstanding debts and in particular the recoverability of the Kenya Airways debt.

STATUS: The Chief Executive confirms that the Authority's debt recovery machinery has been strengthened as recommended.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA AIRPORTS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 1993

1. REVENUE

The Committee reiterates its earlier recommendation under paragraph 2 of 1991/92 accounts that the Chief Executive should liaise with the parent Ministry, the Treasury and the Attorney General with a view to harmonizing the Kenya Airports Authority Act (Cap.395) and the Air Passenger Service Act (Cap.475) by 30th June, 1996 in respect of revenue appropriation.

STATUS: The matter is as reported above.

2. AGREEMENT BETWEEN THE GOVERNMENT AND THE HOUSE OF PERFUME

The Committee reiterates its earlier recommendation under paragraph 3 of 1991/92 accounts that the Chief Executive should adhere to the terms and conditions of the new agreement.

The Committee further recommends that the Permanent Secretary, Office of the President, should immediately institute investigations into this case and take severe disciplinary action against the officers who signed the initial agreement without due care and consideration of the public interests.

STATUS: The matter is as reported above.

3. OUTSTANDING LOAN LIABILITIES

The Committee reiterates its earlier recommendation under paragraph 4 of 1991/92 accounts that the Chief Executive should immediately liaise with the parent Ministry and the Treasury to ensure compliance with the provisions of Section 40(2) of the Kenya Airports Authority Act (Cap.395) and service the loans henceforth. The Committee further recommends that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to having the on-lending agreements signed by 31st December, 1995.

STATUS: The matter is as reported above.

4. FIXED ASSETS

The Committee recommends that the Chief Executive should ensure that the valuation exercise is completed by 30th September, 1995. The Committee further recommends that the Chief Executive should always maintain a correct and up to date fixed assets register.

STATUS: The matter is as reported above.

TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 1992

1. FINANCIAL POSITION

The Committee strongly recommends that the Authority, the parent Ministry and the Treasury should adhere to the legal opinion given by the Attorney-General and revert to the original terms and conditions of the loan and lease agreements by 31st December, 1995.

STATUS: *The Chief Executive states that the matter has not been resolved and it is awaiting the overall power restructuring.*

The Committee further recommends that Kenya Power and Lighting Company and Tana River Development Company should remit the outstanding accumulated amount of Kshs.2,347,903,930.00 to the Authority by 30th June, 1996.

STATUS: *The Chief Executive confirms that the matter has not been resolved and the money has not yet been paid. The matter is awaiting the power restructuring process.*

2. REVENUE FROM SALE OF HYDRO-ELECTRIC BULK POWERS

The Committee recommends that the Government should expedite the re-organisation process with a view to ensuring that all the loan and lease agreements are in place by 30th June, 1996. The Committee further recommends that the Treasury and Kenya Power and Lighting Company should provide TARDA with the data on payments made by Kenya Power and Lighting Company to Treasury to enable the Authority to incorporate the same in its books of account. The Committee also recommends that the Treasury should take the necessary measures to ensure that the Income Tax Department ceases demanding income tax from the Authority on the income related to the Masinga and Kiambere projects.

STATUS: *The Chief Executive confirms that the Government is still doing the reorganization of the power sector and the recommendation is yet to be implemented.*

3. OUTSTANDING LOAN REPAYMENTS

The Committee recommends that the Authority, the parent Ministry and the Treasury should adhere to the legal opinion given by the Attorney-General and revert to the original terms and conditions of the loan and lease agreements by 31st December, 1995 to enable the Authority honour its loan obligations without failure.

STATUS: *The Chief Executive confirms that the recommendation has not yet been implemented because of the on-going power sector reorganization.*

4. IRREGULAR USE OF THE AUTHORITY'S FUNDS TO CONSTRUCT A HOUSE

The Committee recommends that the Chief Executive should personally pursue the matter with the Attorney General and expedite the finalization of the criminal case. The Committee further recommends that the Chief executive should immediately institute civil proceedings against Mr. Birgen with a view to recovering the amount of Kshs.3,900,000.00 in full.

STATUS: *The Chief Executive confirms that Mr. Birgen was sentenced to 3 years imprisonment. He is currently out on a personal bond of Kshs.4,000,000.00 pending appeal. He has in the meantime repaid Kshs.2,000,000.00 and the balance is being pursued.*

5. SHORT-TERM INVESTMENT

The Committee recommends that the Chief Executive should pursue the recovery of the money from the troubled financial institutions through the Deposit Protection Fund. The Committee further recommends that the Chief Executive should strictly adhere to the Treasury regulations by investing any surplus funds in Treasury bills and bonds.

STATUS: *The Chief Executive confirms that the Authority is adhering to Treasury regulations. The Authority has only managed to receive payment of Kshs.100,000.00 and the balance is being pursued.*

6. PROVISIONS FOR DEPRECIATION IN THE ACCOUNTS

The Committee recommends that the Authority, the parent Ministry and the Treasury should adhere to the legal opinion given by the Attorney General and revert to the original terms and conditions of the loan and lease agreements by 31st December, 1995 to enable the Authority depreciate the depreciable assets in accordance with the provisions of Kenyan Accounting Standard No.5.

STATUS: *The Chief Executive confirms that the matter has not yet been resolved. Reverting to the original terms and conditions hinges on the completion of the power sector reorganization.*

NATIONAL HOUSING CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE NATIONAL HOUSING CORPORATION FOR THE YEAR ENDED 30TH JUNE, 1992

1. LOANS REPAYMENT TO GOVERNMENT

The Committee recommends that the Chief Executive should liaise with the parent Ministry, the Ministry of Local Government and the Treasury with a view to recovering in full the rent arrears from the defaulting local authorities and ensuring that the amount of Kshs.887,122,000.00 is repaid to the Government by 30th June, 1996.

STATUS: *The Chief Executive confirms that collections have improved but no repayments have been made to the Government as the organization is using the funds on other activities.*

2. LOAN ARREARS

The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Ministry of Local Government and ensure that the loan arrears amounting to Kshs.775,118,000.00 and Kshs.52,676,000.00 are recovered. The Committee further recommends that the Chief Executive should only advance loans against collateral or other securities to guard against defaulters.

STATUS: *The Chief Executive confirms that discussions have been held and there have been slight improvements in arrears. All advances of loans are now being made on tangible securities.*

3. CANALIZATION OF NGONG RIVER

The Committee recommends that the Permanent Secretary, Ministry of Public Works and Housing should urgently constitute an Inter-Ministerial Committee including the Ministry of Lands and Settlement, the Treasury, the Office of the President, Ministry of Local Government, Nairobi City Council and the Corporation and submit a comprehensive report on this project to the Committee by 30th March, 1996.

STATUS: *An interministerial committee was formed and a report prepared and forwarded to PIC on 30th March, 1996.*

The Committee further recommends that the then Permanent Secretary of the parent Ministry which instructed the Corporation to incur the cost be held responsible for the irregular transaction.

STATUS: *A letter of demand has been written to the PS for reimbursement of Kshs.30,268,516.00.*

4. PUMWANI DEVELOPMENT SCHEME

The Committee recommends that the Chief Executive should strictly adhere to the existing financial regulations with regard to award of tenders.

STATUS: *The Chief Executive confirms that the laid down regulations on award of tenders are being followed.*

5. KIBERA HIGH RISE I AND II

The Committee recommends that the Chief Executive should strictly adhere to the existing financial regulations with regard to award of tenders.

STATUS: *The Chief Executive confirms that the existing financial regulations are now being strictly followed.*

6. DEBTORS AND CREDITORS SUSPENSE

The Committee directed the Chief Executive to complete the reconciliation exercise and clear the suspense accounts by 30th September, 1995 and submit the details of the analyses to the Auditor-General (Corporations) for verification.

STATUS: *The Chief Executive confirms that the reconciliation was done and submitted as recommended.*

The Committee recommends that the Chief Executive should reflect the correct position in the 1994/95 books of account. The Committee also recommends that the Chief Executive should avoid the use of suspense accounts.

STATUS: *The Chief Executive confirms that corrections were made and are now reflected in 1994/95 accounts. Use of suspense account is being minimized.*

REPORT OF THE AUDITOR-GENERAL(CORPORATIONS)ON THE ACCOUNTS OF THE NATIONAL HOUSING CORPORATION FOR THE YEAR ENDED 30TH JUNE, 1993

1. LOANS REPAYMENT TO GOVERNMENT

The Committee reiterates its earlier recommendation under paragraph I of 1991/92 accounts that the Chief Executive should liaise with the parent Ministry, the Ministry of Local Government and the Treasury with a view to recovering in full the rent arrears from the defaulting local authorities and ensuring that the amount of Kshs.1,039,884,493.00 is repaid to the Government by 30th June, 1996.

STATUS: *The matter is as stated above.*

2. SALE OF LOWER HILL PLOT AND BUILDINGS

The Committee directed the Chief Executive to submit all the relevant documents relating to the sale of the houses to the Attorney General to enable him institute further investigations and take appropriate legal proceedings against *Messrs Eric Andwati, James Nderitu Gachagua* and any other officer(s) involved in the fraud.

STATUS: *The Chief Executive confirms having forwarded the relevant documents as recommended.*

The Committee recommends that the Corporation should institute legal proceedings with a view to annulling the transfer of the houses to the purchasers.

STATUS: *The Chief Executive confirms that legal action was taken in the High Court, HCCC 1811 of 1993 and the corporation lost the case.*

3. KIBERA HIGH RISE PHASE II EXTENSION

The Committee reiterates its earlier recommendation under paragraph 5 of 1991/92 accounts that the Chief Executive should strictly adhere to the existing financial regulations with regard to award of tender.

STATUS: *The matter is as reported as above.*

4. SALE OF RUNDA PLOTS

The Committee, while noting the noble objective behind the action taken by the Board, recommends that the Chief Executive should seek approval of the sale from the parent Ministry retrospectively. The Committee further recommends that the Chief Executive should always strictly adhere to the existing financial regulations.

STATUS: *The Chief Executive confirms having written to the parent ministry seeking approval of the price of Kshs.350,000.00. On the other hand the existing financial regulations are being followed.*

5. DEBTORS AND CREDITORS SUSPENSE

The Committee reiterates its earlier directive under paragraph 6 of 1991/92 accounts that the Chief Executive should complete the reconciliation exercise and clear the suspense accounts by 30th September, 1995 and submit the details of the analyses to the Auditor-General (Corporations) for verification.

STATUS: *The matter is as stated above.*

The Committee recommends that the Chief Executive should reflect the correct position in the 1994/95 books of account. The Committee further recommends that the Chief Executive should avoid the use of suspense accounts.

STATUS: *The Chief Executive confirms that the corrections are now reflected in the 1994/95 accounts and that the use of the suspense accounts has been minimized.*

6. BUDGETARY CONTROL

The Committee recommends that the Chief Executive should institute stringent budgetary control measures in order to avoid over-expenditure. The Committee further recommends that the Chief Executive should always seek prior approval from the relevant authorities before incurring extra expenses.

STATUS: *The Chief Executive confirms that there is in place an expenditure control system to ensure that the budget is not exceeded. Prior approvals would be sought where extra expenses are imminent or likely to occur.*

KENYA SUGAR AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA SUGAR AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1989

1. OUTSTANDING IMPRESTS

The Committee recommends that the Chief Executive should strictly adhere to the financial regulations with regard to the issuance and surrender of imprests.

STATUS: *The Chief Executive confirms that he is strictly adhering to the financial regulations with regard to issuance and surrender of imprests.*

2. HOUSE LEASED FOR CHIEF EXECUTIVE

The Committee recommends that the then Chief Executive, Mr. Justus Mudavadi should be surcharged for contravening the laid down regulations by concealing particular information from the Board and by obtaining fraudulently monies in form of rent from the Authority.

STATUS: *The Chief Executive confirms that the matter of surcharge is still being pursued.*

The Committee further recommends that the Chief Executive should always adhere to the laid down regulations with regard to staff housing and should not conceal vital information from the Board when such matters are under consideration.

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

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA SUGAR AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1990

The Committee noted that this was a clean report and commends the Chief Executive for the efforts made during the year under review.

STATUS: *This is a clean report and no further action required.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA SUGAR AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1991

The Committee noted that this was a clean report and commends the Chief Executive for the efforts made during the year under review.

STATUS: *This is a clean report and no further action is required.*

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF THE KENYA SUGAR AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1992**

The Committee noted that this was a clean report and commends the Chief Executive for the efforts made during the year under review.

STATUS: *This is a clean report and hence no further action required.*

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF THE KENYA SUGAR AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1993**

The Committee noted that this was a clean report and commends the Chief Executive for the efforts made during the year under review.

STATUS: *This is a clean report hence no further action required.*

SUGAR DEVELOPMENT FUND

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE SUGAR DEVELOPMENT FUND FOR THE YEAR ENDED 30TH JUNE, 1993

The Committee recommends that the Chief Executive should ensure that the levy is collected effectively and is used for the intended purpose of maintaining, expanding and rehabilitating the sugar industry. The Committee further recommends that the Chief Executive recovers in full from the Miwani Sugar Company the Sugar Development Fund levy it owes the Fund.

STATUS: *The Chief Executive confirms that he has been unable to collect the money and has therefore gone to court and obtained an order and is in the process of placing the company under receivership and appointing the receiver/manager.*

KENYA DAIRY BOARD

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA DAIRY BOARD FOR THE YEAR ENDED 30 JUNE, 1989

The Committee noted that this was a clean report and commends the Chief Executive for the efforts made during the year under review.

STATUS: *This is a clean report.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA DAIRY BOARD FOR THE YEAR ENDED 30 JUNE, 1990

LOSS OF CASH AT BANK

The Committee while noting that the amount involved was substantial recommends that the Board should pursue the issue of interest with the Bank. The Committee further recommends that the Chief Executive should strengthen internal control systems to avoid such forgery in future.

STATUS: *The Chief Executive confirms that Kshs.96,536.00 was recovered on 26th August, 1996 and that the internal controls have been strengthened.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA DAIRY BOARD FOR THE YEAR ENDED 30 JUNE, 1991

The Committee noted that this was a clean report and commends the Chief Executive for the efforts made during the year under review.

STATUS: *This is a clean report.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA DAIRY BOARD FOR THE YEAR ENDED 30 JUNE, 1992

The Committee noted that this was a clean report and commends the Chief Executive for the efforts made during the year under review.

STATUS: *This is a clean report.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA DAIRY BOARD FOR THE YEAR ENDED 30 JUNE, 1993

1. SUBMISSION OF ACCOUNTS FOR AUDIT

The Committee recommends that the Chief Executive should ensure that the Board's final accounts are submitted to the Auditor General (Corporations) for audit in accordance with Section 31 of the Exchequer and Audit Act, (Cap.412).

STATUS: *The Chief Executive confirms that he is complying with Section 31 of the Act.*

2. CONSTITUTION OF BOARD OF DIRECTORS

The Committee recommends that the Chief Executive should personally take up the matter with the Permanent Secretary, Ministry of Agriculture, Livestock Development and Marketing, and ensure that a properly constituted Board is in place by 30th October, 1995.

STATUS: *This was done and a Board constituted as per legal notice No.855 of January, 1996.*

3. WORK IN PROGRESS

The Committee recommends that the sum of Kshs.682,920.00 should be recovered from then Chief Executive, Mr. J. Cheruiyot; the Chairman of the Board, Mr. Nelson Lelei; the former Principal Administrative and Personnel Manager, Mr. Okello Ang'awa, the then members of the Board of Directors and the Contractor.

STATUS: *The recovery is proving difficult as the officers are no longer under the employment of the organization.*

4. DEBTORS AND PREPAYMENTS

The Committee recommends that the Chief Executive and the Finance Manager should be surcharged for flouting the laid down financial regulations with regard to procurement of goods and services. The Committee further recommends that the Chief Executive should ensure that all the outstanding staff imprests and advances are recovered in full and submit the details of the recovery made thereon to the Auditor General (Corporations) and that he should always adhere to the laid down financial regulations with regard to issuance of imprests and procurement of goods and services.

STATUS: *The Chief Executive confirms that outstanding staff imprests and advances have been recovered and details submitted to Auditor General (Corporations) but the matter of surcharge is still being pursued.*

The Committee also recommends that the Chief Executive should pursue the fuel deposits held by the petrol stations with a view to recovering the same.

STATUS: *The Chief Executive confirms recovery of the fuel deposits as recommended.*

5. PRIOR YEAR ADJUSTMENTS - KSHS.682,006.60

The Committee directed the Chief Executive to submit a detailed analysis together with supporting documents in respect of the figure of Kshs.682,006.00 to the Auditor General (Corporations) by 30th September, 1995 for verification.

STATUS: *The details were submitted on 30th September, 1995 for verification.*

6. GOVERNMENT GRANTS

The Committee recommends that all monies for parastatals should be released to them without deductions or delay by the parent Ministry.

STATUS: *All monies meant for parastatals is being released as recommended.*

KENYA PORTS AUTHORITY

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

1. ADVANCES TO KENYA FERRY SERVICES - KSHS.103,276,823.00

The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to determining the future operational modalities of the Kenya Ferry Services Ltd. The Committee further recommends that the Kenya Ferry Services Limited should be de-linked from the Kenya Ports Authority.

STATUS: *Considerable progress has been made and a draft sessional paper on restructuring of KFS has been cleared by the Attorney General and forwarded to the parent ministry for further action. The de-linking is nearly complete.*

2. INLAND CONTAINER DEPOT - ELDORET

The Committee recommends that the Chief Executive should ensure that the liquidated damages are recovered from the contractor at the time of doing the final accounts for the project prior to the issuance of the final certificate as stipulated in the contract agreement.

STATUS: *The liquidated damages were assessed at Kshs.4,465,000.00. The amount will be recovered in full from the contractor's final account.*

The Committee further recommends that, in future, the Authority should avoid awarding contracts of this magnitude to such contractors in order to avoid escalation of costs.

STATUS: *The recommendation is being adhered to.*

3. INVESTMENTS

The Committee recommends that the Chief Executive should follow up the matter with the Official Receiver and Central Bank of Kenya's Deposit Protection Fund in order to recover the outstanding amount. The Committee further recommends that the Chief Executive should strictly adhere to the existing Treasury regulations by investing any surplus funds in Treasury bills and bonds.

STATUS: *The Chief Executive confirms having recovered Kshs.17,694,000 and is following up the balance. Treasury regulations are being followed.*

4. FIXED ASSETS - KSHS.7,061,791,389.00

The Committee recommends that the Chief Executive should follow up the matter with the parent Ministry, the Attorney-General and the Commissioner of Lands with a view to resolving the issue, preferably out of court, by 30th June, 1996.

STATUS: *The matter was followed up without success and KPA has reactivated the court case to compel the Commissioner of Lands to issue the title deeds.*

5. DEBTORS - KSHS.1,413,633,467.00

The Committee recommends that the Permanent Secretary, Ministry of Transport and Communications should ensure that the Authority is reimbursed the amount of Kshs.287,231,401.00 by 30th June, 1996.

STATUS: *Reimbursement has not been done and the matter is expected to be settled through the on-going cross-debt study.*

The Committee further recommends that the Chief Executive should maintain proper and up to date books of account.

STATUS: *The Chief Executive confirms that proper and up-to-date books of account are now being maintained.*

6. LONG-TERM INVESTMENTS - KSHS.688,536,473.00

The Committee recommends that the Chief Executive should review the position pertaining to these investments in order to ensure that the Company is run profitably and the investments by the Authority are properly secured.

STATUS: *The Management has turned round the company into a profitable venture and has recorded a profit of Kshs.3.5 million in 1995. Investments are now being properly secured.*

The Committee further recommends that the Chief Executive should strictly adhere to the existing financial regulations with regard to investments.

STATUS: *The Chief Executive confirms that financial regulations are being followed with regard to investments.*

7. TAXATION

The Committee recommends that the Chief Executive should continue paying the Corporation tax.

STATUS: *The Chief Executive confirms that the Authority has been making regular payments to the Commissioner of Income Tax on account of back taxes while meeting the current tax obligations as they fall due.*

KENYA WILDLIFE SERVICE

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA WILDLIFE SERVICE FOR THE YEAR ENDED 30 JUNE, 1993.

1. FIXED ASSETS

The Committee directed the Chief Executive to ensure that the valuation exercise is done and completed by 30th June, 1996 in order to incorporate the value in the books of account.

STATUS: *The Chief Executive confirms that the valuation exercise was completed during the 1st half of 1996 through the assistance of overseas Development Administration and incorporated in 1995/96 accounts.*

The Committee recommends that the Chief Executive should always maintain a correct and up to date fixed assets register.

STATUS: *The Chief Executive confirms that a correct and up-to-date fixed assets register is now being maintained.*

2. SENIOR STAFF SALARIES

The Committee recommends that Chief Executive should strictly adhere to the approved salary guidelines. The Committee further recommends that the Chief Executive should strengthen the budgetary system to guard against over expenditure in any given financial year.

STATUS: *The Chief Executive confirms that the budgetary system has been strengthened and over-expenditure is being avoided. He further states that KWS is exempted from the State Corporations Act. The Board of Trustees approves the salaries. The salaries are high because they are externally funded and meant to attract high calibre professional and technical staff.*

RIFT VALLEY TEXTILES LIMITED (RIVATEX)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF RIFT VALLEY TEXTILE (RIVATEX) FOR THE YEAR ENDED 30 JUNE, 1991.

The Committee noted that this was a clean report and commends the Chief Executive for the efforts made during the year under review.

STATUS: This is a clean report hence no further action required.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF RIFT VALLEY TEXTILE (RIVATEX) FOR THE YEAR ENDED 30 JUNE, 1992.

The Committee noted that this was a clean report and commends the Chief Executive for the efforts made during the year under review.

STATUS: This is a clean report hence no further action required.

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE (KEMFRI)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA MARINE AND FISHERIES RESEARCH INSTITUTE (KEMFRI) FOR THE YEAR ENDED 30 JUNE, 1989

1. FIXED ASSETS

The Committee directed the Chief Executive to liaise with the Commissioner of Lands with a view to getting the title deeds for the plots in Kisumu and Baringo by 30th June, 1996.

STATUS: The Chief Executive confirms that he is still pursuing the matter with the commission of lands.

The Committee recommends that the Chief Executive should always maintain correct and up to date books of account showing all the assets of the Institute.

STATUS: The Chief Executive confirms that he complying with the recommendations.

2. PREPAYMENTS

The Committee recommends that the Chief Executive should ensure that the Institute deals with reputable firms when awarding tenders to avoid such losses in future.

STATUS: The Chief Executive confirms that the institute is now only dealing with reputable firms when awarding tenders to avoid losses in future.

3. DEBTORS

The Committee recommends that the Chief Executive should avoid the use of suspense accounts. The Committee further recommends that the Chief Executive should always avail information and documents for audit.

STATUS: The Chief Executive confirms that he has stopped use of suspense accounts and that all information and documents are being availed for audit.

4. CREDITORS

The Committee recommends that the Chief Executive should ensure that the outstanding bills are always cleared on time. The Committee further recommends that the Chief Executive should always maintain the correct and up to date books of account.

STATUS: *The Chief Executive confirms that outstanding bills have been drastically reduced and that correct and upto date books of accounts are being maintained.*

5. PENSION FUND

The Committee recommends that the Chief Executive should ensure that the Institute pays up all the contributions due to the Insurance Company on time in order to maintain the pension scheme.

STATUS: *The Chief Executive confirms having paid up-to-date the pension contributions only up-to the time Kenya National Assurance went into liquidation.*

6. CAPITAL RESERVES - KSHS.32,917,992.00

The Committee recommends that the Chief Executive should strictly adhere to the laid down financial regulations by maintaining a capital reserve account.

STATUS: *The Chief Executive confirms that he is adhering to the laid down regulations regarding the capital reserve accounts.*

7. BUDGETARY CONTROL

The Committee recommends that the Chief Executive should strictly adhere to the approved annual budget. The Committee further recommends that the Chief Executive should always seek prior Board approval for any expenditure outside the approved budget. The Committee also recommends that the Chief Executive should institute firm measures to monitor the Institute's expenditure throughout the financial year.

STATUS: *The Chief Executive confirms that approved annual budgets are being adhered to and board authority is requested in case of need. Expenditure is being closely monitored.*

8. FINANCIAL PERFORMANCE

The Committee recommends that the Chief Executive should ensure that all statutory and other payroll deductions had been remitted to the various organizations on time as required by law.

STATUS: *The chief Executive confirms that currently all statutory and other payroll deductions are being timely remitted.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA MARINE AND FISHERIES RESEARCH INSTITUTE (KEMFRI) FOR THE YEAR ENDED 30 JUNE, 1990

1. FINANCIAL PERFORMANCE

The Committee reiterates its earlier recommendation under paragraph 8 of 1988/89 accounts that the Chief Executive should ensure that all statutory and other payroll deductions are remitted to the various organizations on time as required by law.

STATUS: The matter is as reported above.

2. FIXED ASSETS

The Committee reiterates its earlier recommendation under paragraph 1 of 1988/89 accounts that the Chief Executive should always maintain correct and up to date books of account. The Committee further recommends that the Chief Executive should liaise with the Commissioner of Lands with a view to getting the title deeds for the plots in Songoro, Kisumu and Baringo by 30th June, 1996.

STATUS: The matter is as reported above.

3. DEBTORS

The Committee further recommends that the Chief Executive should avoid the use of suspense accounts.

STATUS: The Chief Executive confirms that use of suspense accounts is being avoided and staff debts have been corrected and proper measures put in place.

4. PREPAYMENTS

The Committee reiterates its earlier recommendation under paragraph 2 of 1988/89 accounts that the Chief Executive should ensure that the Institute deals with reputable firms when awarding tenders to avoid such losses in future.

STATUS: The matter is as reported above.

5. PENSION FUND

The Committee reiterates its earlier recommendation under paragraph 5 of 1988/89 accounts that the Chief Executive should ensure that the Institute pays up all the contributions due to the Insurance Company on time in order to maintain the pension scheme.

STATUS: The matter is as reported above.

6. CAPITAL RESERVE - KSHS.27,751,196.00

The Committee reiterates its earlier recommendation under paragraph 6 of 1988/89 accounts that the Chief Executive should strictly adhere to the laid down financial regulations by maintaining a capital reserve account.

STATUS: The matter is as reported above.

7. STAFF ESTABLISHMENT

The Committee recommends that the Chief Executive should strictly adhere to the financial regulations when recruiting extra staff for the Institute. The Committee further recommends that in future, the Chief Executive should be held personally responsible for any over-establishment that does not have prior Board approval.

STATUS: The Chief Executive is adhering to the recommendation.

8. PURCHASE OF LAND

The Committee recommends that the Chief Executive should ensure that the development of the plot progresses as originally planned.

STATUS: The Chief Executive confirms that he is still trying to obtain funds for the project.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA MARINE AND FISHERIES RESEARCH INSTITUTE (KEMFRI) FOR THE YEAR ENDED 30 JUNE, 1991

1. FINANCIAL POSITION

The Committee reiterates its earlier recommendation under paragraph 8 of 1988/89 accounts that the Chief Executive should ensure that all statutory and other payroll deductions are remitted to the various organizations on time as required by law.

STATUS: The matter is as reported above.

2. FIXED ASSETS

The Committee reiterates its earlier recommendation under paragraph 2 of 1989/90 accounts that the Chief Executive should always maintain correct and up to date books of account. The Committee further recommends that the Chief Executive should liaise with the Commissioner of Lands with a view to getting the title deeds for the plots in Kisumu, Songoro, Turkana and Baringo by 30th June, 1996.

STATUS: *The matter is as reported above. Attempts are still being made to obtain all the title deeds.*

3. DEBTORS

The Committee reiterates its earlier recommendation under paragraph 3 of 1989/90 accounts that the Chief Executive should ensure that the Institute establishes firm measures for the recovery of money owed to the Institute by members of staff. The Committee further recommends that the Chief Executive should avoid the use of suspense accounts.

STATUS: *The matter is as reported above.*

4. PENSION FUND

The Committee reiterates its earlier recommendation under paragraph 5 of 1989/90 accounts that the Chief Executive should ensure that the Institute pays up all the contributions due to the Insurance Company on time in order to maintain the pension scheme.

STATUS: *The matter is as reported above.*

5. STAFF ESTABLISHMENT

The Committee reiterates its earlier recommendation under paragraph 7 of 1989/90 accounts that the Chief Executive should strictly adhere to the financial regulations when recruiting extra staff for the Institute.

STATUS: *The matter is as reported above.*

The Committee further recommends that in future, the Chief Executive should be held personally responsible for any over-establishment that does not have prior Board approval.

STATUS: *The Chief Executive confirms that recommendation has been noted and will be obeyed.*

6. PURCHASE OF LAND

The Committee reiterates its earlier recommendation under paragraph 8 of 1989/90 accounts that the Chief Executive should submit to the Auditor General (Corporations) by 30th September, 1995 for verification, all the relevant documents pertaining to the purchase and development of the land. The Committee further recommends that the Chief Executive should ensure that the development of the plot progresses as originally planned.

STATUS: *The matter is as reported above. The matter of the development of the plot is still being pursued as recommended.*

7. BUDGETARY CONTROL

The Committee reiterates its earlier recommendation under paragraph 7 of 1988/89 accounts that the Chief Executive should strictly adhere to the approved annual budget.

STATUS: The matter is as reported above.

The Committee further recommends that the Chief Executive should always seek prior Board approval for any expenditure outside the approved budget. The Committee also recommends that the Chief Executive should institute firm measures to monitor the Institute's expenditure throughout the financial year.

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

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA MARINE AND FISHERIES RESEARCH INSTITUTE (KEMFRI) FOR THE YEAR ENDED 30 JUNE, 1992

1. FINANCIAL POSITION

The Committee recommends that the Chief Executive should endeavour to make the Institute run viably. The Committee further recommends that the Chief Executive should look for other ways of generating funds for the Institute.

STATUS : The Chief Executive confirms that the institute has eliminated the negative working capital and that it is being run viably. Other sources of funds are being sought.

2. DEBTORS

The Committee reiterates its earlier recommendation under paragraph 3 of 1990/91 accounts that the Chief Executive should ensure that the Institute establishes firm measures for the recovery of money owed to the Institute by members of staff.

STATUS: The matter is as reported above.

The Committee further recommends that the Chief Executive should avoid the use of suspense accounts.

STATUS: The Chief Executive confirms that he has avoided the use of suspense accounts.

3. PENSION FUND

The Committee reiterates its earlier recommendation under paragraph 4 of 1990/91 accounts that the Chief Executive should ensure that the Institute pays up all the contributions due to the Insurance Company on time in order to maintain the pensions scheme.

STATUS: The matter is as reported above.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA MARINE AND FISHERIES RESEARCH INSTITUTE (KEMFRI) FOR THE YEAR ENDED 30 JUNE, 1993

1. FINANCIAL POSITION

The Committee reiterates its earlier recommendation under paragraph 1 of 1991/92 accounts that the Chief Executive should endeavour to make the Institute run viably. The Committee further recommends that the Chief Executive should look for other ways of generating funds for the Institute.

STATUS: The matter is as reported above. Other ways of generating funds for the institute are being pursued.

2. PENSION FUND - KSHS.27,276,157.00

The Committee reiterates its earlier recommendation under paragraph 3 of 1991/92 accounts that the Chief Executive should ensure that the Institute pays up all the contributions due to the Insurance Company on time in order to maintain the pensions scheme.

STATUS The matter is as reported above.

NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 1987

1. FIXED ASSETS

The Committee directed the Chief Executive to personally take up the matter with the parent Ministry, and the Ministry of Public Works and Housing, and ensure that the assets of the Council are valued by 30th June, 1996 and the value incorporated in the books of account for the year 1995/96.

STATUS: *The Chief Executive confirms that he has personally undertaken and had the assets valued and incorporated in the books of accounts as recommended.*

The Committee recommends that the Chief Executive should always maintain correct and up to date fixed assets register.

STATUS: *The Chief Executive confirms that correct and up-to-date fixed assets register is being maintained.*

2. UNEXPLAINED DIFFERENCE

The Committee directed the Chief Executive to reconcile the differences of Kshs.1,736,149.00 and Kshs.759.00 by 31st December, 1995 and the necessary adjustments made in the 1994/95 accounts.

STATUS: *The Chief Executive confirms that the reconciliation was done and necessary adjustments made.*

The Committee recommends that the Chief Executive should avoid the use of suspense accounts. The Committee further recommends that the Chief Executive should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: *The Chief Executive confirms that the accounts section has been streamlined and strengthened and that the use of suspense accounts avoided*

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY FOR THE YEAR
ENDED 30 JUNE, 1988**

1. FIXED ASSETS

The Committee reiterates its earlier directive under paragraph 1 of 1986/87 accounts that the Chief Executive should personally take up the matter with the parent Ministry and the Ministry of Public Works and Housing, and ensure that the assets of the Council are valued by 30th June, 1996 and the value incorporated in the books of account.

STATUS: *The matter is as reported above.*

The Committee recommends that the Chief Executive should always maintain correct and up to date fixed assets register.

STATUS: *The matter is as reported above.*

2. UNEXPLAINED DIFFERENCES

The Committee directed the Chief Executive to reconcile the debit difference of Kshs.542,818.00 by 31st December, 1995 and the necessary adjustments made in the 1994/95 accounts.

STATUS: *The Chief Executive confirms that the debit differences were reconciled and adjustments made.*

The Committee recommends that the Chief Executive should avoid the use of suspense accounts. The Committee further recommends that the Chief Executive should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: *The matter is as reported above.*

3. DEBTORS

The Committee recommends that the Chief Executive should always strictly adhere to the financial regulations with regard to issuance and surrender of imprests.

STATUS: *The Chief Executive confirms that he is strictly adhering to the financial regulations as recommended.*

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY FOR THE YEAR
ENDED 30 JUNE, 1989**

1. UNEXPLAINED DIFFERENCE

The Committee reiterates its earlier directive paragraph 2 of 1978/88 accounts that the Chief Executive should reconcile the debit difference of Kshs.542,818.00 by 31st December, 1995 and the necessary adjustments made in the 1994/95 accounts.

STATUS: The matter is as reported above.

The Committee further recommends that the Chief Executive should avoid the use of suspense accounts. The Committee recommends that the Chief Executive should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: The matter is as reported above.

2. DEBTORS

The Committee reiterates its earlier recommendation under paragraph 3 of 1987/88 accounts that the Chief Executive should always strictly adhere to the financial regulations with regard to issuance and surrender of imprests.

STATUS: The matter is as reported above.

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY FOR THE YEAR
ENDED 30 JUNE, 1990**

UNEXPLAINED DIFFERENCE

The Committee reiterates its earlier directive under paragraph 1 of 1988/89 accounts that the Chief Executive should reconcile the net debit differences of Kshs.673,344.00 by 31st December, 1995 and the necessary adjustments made in the 1994/95 accounts.

STATUS: The matter is as reported above.

The Committee recommends that the Chief Executive should avoid the use of suspense accounts. The Committee further recommends that the Chief Executive should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: The matter is as reported above.

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY FOR THE YEAR
ENDED 30 JUNE, 1991**

1. FIXED ASSETS

The Committee reiterates its earlier directive under paragraph 1 of 1987/88 accounts that the Chief Executive should personally take up the matter with the parent Ministry and the Ministry of Public Works and Housing, and ensure that the assets of the Council are valued by 30th June, 1996 and the value incorporated in the books of account.

STATUS: *The matter is as reported above*

The Committee recommends that the Chief Executive should always maintain correct and up to date fixed assets register.

STATUS: *The Chief Executive confirms that a correct and up-to-date fixed assets register is now being maintained.*

2. UNEXPLAINED DIFFERENCE

The Committee reiterates its earlier directive under paragraph 1 of 1989/90 accounts that the Chief Executive should reconcile the net balance of Kshs.641,427.00 and the suspense accounts figure of Kshs.274,354.00.

STATUS: *The matter is as reported above.*

The Committee recommends that the Chief Executive should avoid the use of suspense accounts. The Committee further recommends that the Chief Executive should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: *The matter is as reported above.*

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY FOR THE YEAR
ENDED 30 JUNE, 1992**

1. CONSTITUTION OF THE BOARD

The Committee recommends that the Chief Executive should always liaise with the parent Ministry and ensure that a properly constituted Board is in place at any given moment.

STATUS: *The Chief Executive confirms that the councils Board was constituted on 8th September 1993 and a properly constituted Board has remained in place ever since.*

2. FIXED ASSETS

The Committee reiterates its earlier directive under paragraph 1 of 1990/91 accounts that the Chief Executive should personally take up the matter with the parent Ministry and the Ministry of Public Works and Housing, and ensure that the fixed assets of the Council are valued by 30th June, 1996 and the value incorporated in the books of account.

STATUS: *The matter is as reported above.*

The Committee recommends that the Chief Executive should always maintain correct and up to date fixed assets register.

STATUS: *The matter is as reported above.*

3. SUSPENSE ACCOUNTS

The Committee recommends that the Chief Executive should ensure that the suspense figures of Kshs.611,027.00 and Kshs.248,510.00 are reconciled by 31st December, 1995 and the necessary adjustments made in the 1994/95 accounts. The Committee further recommends that the Chief Executive should avoid the use of suspense accounts.

STATUS: *The Chief Executive confirms that the reconciliation was done and adjustments made and that the suspense accounts are no longer being used.*

The Committee also recommends that the Chief Executive should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: *The Chief Executive confirms that the accounts section was streamlined and strengthened and that it is now more effective.*

4. BUDGETARY CONTROL

The Committee recommends:

- (i) That the Permanent Secretary of the Ministry of Research, Technical Training and Technology should immediately constitute an Inter-Ministerial Committee comprising the Treasury, Attorney General's Chambers, Criminal Investigations Department and the Auditor General (Corporations) in order to look into the issue of partitioning of the offices and the propriety of the Council spending Kshs.26,946,467 for office partitioning instead of purchasing its headquarters facilities.
- (ii) That the Attorney General should immediately investigate the then Chief Executive of the Council and any other officer(s) involved in this payment.
- (iii) That the Attorney General should institute investigation on *Womi Associates*, the Council's architects and general design consultants and *Messrs Ongata Works* and take appropriate action against them.
- (iv) That the Council should take disciplinary action against any officer(s) involved in this irregular transaction.

STATUS: *The Chief Executive confirms that the committee was formed as recommended and that the said committee is due to finalise the report before and of May, 1997.*

NYAYO BUS SERVICE CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NYAYO BUS SERVICE CORPORATION FOR THE YEAR ENDED 30 JUNE, 1989

1. NON-COMPLIANCE WITH LEGAL REQUIREMENTS

The Committee recommends that the parent Ministry should ensure that the Corporation is always run by a duly constituted Board in accordance with the law.

STATUS: The corporation is under receivership.

2. OPERATING DEFICIT

The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to having proper and well equipped workshops to maintain the vehicles as a matter of priority. The Committee further recommends that the Corporation should base the fare it charges at a level that covers operational costs. The Committee also recommends that the Chief Executive should liaise with the parent Ministry with a view to ensuring that the Corporation operates only a few selected types of buses in order to minimize maintenance problems.

STATUS: The Corporation is under receivership.

3. SUSPENSE ACCOUNT

The Committee recommends that the Chief Executive should avoid the use of suspense accounts.

STATUS: The Corporation is under receivership and the receivership rules apply.

4. SALARIES AND WAGES

The Committee recommends that the Chief Executive should always maintain correct and up to date books of account.

STATUS: The Corporation is under receivership.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NYAYO BUS SERVICE CORPORATION FOR THE YEAR ENDED 30 JUNE, 1992

1.0 OPERATING DEFICIT

The Committee reiterates its earlier recommendation under paragraph 2 of 1988/89 accounts that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to having proper and well equipped workshops to maintain the vehicles as a matter of priority. The Committee further recommends that the Corporation should base the fare it charges at a level that covers operational costs. The Committee also recommends that the Chief Executive should liaise with the parent Ministry with a view to ensuring that the Corporation operates only a few selected types of buses in order to minimize maintenance problems.

STATUS: *The matter is as stated above.*

2.0 BUILDINGS

The Committee directed the Chief Executive to liaise with the parent Ministry and the Commissioner of Lands with a view to getting a letter of allotment for the land on which the Complex stands so that it can be valued by 30th June, 1996 to be included in the books of account.

STATUS: *The Corporation is under receivership.*

The Committee recommends that the Chief Executive should always maintain correct and up to date books of account.

STATUS: *The Corporation is under receivership.*

The Committee recommends that the Chief Executive should make adjustments in the Corporation's accounts to rectify the anomaly. The Committee further recommends that the Chief Executive should always avail information and relevant documents for verification during audit as required under Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: *The matter is as reported above.*

3.0 CAPITAL WORKS IN PROGRESS

The Committee recommends that the Chief Executive should always avail information and relevant documents for verification during audit as required under Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: *The matter is as reported above.*

4.0 DEBT COLLECTION

The Committee directed the Chief Executive to use all possible means, including litigation, to ensure that all the outstanding debts are recovered in full by 30th June, 1996.

STATUS: *The matter is as reported above.*

The Committee recommends that the Chief Executive should submit the details of the recoveries made thereon to the Auditor General (Corporations) for verification.

5.0 PROCUREMENT PROCEDURES

The Committee recommends that the Chief Executive should strictly adhere to the laid down financial regulations with regard to procurement procedures.

STATUS: *The Corporation is under receivership and this recommendation cannot be implemented.*

5.2 MANIPULATION OF QUOTATIONS

The Committee directed the Chief Executive to submit all the relevant supporting documents pertaining to these quotations to the Auditor General (Corporations) by 30th October, 1995 for verification.

STATUS: *The Corporation is under receivership and therefore this recommendation cannot be implemented.*

The Committee recommends that the Chief Executive should always avail information and documents to the Auditor-General (Corporations) for verification as required under Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: *The Corporation is under receivership and hence the recommendation cannot be implemented.*

MILLING CORPORATION OF KENYA LIMITED

SPECIAL REPORT ON THE SALE OF MILLING CORPORATION OF KENYA TO MESSRS PREMIER FLOUR MILLS LIMITED

1. PRIVATIZATION OF PUBLIC ENTERPRISES

The Committee directed the Chief Executive to submit all the necessary documents, including the evaluation report of the Tender Evaluation Committee, the minutes of the Parastatal Reform Programme Committee (PRPC), the original valuation reports from Lloyd Masika and Githongo and Associates, pertaining the tenders for the sale of the Milling Corporation of Kenya, to the Auditor-General (Corporations) by 30th September, 1995 for verification.

STATUS: *The Chief Executive confirms that all the necessary documents required have since been submitted as directed.*

The Committee recommends that the Attorney General should investigate and find out whether there was collusion between E.S.T.U. and the purchases and take the necessary legal action according to his findings.

STATUS: *The matter is being handled by Attorney General as stated during the meeting with the Head of the Public Service.*

The Committee recommends that the Chief Executive should use the dealers of such motor vehicles to determine the current market value of each motor vehicle. The Committee further recommends that the E.S.T.U. should be held responsible for any motor vehicle which was undervalued.

STATUS: *The Chief Executive confirms that the Motor Vehicle dealers were used in determining the values.*

The Committee recommends that the E.S.T.U. should be held responsible for all the losses incurred in the sale of Milling Corporation of Kenya to Premier Flour Mills.

STATUS: *The Chief Executive states that there were losses as explained in the comments in the special audit report. Further guidance of the PIC may be required.*

3. DOWN PAYMENT

The Committee recommends that the E.S.T.U. should be held responsible for all the irregularities in the sale of Milling Corporation of Kenya. The Committee further recommends that the sale be annulled.

STATUS: *The Chief Executive confirms that the sale was completed and reversing the matter is not possible.*

4. SALE AGREEMENTS

The Committee recommends that the Investment Secretary should submit copies of letters exchanged between the shareholders and the purchasers to the Auditor-General (Corporations) by 20th November, 1995 for verification. The Committee further recommends that there should be a re-evaluation of the procedures being followed in the privatization of parastatals. The Committee also recommends that both the shareholders and the E.S.T.U. should be held responsible for all the irregularities in the sale of Milling Corporation of Kenya. The Committee finally recommends that since the E.S.T.U. as presently constituted is not properly fulfilling its mandate, it should be immediately disbanded and an appropriate body be formed in its place.

STATUS: *The Chief Executive confirms that relevant letters were submitted. The second portion requires action by the law makers.*

5. INABILITY BY PREMIER FLOUR MILLS LIMITED TO OUTRIGHT PURCHASE OF MILLING CORPORATION OF KENYA

The Committee recommends that the ownership of Premier Flour Mills Limited in Milling Corporation of Kenya be terminated.

STATUS: *The Chief Executive states that the ownership cannot be terminated because the sale agreement had been completed and the final payment accepted.*

The Committee further recommends that the former Executive Director of E.S.T.U., Mr. Lawi Kiplagat be banned from holding any public office in the Republic of Kenya.

STATUS: *The recommendation was amended to take effect after the Attorney General has investigated the matter and the officer found guilty.*

6. APPOINTMENT OF CO-MANAGERS

The Committee recommends that it should be clearly stated whether Milling Corporation of Kenya is still a state corporation or a private enterprise. The Committee further recommends that the Executive Director of E.S.T.U. and the shareholders should be held responsible for the premature irregular and illegal presence of the purchasers representatives at the Milling Corporation of Kenya Limited.

STATUS: *The Chief Executive confirms that at the completion of the sale MCK ceased to be a state Corporation and is now a private company.*

7. APPOINTMENT OF AUDITORS

The Committee recommends that the Executive Director of the E.S.T.U. should ensure that audit of every Corporation is carried out in accordance with the provisions of the Exchequer and Audit Act (Cap.412). The Committee further recommends that the Executive Director of the E.S.T.U. should adhere to the provisions of section 29 (2) (b) of the Exchequer and Audit Act (Cap.412) in the appointment of Auditors for State Corporations.

STATUS: *The Chief Executive confirms that in the case of privatization on a "going concern " basis, ESTU may appoint an independent firm of auditors to confirm the audited accounts. Auditors are appointed by shareholders.*

NZOIA SUGAR COMPANY LIMITED

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NZOIA SUGAR COMPANY LIMITED FOR THE YEAR ENDED 30TH JUNE, 1992

1.0 FINANCIAL POSITION

While noting the enormous amounts of money invested in this Company, the Committee recommends that:

- (i) The on-going exercise to restructure the Company should be comprehensive and must be completed by December, 1995.
- (ii) The recommendations of the Sugar Sector Rehabilitation Committee and the restructuring exercise should be implemented by the Government expeditiously.

STATUS: *The Chief Executive confirms that the matter of restructuring will be comprehensive but that it has not been completed by December, 1995 as recommended. The process is still going on. The recommendations of the study are being followed up by the Government.*

2.0 PHASE II - EXPANSION WORK IN PROGRESS

The Committee recommends that following the findings of the Inter-Ministerial Committee (IMC) established after the 5th Report of the Public Investments Committee to look into Phases I and II expenditure, the following persons responsible for the loss of public funds therein, be investigated and in the meantime be banned from holding public office: *Messrs E. Mwangale, Dr. W.K. Koinange, C. Mbindyo, F. Wafula, D. Eshitemi and F. Wabuke.*

STATUS: *The banning of holding of office was amended and the Attorney General is following up the matter as stated during the meeting with the Head of the Public Service.*

The Committee further recommends that the Government should before 30th June, 1996 come up with a clear policy on the implementation of turn-key projects.

STATUS: *The Government is reviewing the matter as recommended.*

- 2.3 The Committee recommends that the Chief Executive should ensure that prior proper feasibility studies are done before embarking on projects of such magnitude. The Committee further recommends that all the officers who were involved in the signing of the contract for Phase II of the project to begin before Phase I was completed, i.e. Messrs E. Mwangale, Dr. W.K. Koinange, C. Mbindyo, F. Wafula, D. Eshitemi and F. Wabuke be banned from holding any public office in Kenya.

STATUS: *The Chief Executive confirms that he is adhering to the recommendation and that the Attorney General is following up the second recommendation.*

The Committee further recommends that Arkel International Inc. which was involved in this shady deal should be blacklisted and proper legal proceedings taken against it both in Kenya and in the United States under the 1977 Foreign Corrupt Practices Act which criminalised off-shore bribery by U.S. firms.

STATUS: *The Chief Executive confirms that Arkel has been blacklisted in the Kenya Sugar Industry. Legal action off-shore has not yet been taken.*

The Committee recommends that the Attorney-General should immediately institute criminal proceedings against the officer(s) who might be implicated in any conspiracy to defraud the Company.

STATUS: *The Chief Executive confirms that the Attorney General is following up the matter.*

The Committee recommends that investigations be instituted by the Attorney General with a view to helping in the recovery of the US\$1,000,000 irregularly paid to Arkel International Inc. The Committee further recommends that the Attorney General should seek the assistance of both the U.S. Government and Congress with a view to investigating the activities of Arkel International Inc. and recovering the money in full.

STATUS: *The Chief Executive confirms that the amount was included in the settlement agreement. The Attorney General is following up the matter.*

The Committee recommends that this particular account be investigated and that the assistance of the U.S. Government and Congress be sought in compelling M/S Arkel International Inc. to make the information on this account available to the Auditor-General (Corporations).

STATUS *This has not been implemented yet.*

The Committee further recommends that the Chief Executive should always produce all relevant information and documents for audit during the audit exercise as required by the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412). The Committee also recommends that the Chief Executive should always adhere to the laid down financial regulations.

STATUS: *The Chief Executive confirms that he is adhering to the above recommendation.*

The Committee recommends that the Chief Executive should always strictly adhere to the financial regulations with regard to payment of mobilization fees.

STATUS: *The Chief Executive confirms that he now strictly adheres to the financial regulations with regard to payment of mobilization fees.*

3.0 CONTRACTS FOR RENOVATION OF STAFF HOUSES AND ADMINISTRATION OFFICE

The Committee recommends that the then Chief Executive who was responsible for this questionable decision be surcharged. The Committee further recommends that the Chief Executive should strictly adhere to the financial regulations by inviting open tenders before awarding such contracts.

STATUS: *The Chief Executive confirms that surcharge has not been made because the Appeal Tribunal is not in place yet. Open tenders are now being invited.*

The Committee recommends that in future, the Chief Executive should be held personally responsible and surcharged. The Committee further recommends that the Chief Executive should strictly adhere to the financial regulations by inviting open tenders before awarding such contracts.

STATUS *The Chief Executive confirms that the recommendation is being adhered to and that the financial regulations are being adhered to.*

4.0 DEFERRED EXPENDITURE

The Committee recommends that in view of the fact that it is the bank which did not disburse the original loan of Kshs.422,000,000.00, Nzoia Company should claim a refund of Kshs.2,800,325.00, which was an overpayment, from the National Bank of Kenya.

STATUS: *The Chief Executive confirms that the matter of over payment has not been implemented and that the matter is still being followed up.*

5.0 STOCK AND STORES

The Committee recommends that the Chairman be surcharged for converting the Company's vehicle into his personal use. The Committee further recommends that the Chairman be surcharged for claiming use of taxis on the days when his official vehicle was available thereby causing the Company to incur unnecessary losses.

STATUS: *The Chief Executive confirms that the matter has not been finalized as the machinery for surcharge is not complete.*

The Committee also recommends that the Chief Executive should adhere to the laid down Company rules and regulations regarding the proper use of Company property.

STATUS: *The Chief Executive confirms that he is adhering to this recommendation.*

NATIONAL IRRIGATION BOARD

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL IRRIGATION BOARD FOR THE YEAR ENDED 30TH JUNE, 1993

1. LONG-TERM DEBTORS K£208,148

The Committee recommends that the Chief Executive should ensure that the Board maintains up to date and correct books of account. The Committee further recommends that the Chief Executive should strengthen the accounts section with a view to making it more effective.

STATUS: The Chief Executive confirms that he has strengthened the accounts section and that the Board maintains up to date and correct books of account.

2. STOCKS

The Committee recommends that the Chief Executive should ensure that the Board maintains correct and up to date books of account. The Committee further recommends that the Chief Executive should streamline and strengthen the accounts section.

STATUS: The Chief Executive confirms that he has streamlined and strengthened the accounts section and correct and up-to-date books of account are being maintained.

LAKE BASIN DEVELOPMENT AUTHORITY

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF LAKE BASIN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1991

1. FINANCIAL POSITION

The Committee recommends that the Chief Executive should diversify the investments of the Authority to ensure that its revenue base is enhanced. The Committee further recommends that the parent Ministry, in consultation with the Treasury, should increase the budgetary allocation of the Authority in line with its development requirements.

STATUS: *The Chief Executive confirms that he has diversified the investments of the Authority thereby enhancing its base. Budgetary allocations have also been increased as recommended.*

2. FIXED ASSETS

The Committee recommends that the Chief Executive should expedite the survey of all the Authority's unsurveyed pieces of land by 31st December, 1995 with a view to including their value in the books of account. The Committee further recommends that the Chief Executive should liaise with the Commissioner of Lands with a view to getting title deeds for all the pieces of land owned by the Authority by 30th June, 1996. The Committee also recommends that the Authority should regularize possession and ownership of the land which they are using but does not belong to them.

STATUS: *The Chief Executive confirms that LBDA estate offices, Kibos Rice Mills and Migori poultry unit have their title deeds ready and that the others are being processed.*

3. LACK OF CONTROL OVER IMPRESTS

The Committee directed the Chief Executive to submit an analysis of the imprests totalling Kshs.5,150,367.20 and the recoveries made thereof to the Auditor-General (Corporations) by 30th September, 1995 for verification.

STATUS: *The Chief Executive confirms that the recommendation was implemented as required.*

The Committee, therefore, recommends that the Chief Executive should streamline the method of issuing imprests in order to ensure that all imprests, including the imprests held by the field officers, are accounted for within the stipulated time in that particular financial year.

4. PAYMENT OF STATUTORY DEDUCTIONS

The Committee directed the Chief Executive to liaise with the parent Ministry and ensure that the statutory deductions are remitted to the various institutions by 30th June, 1996.

STATUS: *The Chief Executive confirms that the Authority did clear the full amounts of Kshs.26,132,369.00 as recommended.*

The Committee, therefore, recommends that the Chief Executive should ensure that all statutory deductions are remitted in full in accordance with the law.

STATUS: *The Chief Executive confirms that all statutory deductions are being remitted as required.*

5. OPERATION OF WEST KENYA RAINFED RICE DEVELOPMENT PROJECT

The Committee recommends that the Chief Executive should submit all the relevant documents to vouch for the expenditure of Kshs.18,009,244.00 to the Auditor-General (Corporations) by 30th September, 1995 for verification without fail or he should submit all the relevant details relating to the missing vouchers to the Attorney-General to enable him institute criminal proceedings against any officer who might have misappropriated money.

STATUS: *The problem of tracing payment vouchers still persists and evidence has been obtained for only Ksh.4.1 million.*

The Committee directed the Chief Executive to refund the outstanding balance of Kshs.27,626,694.00 to the West Kenya Rainfed Development Project by 30th June, 1996.

STATUS: *The above amount was refunded as recommended.*

The Committee, therefore, recommends that the Chief Executive should maintain correct and up to date books of account.

STATUS: *The Chief Executive confirms that correct and up-to-date books of account are being maintained.*

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF LAKE BASIN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1992

1. FINANCIAL POSITION

The Committee reiterates its earlier recommendation under paragraph 4 of 1990/91 accounts that the Chief Executive should liaise with the parent Ministry and ensure that the statutory deductions are remitted to the various institutions by 30th June, 1996. The Committee further recommends that the Chief Executive should ensure that all statutory deductions are remitted in full in accordance with the law.

STATUS: *The matter is as reported above.*

2. FIXED ASSETS

The Committee reiterates its earlier recommendation under paragraph 2 of 1990/91 accounts that the Chief Executive should expedite the survey of all the Authority's unsurveyed pieces of land by 31st December, 1995 with a view to including their value in the books of account.

STATUS: *The matter is as reported above.*

The Committee further recommends that the Chief Executive should liaise with the Commissioner of Lands with a view to getting title deeds for all the pieces of land owned by the Authority by 30th June, 1996. The Committee also recommends that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to completing the Authority's headquarters in order to avoid further escalation of buildings costs.

STATUS: *The matter is as reported above, only four title deeds are ready.*

3. INCONSISTENCY IN THE APPLICATION OF DEPRECIATION POLICY

The Committee recommends that the Chief Executive should always strictly adhere to the Kenya Accounting Standard No.1 and maintain correct and up to date books of account.

STATUS: *The Chief Executive confirms that he is complying with the Kenya Accounting Standard No.1 and that correct and up-to-date books of account are being maintained.*

4. DISPOSAL OF VEHICLES

The Committee recommends that the Chief Executive should always follow the laid down tendering procedures while selling the Authority's assets.

STATUS: *The Chief Executive confirms that tendering procedures are currently being followed.*

5. STOCK

The Committee recommends that the Chief Executive should always adhere to the laid down regulations concerning stock taking and supplies in State Corporations.

STATUS: *The Chief Executive confirms that this is being adhered to.*

6. LACK OF CONTROL OVER IMPRESTS

The Committee directed the Chief Executive to submit an analysis of the imprests totalling Kshs.7,286,750.00 and the recoveries made thereof on to the Auditor General (Corporations) by Friday 19th January, 1996.

STATUS: *The Chief Executive Confirms that the analysis was submitted as recommended.*

The Committee, therefore, recommends that the Chief Executive should streamline the method of issuing imprests in order to ensure that all imprests, including the ones held by field officers, are accounted for within the stipulated time in that financial year.

STATUS: *The Chief Executive confirms that the method of issuing imprest has been streamlined as recommended.*

7. STAFF CAR LOANS

The Committee directed the Chief Executive to submit all the necessary documents to the Auditor-General (Corporations) by Friday 19th January, 1996 which show that Kshs.350,031.00 had been recovered.

STATUS: *The Chief Executive confirms having complied with the directive as given.*

The Committee, therefore, recommends that the Chief Executive should streamline the method of issuing car loans in order to ensure that these loans are recovered by the Authority within the stipulated time.

STATUS: *The Chief Executive confirms that the issuing of car loans has been streamlined to ensure recoverability.*

8. CREDITORS

The Committee recommends that the Chief Executive should always maintain correct and up to date books of account.

STATUS: *The Chief Executive confirms that correct and up-to-date books of accounts are now being maintained.*

9. USE OF PROJECTS MONEY BY HEADQUARTERS

The Committee directed that all details concerning the payments made should be passed on to the Auditor-General (Corporations) by Friday 19th January, 1996 for verification.

STATUS: *The Chief Executive confirms having complied with the directive.*

The Committee, therefore, recommends that the Chief Executive should strictly adhere to the financial regulations with regard to use of project funds.

STATUS: *The Chief Executive confirms that he now adheres strictly to the financial regulations.*

10. PURCHASE OF PADDY RICE

The Committee directed that copies of these letters be submitted to the Auditor-General (Corporations) by Friday 18th January, 1996.

STATUS: *The Chief Executive confirms having complied with the directive.*

The Committee recommends that the Chief Executive should always avail information and documents for verification during the audit exercise as required under Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: *The Chief Executive confirms that the Authority is applying the requirements of section 29(3).*

KENYA TRYPANOSOMIASIS RESEARCH INSTITUTE

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE TRYPANOSOMIASIS RESEARCH INSTITUTE FOR THE YEAR ENDED 30TH JUNE, 1988

1. SUSPENSE ACCOUNT

The Committee recommends that the Chief Executive should avoid the use of suspense accounts. The Committee further recommends that the Chief Executive should always maintain correct and up to date books of account.

STATUS: *The Chief Executive confirms that the Suspense Account is not being used any more and that correct and up-to-date books of account are now maintained.*

2. INVESTMENTS

The Committee recommends that the Chief Executive should liaise with the Official Receiver with a view to recovering the principal amount of K£200,000 plus the interest accrued. The Committee further recommends that the Chief Executive should strictly adhere to the Treasury regulations by investing any surplus funds in Treasury bills and bonds.

STATUS: *The matter of recovery of the investment is still being pursued and in the meantime Treasury regulations are being followed.*

3. OUTSTANDING IMPRESTS

The Committee recommends that:-

- (i) The Chief Executive should take severe disciplinary action against the officer(s) who indiscriminately authorized the payment of imprests without following the laid down financial regulations.
- (ii) The amount of Kshs.1,000/- per month being recovered from Mr. Muya should be suspended pending further investigations by the Chief Executive on the circumstances regarding this irregular issuance of imprests.
- (iii) The Chief Executive should retrieve all the documents pertaining to the outstanding imprests and reconcile the records by 30th March, 1996 before any further deductions can commence.

STATUS: *The Chief Executive confirms that the recommendations are being adhered to.*

4. EXPENDITURE CONTROL

The Committee recommends that the Chief Executive should strictly adhere to the budgetary provisions.

STATUS: The Chief Executive confirms that he is adhering to the budgetary provisions.

5. UNSUPPORTED EXPENDITURE

The Committee, therefore, recommends that the Chief Executive should always avail information and documents for audit verification in accordance with the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412). The Committee further recommends that the Chief Executive should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: The Chief Executive confirms having streamlined and strengthened the accounts section. Documents have now been availed for Audit purposes.

6. UNSUPPORTED CREDIT BALANCES

The Committee recommends that the Chief Executive should maintain correct and up to date books of account. The Committee further recommends that the Chief Executive should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: The matter is as reported above.

7. UN-REMITTED PAYROLL DEDUCTIONS

The Committee directed the Chief Executive to remit all the deductions totalling K£53,242 to the various organizations by 30th June, 1996.

STATUS: The Chief Executive confirms that the remittances have been made.

The Committee recommends that the Chief Executive should always remit statutory and other payroll deductions to the various organizations promptly.

STATUS: The Chief Executive confirms that statutory and other payroll deductions are being remitted promptly.

8. STOCKS

The Committee recommends that the Chief Executive should ensure that the Institute maintains correct and up to date stock records.

STATUS: The Chief Executive confirms that the Institute is maintaining correct and up-to-date stock records.

9. OMITTED EXPENSES

The Committee recommends that the Chief Executive should ensure that the Institute maintains correct and up to date books of account. The Committee further recommends that the Chief Executive should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: The Chief Executive confirms that the recommendations is being adhered to.

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE TRYPANOSOMIASIS RESEARCH INSTITUTE FOR THE YEAR ENDED 30TH JUNE, 1989

1. SUSPENSE ACCOUNT

The Committee reiterates its earlier recommendation under paragraph 1 of 1987/88 accounts that the Chief Executive should avoid the use of suspense accounts. The Committee further recommends that the Chief Executive should always maintain correct and up to date books of account.

STATUS: The matter is as stated above.

2. INVESTMENT

The Committee reiterates its earlier recommendation under paragraph 2 of 1987/88 accounts that the Chief Executive should liaise with the Official Receiver with a view to recovering the principal amount of K£200,000 plus the interest accrued thereon amounting to K£126,745. The Committee further recommends that the Chief Executive should strictly adhere to the Treasury regulations by investing any surplus funds in Treasury bills and bonds.

STATUS: The matter is as stated above.

3. OUTSTANDING IMPREST

The Committee recommends that:-

- (i) The Chief Executive should take severe disciplinary action against the officer(s) who indiscriminately authorized the payment of imprest without following the laid down financial regulations.
- (ii) The amount of Kshs.1,000/- per month being recovered from Mr. Muya should be suspended pending further investigations by the Chief Executive on the circumstances regarding this irregular issuance of imprests.
- (iii) The Chief Executive should retrieve all the documents pertaining to the outstanding imprests and reconcile the records by 30th March, 1996 before any further deductions can commence.

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

4. UNSUPPORTED CREDIT BALANCE

The Committee recommends that the Chief Executive should maintain correct and up to date books of account. The Committee further recommends that the Chief Executive should streamline and strengthen the accounts section in order to make it more effective.

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

5. UN-REMITTED PAY-ROLL DEDUCTIONS

The Committee reiterates its earlier recommendation under paragraph 7 of 1987/88 accounts that the Chief Executive should remit all the deductions totalling K£63,765 to the various organizations by 30th June, 1996. The Committee further recommends that the Chief Executive should always remit statutory and other payroll deductions to the various organizations promptly.

STATUS: *The matter is as reported above.*

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE TRYPANOSOMIASIS RESEARCH INSTITUTE FOR THE YEAR ENDED 30TH JUNE, 1990

1. SUSPENSE ACCOUNT

- (a) The Committee reiterates its earlier recommendation under paragraph 1 of 1988/89 accounts that the Chief Executive should avoid the use of suspense accounts. The Committee further recommends that the Chief Executive should always maintain correct and up to date books of account.

STATUS: *The matter is as reported above.*

- (b) The Committee reiterates its earlier recommendation under paragraph 5 of 1988/89 accounts that the Chief Executive should remit all the deductions totalling K£131,429 to the various organizations by 30th June, 1996. The Committee further recommends that the Chief Executive should always remit statutory and other payroll deductions to various organizations promptly.

STATUS: *The matter is as reported above.*

2. DEBTORS

The Chief Executive should retrieve all the documents pertaining to the outstanding imprests and reconcile the records by 30th March, 1996 before any further deductions can commence.

STATUS: *The matter remains as reported in the previous years above.*

3. INVESTMENTS

The Committee reiterates its earlier recommendation under paragraph 2 of 1989/90 accounts that the Chief Executive should liaise with the Official Receiver with a view to recovering the principal amount of K£ 200,000 plus the interests accrued thereon amounting to K£126,745.

STATUS: *The matter remains as reported above.*

The Committee further recommends that the Chief Executive should strictly adhere to the Treasury regulations by investing any surplus funds in Treasury bills and bonds.

STATUS: *The Chief Executive confirms that he is adhering to Treasury guidelines.*

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE TRYPANOSOMIASIS RESEARCH INSTITUTE FOR THE YEAR ENDED 30TH JUNE, 1991

1. FIXED ASSETS

The Committee recommends that the Chief Executive, in consultation with the parent Ministry, should liaise with the Commissioner of Lands with a view to getting title deeds for all the Institute's land by 30th June, 1996. The Committee further recommends that the Chief Executive should ensure that the Institute's land is valued and the value included in the books of account.

STATUS: *Progress is being made and plans are at an advanced stage to obtain title deeds and valuations done thereafter.*

2. DEBTORS

The Committee reiterates its earlier recommendation under paragraph 3 of 1988/89 accounts that:

- (i) The Chief Executive should take severe disciplinary action against the officer(s) who indiscriminately authorized the payment of imprests without following the laid down financial regulations.

- (ii) The amount of Kshs.1,000.00 per month being recovered from Mr. Muya should be suspended pending further investigations by the Chief Executive on the circumstances regarding this irregular issuance of imprests.
- (iii) The Chief Executive should retrieve all the documents pertaining to the outstanding imprests and reconcile the records by 30th March, 1996 before any further deductions can commence.

STATUS: *The matter remains as stated in the previous year above.*

3. CREDITORS

The Committee reiterates its earlier recommendation under paragraph 1(b) of 1989/90 accounts that the Chief Executive should remit all the deductions totalling K£94,778 to the various organizations by 30th June, 1996. The Committee further recommends that the Chief Executive should always remit statutory and other payroll deductions to various organizations promptly.

STATUS: *The Chief Executive confirms that he is adhering to the recommendation.*

JOMO KENYATTA UNIVERSITY COLLEGE OF AGRICULTURE AND TECHNOLOGY

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF JOMO KENYATTA COLLEGE OF AGRICULTURE AND TECHNOLOGY FOR THE YEAR ENDED 30TH JUNE, 1985

1. SUSPENSE ACCOUNT

The Committee recommends that the Vice-Chancellor should ensure that the suspense figure of Kshs.59,522.00 be reconciled by 31st December, 1995. The Committee further recommends that the Vice-Chancellor should avoid the use of suspense accounts. The Committee also recommends that the Vice Chancellor should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: *The Vice-Chancellor confirms that the reconciliation was done and is reflected in 1994/95 accounts. The use of suspense account has been avoided and the accounts section has been streamlined and strengthened.*

2. FIXED ASSETS

The Committee directed the Vice Chancellor to value the fixed assets donated to the College and the land it owns and include their values in the books of account by 30th June, 1996.

STATUS: *The Vice-Chancellor confirms that all fixed assets have been valued as recommended and included in the fixed assets register*

The Committee recommends that the Vice Chancellor should liaise with the Commissioner of Lands with a view to getting the title deed for the land.

STATUS: *The Vice-Chancellor confirms that the matter is being pursued as recommended and is expected to be completed soon.*

3. CASH IN HAND AND AT BANK

The Committee directed that the Vice Chancellor to ensure that the difference of Kshs.407,890.00 is reconciled by 31st December, 1995 without fail or he should submit the relevant information relating to the difference to the Attorney-General to enable him institute further investigation with a view to prosecuting any officer(s) who might have been involved in any irregular transactions.

STATUS: *The Vice-Chancellor states that the reconciliation is not yet completed and that the issue is still being pursued with the bank.*

The Committee recommends that the Vice Chancellor should streamline and strengthen the accounts section with a view to making it more effective. The Committee further recommends that the Vice Chancellor should always avail the relevant information and documents to the Auditor-General (Corporations) at the time of audit as required by the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: *The Vice-Chancellor states that he has streamlined the accounts section and that he is complying with section 29(3).*

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF JOMO KENYATTA COLLEGE OF AGRICULTURE AND TECHNOLOGY FOR THE YEAR ENDED 30TH JUNE, 1986

1. FIXED ASSETS

The Committee reiterates its earlier directive under paragraph 2 of 1984/85 accounts that the Vice-Chancellor should ensure that the suspense figure of Kshs.59,522.00 is reconciled by 31st December, 1995.

STATUS: *The matter is as reported above.*

The Committee recommends that the Vice-Chancellor should value the fixed assets donated to the College and the land it owns and include their values in the books of account by 30th June, 1996. The Committee further recommends that the Vice Chancellor should liaise with the Commissioner of Lands with a view to getting the title deed of the land.

STATUS: *The Vice-chancellor confirms that the valuation has been done as recommended and that the matter of title deeds is being followed up.*

2. SUNDRY DEBTORS

The Committee directed the Vice Chancellor to submit the relevant documents and analyses of the debtors' figure of Kshs.2,444,281.00 to the Auditor-General (Corporations) by 30th October, 1995 for verification.

STATUS: *The Vice-Chancellor confirms having completed the analysis and submitted the figures to the Auditor-General (Corporations) on 6th November, 1995.*

The Committee recommends that the Vice Chancellor should streamline and strengthen the accounts department with a view to making it more effective.

STATUS: *The Vice-Chancellor confirms having streamlined and strengthened the accounts department as recommended.*

The Committee further recommends that the Vice Chancellor should always avail the necessary information and documents to the Auditor-General (Corporations) for verification as required by the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: *The Vice-Chancellor confirms that he is strictly adhering to the recommendation.*

3. SUNDRY CREDITORS

The Committee directed the Vice Chancellor to submit the relevant documents and analyses of the creditors' figure of Kshs.2,366,878.00 to the Auditor-General (Corporations) by 30th October, 1995 for verification.

STATUS: *The Vice-Chancellor confirms having completed the analysis and submitted the same on 6th November, 1995.*

The Committee recommends that the Vice Chancellor should streamline and strengthen the accounts department with a view to making it more effective.

STATUS: *The matter is as stated above.*

The Committee further recommends that the Vice Chancellor should always avail the necessary information and documents to the Auditor-General (Corporations) at the time of audit as required by the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: *The Vice-Chancellor confirms that he is adhering to the recommendation.*

4. CASH AT BANK AND IN HAND

The Committee reiterates its earlier recommendation under paragraph 3 of 1984/85 accounts that the Vice Chancellor should ensure that the difference of Kshs.379,840.00 is reconciled by 31st December, 1995 without fail or he should submit the relevant information relating to the difference to the Attorney-General to enable him institute further investigation with a view to prosecuting any officer(s) who might have been involved in any irregular transactions:

STATUS: *The matter is as reported above.*

The Committee further recommends that the Vice Chancellor should streamline and strengthen the accounts section with a view to making it more effective. The Committee also recommends that the Vice Chancellor should always avail the relevant information and documents to the Auditor-General (Corporations) at the time of audit as required by the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: *The matter is as reported above.*

5. SUSPENSE ACCOUNT

The Committee reiterates its earlier recommendation under paragraph 1 of 1984/85 accounts that the Vice Chancellor should ensure that the suspense figure of Kshs.670,544.00 is reconciled by 31st December 1995. The Committee further recommends that the Vice-Chancellor should avoid the use of suspense accounts. The Committee also recommends that Vice Chancellor should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: The matter is as reported above.

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF JOMO KENYATTA COLLEGE OF AGRICULTURE AND TECHNOLOGY FOR THE YEAR ENDED 30TH JUNE, 1987

1. FIXED ASSETS

The Committee reiterates its earlier recommendation under paragraph 1 of 1985/86 accounts that the Vice-Chancellor should value the fixed assets donated to the College, and the land it owns and include their values in the books of account by 30th June, 1996. The Committee further recommends that the Vice Chancellor should liaise with the Commissioner of Lands with a view to obtaining the title deed of the land.

STATUS: The matter is as reported above.

2. DEBTORS

The Committee reiterates its earlier recommendation under paragraph 2 of 1985/86 accounts that the Vice Chancellor should submit the relevant documents and analyses of the figure of Kshs.2,585,397.00 to the Auditor-General (Corporations) by 30th October, 1995 for verification. The Committee further recommends that the Vice Chancellor should streamline and strengthen the accounts section with a view to making it more effective. The Committee also recommends that the Vice Chancellor should always avail the necessary information and documents to the Auditor-General (Corporations) at the time of audit as required by the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: The matter is as reported above.

3. CASH AT BANK AND IN HAND

The Committee recommends that the Vice Chancellor should submit the relevant documents relating to the Cash at Bank amounting to Kshs.4,471,084.00 to the Auditor-General (Corporation) by 30th October, 1995 for verification. The Committee further recommends that the Vice Chancellor should streamline and strengthen the accounts section with a view to making it more effective. The

Committee also recommends that the Vice Chancellor should always avail the relevant information and documents to the Auditor-General (Corporations) at the time of audit as required by the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: *The Vice-Chancellor states that the relevant documents are still being sorted and that the analysis is not yet completed and is expected to take some time. Section 29(3) is being adhered to.*

4. SUSPENSE ACCOUNT

The Committee reiterates its earlier recommendation under paragraph 5 of 1985/86 accounts that the Vice-Chancellor should ensure that the suspense figure of Kshs.925,988.00 is reconciled by 31st December, 1995. The Committee further recommends that the Vice-Chancellor should avoid the use of suspense accounts. The Committee also recommends that the Vice Chancellor should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: *The matter is as reported above.*

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF JOMO KENYATTA COLLEGE OF AGRICULTURE AND TECHNOLOGY FOR THE YEAR ENDED 30TH JUNE, 1988

1. FIXED ASSETS

The Committee recommends that:

- (i) The Vice Chancellor should always maintain a correct and up to date fixed assets register.
- (ii) The Vice Chancellor should liaise with the parent Ministry and ensure that the payment vouchers for the construction of the dormitory are submitted to the Auditor-General (Corporations) by 30th October, 1995 for verification.
- (iii) The Vice Chancellor should liaise with the parent Ministry and the Commissioner of Lands by 30th June, 1996 with a view to getting the title deed for the land it owns.

STATUS: *The Vice-Chancellor confirms that currently a correct and up-to-date fixed assets register is being maintained. The vouchers were submitted to the Auditor-General (Corporations) on 6th November, 1995 and the matter of title deeds is being pursued.*

2. DEBTORS

The Committee reiterates its earlier recommendation under paragraph 2 of 1985/86 accounts that the Vice Chancellor should submit the relevant documents and analyses of the figure of Kshs.5,614,216.00 to the Auditor-General (Corporations) by 30th October, 1995 for verification. The Committee further recommends that the Vice Chancellor should streamline and strengthen the accounts section with a view to making it more effective. The Committee further recommends that the Vice Chancellor should always avail the necessary information and documents to the Auditor-General (Corporations) at the time of audit as required by the provisions of Section 29 of the Exchequer and Audit Act (Cap.412).

STATUS: *The matter is as stated above.*

3. CASH IN HAND

The Committee therefore, reiterates its earlier recommendation under paragraph 4 of 1985/86 accounts that the Vice Chancellor should submit the relevant information relating to the difference to the Attorney General to enable him institute further investigation with a view to prosecuting any officer(s) who might have been involved in any irregular transactions.

STATUS: *The matter is as reported above.*

The Committee further recommends that the Vice Chancellor should streamline and strengthen the accounts section with a view to making it more effective. The Committee also recommends that the Vice Chancellor should always avail the relevant information and documents to the Auditor-General (Corporations) at the time of audit as required by the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: *The matter is as reported above.*

4. SUSPENSE ACCOUNT

The Committee reiterates its earlier recommendation under paragraph 5 of 1985/86 accounts that the Vice-Chancellor should reconcile the suspense figure of Kshs.616,894 by 31st December, 1995. The Committee further recommends that the Vice-Chancellor should avoid the use of suspense accounts. The Committee also recommends that the Vice Chancellor should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: *The matter is as reported above.*

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF JOMO KENYATTA UNIVERSITY COLLEGE OF AGRICULTURE AND TECHNOLOGY FOR THE SIX MONTHS PERIOD ENDING 10TH JANUARY, 1989

1. FIXED ASSETS

The Committee reiterates its earlier recommendation under paragraph 1 of 1987/88 accounts that:

- (i) The Vice Chancellor should always maintain a correct and up to date fixed assets register.
- (ii) The Vice Chancellor should liaise with the parent Ministry and ensure that the payment vouchers for the construction of the dormitory are submitted to the Auditor-General (Corporations) by 30th October, 1995 for verification.
- (iii) The Vice Chancellor should liaise with the parent Ministry and the Commissioner of Lands with a view to getting the title deed for the land it owns by 30th June, 1996.

STATUS: The matter is as reported above.

2. SUNDRY DEBTORS

The Committee reiterates its earlier recommendation under paragraph 2 of 1987/88 accounts that the Vice Chancellor should submit the relevant documents and analysis of the figure of Kshs.4,577,192.00 to the Auditor-General (Corporations) by 30th October, 1995 for verification.

STATUS: The matter is as reported above.

The Committee further recommends that the Vice Chancellor should streamline and strengthen the accounts section with a view to making it more effective. The Committee also recommends that the Vice-Chancellor should liaise with the parent Ministry with a view to recovering the outstanding amount of Kshs.10,608,361 by 30th June, 1996.

STATUS: The matter is as stated above.

3. CASH AT BANK

The Committee directed the Vice-Chancellor to reconcile the difference of Kshs.239,894.00 by 31st December, 1995 and submit the reconciliation statement to the Auditor-General (Corporations) for verification.

STATUS: The matter is as reported above.

The Committee recommends that the Vice-Chancellor should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: The matter is as reported above.

4. SUSPENSE ACCOUNT

The Committee reiterates its earlier recommendation under paragraph 4 of 1987/88 accounts that the Vice Chancellor should ensure that the suspense figure of Kshs.3,482,943.00 is reconciled by 31st December, 1995. The Committee further recommends that the Vice-Chancellor should avoid the use of suspense accounts. The Committee also recommends that the Vice Chancellor should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: The matter is as reported above.

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF JOMO KENYATTA UNIVERSITY COLLEGE OF AGRICULTURE AND TECHNOLOGY FOR THE SIX MONTHS PERIOD ENDING 30TH JUNE, 1989

1. FIXED ASSETS

The Committee reiterates its earlier recommendation under paragraph 1 of the accounts for the year ended 10th January, 1989 that:

- (i) The Vice Chancellor should always maintain a correct and up to date fixed assets register.
- (ii) The Vice Chancellor should liaise with the parent Ministry and ensure that the payment vouchers for the construction of the dormitory are submitted to the Auditor-General (Corporations) by 30th October, 1995 for verification.
- (iii) The Vice Chancellor should liaise with the parent Ministry and the Commissioner of Lands with a view to getting the title deed for the land it owns by 30th June, 1996.

STATUS: The matter is as reported above.

2. SUSPENSE ACCOUNT

The Committee reiterates its earlier recommendation under paragraph 3 of the accounts for the year ended 10th January 1989 that the Vice Chancellor should ensure that the suspense figure of Kshs.2,635,239.00 is reconciled by 31st December, 1995. The Committee further recommends that the Vice-Chancellor should avoid the use of suspense accounts.

The Committee also recommends that the Vice Chancellor should streamline and strengthen the accounts section with a view to making it more effective.

STATUS: *The matter is as reported above.*

JOMO KENYATTA FOUNDATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE JOMO KENYATTA FOUNDATION FOR THE YEAR ENDED 30 JUNE, 1993

1. ACCURACY ON ACCOUNTS

The Committee recommends that the Chief Executive should always ensure that the Foundation maintains correct and up to date books of account. The Committee further recommends that the Chief Executive should streamline and strengthen the accounts section to make it efficient.

STATUS: *The Chief Executive confirms having strengthened the accounts section and that the foundation now maintains correct and up to date books of account.*

2. STAFF CAR LOANS

The Committee directed the Chief Executive to ensure that the outstanding car loan of Kshs.81,000.00 is recovered in full by 30th June, 1996.

STATUS: *The chief Executive confirms the full recovery of Kshs. 81,000.00.*

The Committee recommends that the Chief Executive should recover all the outstanding car loans as per the car loan agreements.

STATUS: *The Chief Executive confirms recovery of all outstanding car loans as recommended.*

3. IRREGULAR EXPENDITURE

The Committee recommends that the Chief Executive should recover the amount of Kshs.49,292.00 in full from the officer.

STATUS: *The Chief Executive confirms that the recovery has not been made as the officer had left the organisation before action being taken.*

The Committee further recommends that the Chief Executive should always strictly adhere to the laid down financial regulations.

STATUS: *The Chief Executive confirms that he adheres to the laid down financial regulations.*

The Committee recommends that the Chief Executive should strictly adhere to the laid down financial regulations and ensure that the accounts section is adequately manned with qualified staff in order to avoid such overpayments.

The Committee further recommends that the Chief Executive of the Foundation be held responsible for the irregular payment of Kshs.150,000.00 to the staff and that this amount be recovered from him and his Board members.

STATUS: *The amount of Ksh 150 000.00 has not been recovered as the officer left the Foundation in October 1993. The accounts sections is adequately manned and laid down financial regulations are being followed.*

The Committee recommends that the then Chief Executive, Mrs. Alice Nabwera, should be surcharged in accordance with Section 19 of the State Corporations Act (Cap.446) for approving the irregular overpayments. The Committee further recommends that the Chief Executive should strictly adhere to the laid down financial regulations.

STATUS: *Mrs Alice Nabwera left the employment in 1993 and recovery is not possible. The laid down financial regulations are currently being followed.*

The Committee recommends that the Chief Executive should immediately stop the overpayments and revert to the maximum entitlements under the Foundation's terms and conditions of service until such time that proper authority is obtained from the Parastatals Advisory Committee as required by the State Corporations Act (Cap.446).

STATUS: *The Chief Executive confirms that he is now using the approved rates as per 00P Circular ref: OP/11/11A dated 13th October 1995.*

The Committee recommends that the Chief Executive should recover the overpayments of Kshs.51,960.00 and Kshs.38,940.00 from the former Chairman and the current Chairman respectively. The Committee further recommends that the Chief Executive should strictly adhere to existing financial regulations by paying the current Chairman at the rate of Kshs.8,125.00 per month which is the approved honorarium for Corporations in Category D, under which the Jomo Kenyatta Foundation falls.

STATUS: *The Chief Executive confirms that the Chairman is being paid Kshs. 8,125.00 as required but the over-payment issue is still being pursued.*

4. COST OF TERTIARY PROJECT

The Committee directed the Chief Executive to submit all the relevant supporting documents pertaining to the expenditure incurred as a result of holding the tertiary project to the Auditor-General (Corporations) by 30th October, 1995 for verification.

STATUS: *The relevant supporting documents were submitted on 26.04.1995 under ref: JKF/C/189/Vol.11/120.*

The Committee recommends that the Chief Executive should strictly adhere to the laid down financial regulations with regard to the procurement of goods and services.

STATUS: *The Chief Executive confirms that he is adhering to the laid down financial regulations.*

5. COST OF HIRE OF CONSULTANCY SERVICES FOR THE MANAGERIAL AND ACCOUNTANCY SERVICES

The Committee directed the Chief Executive to avail all the necessary information and relevant supporting documents pertaining to the cost of hire of the consultancy services to the Auditor-General (Corporations) by 30th October, 1995 for verification.

STATUS: *The required information was availed on 17-03-1994 by the foundation.*

The Committee recommends that the Chief Executive should always avail relevant documents during audit exercise in accordance with the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

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

6. SCHOLARSHIP AWARDS

The Committee directed the Chief Executive to submit detailed analysis of the scholarship award amounting to Kshs.11,868,798.00 to the Auditor-General (Corporations) by 30th October, 1995 for verification.

STATUS: *The analysis was submitted on 26-04-1995 under ref: JKF/C/189/Vol.11/120.*

The Committee, therefore, recommends that the Chief Executive should ensure that up to date and detailed records for the scholarship awards are always maintained.

STATUS: *The recommendation is being adhered to.*

INDUSTRIAL DEVELOPMENT BANK LIMITED

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF INDUSTRIAL DEVELOPMENT BANK LIMITED FOR THE YEAR ENDED 30 JUNE, 1993

FINANCIAL PERFORMANCE

The Committee directed the Chief Executive to pursue the issue with the Treasury on the finalization of the conversion of part of the loan amounting to Kshs.216,000,000.00 by 30th June, 1996.

STATUS: *The matter is still being followed up by the bank and the Treasury.*

The Committee, therefore, recommends that the Chief Executive should ensure that the Bank operates viably.

STATUS: *The Chief Executive confirms that he is endeavouring to see that the bank operates viably.*

KERIO VALLEY DEVELOPMENT AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KERIO VALLEY DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 1993

1.0 STOCKS

The Committee recommends that the Chief Executive should ensure that the value of the stocks is reflected in the 1994/95 books of account. The Committee further recommends that the Chief Executive should always maintain correct and up to date books of account.

STATUS: *The Chief Executive confirms having valued the spares for Kshs. 7,915,800.00. The value has been included in the 1994/95 accounts. The Authority currently maintains correct and up to date books of account.*

2.0 TURKWEL GORGE PROJECT

2.1 DIRECT PAYMENTS (FOREIGN PART)

The Committee directed the Chief Executive to personally liaise with the Permanent Secretary, Ministry of Energy, and ensure that the vouchers to support the expenditure of Kshs.877,775,319.00 are produced for audit by 31st December, 1995, without failure or the Permanent Secretary should take severe disciplinary action against the officers in whose custody these vital documents were kept.

STATUS: *The Chief Executive states that it was decided by the Authority not to include the Turkwel Gorge in its books and that the Ministry of Energy would include it in the books of account.*

The Committee recommends that the Chief Executive should always avail information and documents for verification during audit exercise as required under section 29(3) of the Exchequer and Audit Act (Cap.412).

STATUS: *The Chief Executive confirms that the Authority is complying with section 29(3) and is, availing documents for verification as required.*

2.2 AMORTISATION

The Committee recommends that the Chief Executive should always maintain correct and up to date books of account.

STATUS: *The Chief Executive confirms that correct and up-to-date books of account are now being maintained.*

2.3 ELECTRICITY SALE/MAINTENANCE EXPENSES

The Committee recommends that:

- (i) The Chief Executive should personally take up the issue with the Permanent Secretary, Ministry of Energy, and ensure that the ownership of the project is determined by 31st December, 1995.**
- (ii) The Authority should reconcile the payments so far made by Kenya Power and Lighting Company on the sale of electricity and maintenance expenses to enable the outstanding balances to be cleared.**
- (iii) The Authority should enter into an agreement with the Kenya Power and Lighting Company by 31st December, 1995 with regard to the sale of electricity generated by the project and sold to Kenya Power and Lighting Company and the agreement to incorporate a commensurate rate of interest for the unpaid power by Kenya Power and Lighting Company to the Kerio Valley Development Authority from the date of determination of ownership of the project by the Government.**
- (iv) The Chief Executive should liaise with the parent Ministry to ensure that the appropriation and utilization of the revenue generated from the Turkwel Gorge Project is clearly determined by 31st December, 1995 so that the financial obligations of the Authority are defined.**

STATUS: *The Chief Executive states that Turkwel Gorge Project as an asset is no longer being accounted for by the Authority as stated above.*

KENYA TEA DEVELOPMENT AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA TEA DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 1993

1.0 CONTRACTS FOR CONSTRUCTION OF FACTORIES

The Committee directed the Chief Executive to submit to the Auditor-General (Corporations) by 4.00 p.m. on 1st December, 1995, a copy of the original tender documents, names of both the first and the second contractors, the four tea factories concerned and the Board Minutes which authorized the awarding of the contract.

STATUS: *The Chief Executive confirms that, the required documents were submitted as directed.*

The Committee, therefore, recommends that the then Permanent Secretaries of parent Ministry, the Ministry of Public Works and Housing and the Office of the President should be held responsible for all the extra expenditure incurred by the Authority in the construction of the said four tea factories.

STATUS: *The Chief Executive states that the recommendation has been noted by all those concerned.*

The Committee further recommends that the Chief Executive should ensure that the project is completed to avoid escalation of construction costs.

STATUS: *The Chief Executive confirms that the recommendation is being seriously taken.*

2. INVESTMENTS

The Committee recommends that the Chief Executive should always maintain correct and up to date books of account.

STATUS: *The Chief Executive confirms that correct and up-to-date books of account are now being maintained.*

3. DEBTORS

The Committee recommends that the parent Ministry should pay Kshs.8,182,000.00 to the Kenya Tea Development Authority by 30th June, 1996. The Committee further recommends that the Chief Executive should submit details of the recoveries made on the outstanding amount of Kshs.4,064,744.00 to the Auditor-General (Corporations) by 15th December, 1995 in respect of petrol sales debtors.

The Committee also recommends that the Chief Executive should strengthen the Authority's debt recovery system in order to avoid such huge outstanding debts.

STATUS: *The Chief Executive confirms that the debt recovery system has been strengthened. Details of the recovery were submitted. The Chief Executive expects the payment of Ksh. 8,182,000.00 by July 1997.*

4. DISPOSAL OF FIXED ASSETS

The Committee recommends that the Chief Executive should submit the reserve price of the vehicle and the minutes of the Board meeting which had approved the compensation of Kshs.23,000.00 paid to the buyer, to the Auditor-General (Corporations). The Committee further recommends that the Board Members should be held responsible for having compensated the buyer Kshs.23,000.00 for no good reason.

STATUS: *The Chief Executive confirms that Minutes of the Board Meeting which had approved the compensation were submitted to the Auditor General (Corporations) as recommended. The second part of the recommendation has been noted.*

CEREALS AND SUGAR FINANCE CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE CEREALS AND SUGAR FINANCE CORPORATION FOR THE YEAR ENDED 30 JUNE, 1992

1. OUTSTANDING ADVANCES

The Committee recommends that the Permanent Secretary, Ministry of Finance should immediately constitute an inter-Ministerial Committee involving the Ministry of Agriculture, Livestock Development and Marketing, Ministry of Co-operative Development, the Corporation, Agricultural Finance Corporation and the Co-operative Bank of Kenya, with a view to recovering in full all the outstanding loans advanced by the Corporation amounting to K£91,423,056 by 30th June, 1996. The Committee further recommends that the Chief Executive should always disburse loans only after signing loans agreements indicating the conditions for servicing the loans and the options it has in case a loanee defaults.

STATUS: *This recommendation had not been implemented due to the delays which were inadvertent. The initiative should have been made by the Parastatal concerned. The Committee is being formed in May 1997 and the matter is expected to be solved thereafter.*

2. OUTSTANDING INTEREST

The Committee further recommends that the said inter-Ministerial Committee should resolve the dispute involving part of the interest to enable the loanee Corporations to strictly adhere to an agreed repayment schedule.

STATUS: *The constituted Committee is expected to resolve the matter. The matter has been delayed in an error because the concerned Parastatal appears to have delayed in following up the matter despite the Chief Executive having been given a photo copy of this recommendation.*

CATERING LEVY TRUSTEES

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF CATERING LEVY TRUSTEES FOR THE YEAR ENDED 30 JUNE, 1993

OUTSTANDING ADVANCES

The Committee recommends that disciplinary measures, including surcharge in accordance with the law, should be taken against the then Chief Executive, *Mrs. Agnes Ojany*, for failing to obtain prior approval of the Board when investing the Trustees' funds. The Committee further recommends that the Chief Executive should liaise with the Official Receivers and ensure that the outstanding amounts are recovered in full from these financial institutions which are under receivership.

STATUS: *Surcharge has not been under taken but the officer was removed from the position. The Chief Executive is pursuing the matter with the official Receiver.*

The Committee also recommends that the Chief Executive should always strictly adhere to the Treasury regulations by investing any surplus funds in Treasury bills and bonds.

STATUS: *The Chief Executive confirms that he is currently following Treasury regulations when investing surplus funds.*

KENYA REINSURANCE CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA REINSURANCE CORPORATION FOR THE YEAR ENDED 31ST DECEMBER, 1992

1. AMOUNT DUE FROM BODIES ENGAGED IN INSURANCE BUSINESS

The Committee recommends that the Permanent Secretary, Ministry of Finance, should immediately constitute a Committee involving Kenya Re-insurance Corporation and Kenya National Assurance Company with a view to looking into ways of recovering the outstanding amount of Kshs.150,346,456.00 by 30th June, 1996. The Committee further recommends that the Corporation should in the mean-time make provision in the books of account for possible non-recovery of the money.

STATUS: *The amount of Kshs.2.0 million was recovered before the company was placed under receivership. Provision for bad debts has not been made as there are chances of recovering the money.*

2. LANGATA HOUSING PROJECT

The Committee directed the Chief Executive to submit all the necessary relevant documents pertaining to this project to the Auditor-General (Corporations) by 31st December, 1995 for verification. The Committee was subsequently informed that this information was submitted to the Auditor-General (Corporations) and verified.

STATUS: *The information was submitted as confirmed in the recommendation.*

The Committee, therefore, recommends that the Chief Executive should strictly adhere to the financial regulations and avoid such delays in future.

STATUS: *The Chief Executive confirms that he is strictly adhering to the financial regulations..*

3. SPORTS COMPLEX

The Committee directed the Chief Executive to submit all the necessary documents showing the viability of the project to the Auditor-General (Corporations) by 30th October, 1995 for verification. The Committee was subsequently informed that this information had been submitted to the Auditor-General (Corporations).

STATUS: *The information was submitted as recommended.*

The Committee recommends that the Chief Executive should ensure that the facilities are marketed properly in order to make them yield maximum returns.

STATUS: *The Chief Executive confirms that a committee has been formed to manage the facility and that proper marketing is being undertaken.*

INDUSTRIAL AND COMMERCIAL DEVELOPMENT CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF INDUSTRIAL AND COMMERCIAL DEVELOPMENT CORPORATION FOR THE YEAR ENDED 30TH JUNE, 1993

1. GOVERNMENT GRANT AND LOANS

The Committee directed that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to finalizing the terms and conditions under which it received funds from the Government and submit the necessary documents to the Auditor-General (Corporations) for verification by 30th October, 1995.

STATUS: *The Chief Executive confirms that the recommendation has been implemented.*

The Committee recommends that the Government should always clearly specify the terms under which such loans are extended to parastatals.

STATUS: *It is confirmed that the Government currently specifies terms under which loans are extended to Parastatals.*

2. MANAGED FUNDS

The Committee directed that the Chief Executive should submit the necessary details to the Auditor-General (Corporations) by 30th October, 1995 for verification.

STATUS: *The Chief Executive confirms that the details were submitted.*

The Committee recommends that the Chief Executive should make provisions for possible losses against investments and loans made from the funds received from the Government.

STATUS: *The Chief Executive confirms that provisions have been made as recommended.*

3. POST BALANCE SHEET EVENTS

The Committee recommends that the Executive Director of the Executive Secretariat and Technical Unit (ESTU) *Mr. Lawi Kiplagat* and the Parastatal Reform Programme Committee be held responsible and be surcharged for the loss of Kshs.22,000,000.00 incurred by the Industrial and Commercial Development Corporation as a result of having failed to sell African Diatomite Industries Limited to the highest bidder.

STATUS: *The matter of surcharge has not been affected because the Appeal Tribunal under section 22 of the State Corporations Act 1986 is not yet in place.*

4. STAFF AND CHAIRMAN'S EMOLUMENTS

The Committee recommends that the Industrial and Commercial Development Corporation should continue to rent the house currently occupied by the Chairman to him on condition that he is not compensated for any hotel or mileage expenses.

STATUS: *The Chief Executive confirms that the Corporation continued paying rent and no hotel bills. The Chairman was transferred to another Parastatal in June 1996.*

KENYA TOURIST DEVELOPMENT CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA TOURIST DEVELOPMENT CORPORATION FOR THE YEAR ENDED 30TH JUNE, 1992

SALE OF TEA HOTEL SHARES

The Committee directed the Chief Executive to submit all relevant documents pertaining to the sale of Tea Hotel Limited to the Auditor-General (Corporations) by 30th October, 1995 for verification.

STATUS: *The Chief Executive confirms having submitted the required documents on 20th September 1995 as per letter ref: TDC/C/4/124.*

The Committee, therefore, recommends that the sale of Tea Hotel Kericho should be reviewed in order to ensure that the value of land is included and considered in the sale transaction.

STATUS: *The Chief Executive confirms that the review was done. The Chief Valuer, Ministry of Lands & Settlement did the valuation which was submitted to the Clerk, National Assembly on 27th October 1995 vide letter ref: TDC/4/124 and Attorney General gave his opinion vide his letter ref: 627/3 T.F (35) dated 19th September 1995.*

NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION FOR THE YEAR ENDED 30TH JUNE, 1992

1. CORPORATION'S ASSETS AND LIABILITIES

The Committee recommends that the Chief Executive should personally make a follow-up with the Permanent Secretary, Ministry of Land Reclamation, Regional and Water Development and the Treasury with a view to getting adequate funds to pay the valuers in order to finalise the draft valuation report by 30th June, 1996. The Committee further recommends that the Chief Executive should include the value of the assets and liabilities in the 1994/95 books of account. The Committee also recommends that the Chief Executive should always maintain a correct and up to date fixed assets register.

STATUS: *The Chief Executive confirms that the valuation report was finally paid for and received in March 1996. The fixed assets register has been updated.*

2. WATER DEBTORS

The Committee directed the Chief Executive to submit a detailed break-down of the debtors figure of Kshs.331,216,874.00 and the amount recovered, so far, to the Auditor-General (Corporations) by 30th October, 1995 for verification.

STATUS: *The Chief Executive states that the submission has not been done and a special team has been appointed to undertake the exercise.*

The Committee recommends that the Chief Executive should streamline and strengthen the debt collection system in the Corporation with a view to controlling the debts the Corporation was incurring.

STATUS: *The Chief Executive confirms that the debt collection has been streamlined and strengthened.*

3. IMPRESTS

The Committee recommends that the Chief Executive should device a way of accounting for imprests as stipulated in the Treasury guidelines notwithstanding the over-lapping of financial years. The Committee further recommends that the Chief Executive should strictly adhere to the laid down Treasury regulations with regard to the issuance and surrender of imprests.

STATUS: *The Chief Executive confirms with gratitude that the laid down regulations are now being followed as recommended. No imprest can now be issued before any previous one is surrendered.*

4. ACCRUED EXPENSES

The Committee recommends that the Chief Executive should follow up the matter with the parent Ministry and the Treasury with a view to remitting the outstanding balance in full by 30th June, 1996. The Committee further recommends that the Chief Executive should always remit all statutory and other pay roll deductions to the various organizations on time as required by law.

STATUS: *The Chief Executive confirms having received a grant of Kshs. 15,857,652.00 during 1995/96. The balance is expected to be cleared during 1996/97. It is confirmed that statutory deductions are currently being remitted on time.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION FOR THE YEAR ENDED 30TH JUNE, 1993

1. CORPORATION'S ASSETS AND LIABILITIES

The Committee reiterates its earlier recommendation under paragraph 1 of 1991/92 accounts that the Chief Executive should personally make a follow-up with the Permanent Secretary, Ministry of Land Reclamation, Regional and Water Development and the Treasury with a view to getting adequate funds to pay the valuers in order to finalise the draft valuation report by 30th June, 1996. The Committee further recommends that the Chief Executive should include the value of the assets and liabilities in the 1994/95 books of account. The Committee also recommends that the Chief Executive should always maintain a correct and up to date fixed assets register.

STATUS: *The matter is as reported above.*

2. WATER DEBTORS

The Committee reiterates its earlier recommendation under paragraph 2 of 1991/92 accounts that the Chief Executive should submit a detailed break-down of the debtors figure of Kshs.412,712,478.80 and the amount recovered, so far, to the Auditor-General (Corporations) by 30th October, 1995 for verification. The Committee further recommends that the Chief Executive should streamline and strengthen the debt collection system in the Corporation with a view to controlling huge debts the Corporation was incurring.

STATUS: *The matter is as reported above.*

3. ACCRUED EXPENSES

The Committee reiterates its earlier recommendation under paragraph 4 of 1991/92 accounts that the Chief Executive should follow up the matter with the parent Ministry and the Treasury with a view to remitting the outstanding balance in full by 30th June, 1995. The Committee further recommends that the Chief Executive should always remit all statutory and other pay roll deductions to the various organizations on time as required by law.

STATUS: *The matter is as reported above.*

4. OWNERSHIP OF VEHICLES

The Committee directed Chief Executive to personally follow up the matter with the Registrar of Motor Vehicles with a view to getting the duplicate log books by 31st December, 1995.

STATUS: *The Chief Executive confirms having personally followed up the matter and obtained 5 log books out of the 14 log books. The matter is still being followed.*

The Committee further directed the Chief Executive to ensure that all the log books are availed for audit by the same date.

STATUS: *The matter is still being followed up in order to obtain the required log books which were missing.*

INVESTMENT PROMOTION CENTRE

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF INVESTMENT PROMOTION CENTRE FOR THE YEAR ENDED 30TH JUNE, 1994

1. FINANCIAL POSITION

The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to having adequate budgetary provisions for the Corporation to enable it function efficiently.

STATUS: *The Chief Executive confirms having liaised with the Treasury and that adequate budgetary provisions are now being made.*

2. CONSTITUTION OF THE BOARD

The Committee recommends that the parent Ministry should always ensure that a duly constituted Board is in place in accordance with Section 6 of the State Corporations Act (Cap.446).

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

3. APPOINTMENT OF CHIEF EXECUTIVE

The Committee recommends that the Permanent Secretary, Ministry of Finance, should ensure that the amount of Kshs.439,248.00 is recovered in full by 30th June, 1996 from the then officer in the Office of the President responsible for the appointment and removal of State Corporations Chief Executives.

STATUS: *This recommendation has not been implemented because it is difficult to recover this money. The recommendation is difficult to implement.*

KENYA INDUSTRIAL ESTATES LIMITED

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

1. LOANS

The Committee directed the Chief Executive to liaise with the parent Ministry and the Treasury with a view to finalizing the financial restructuring of the Company by 30th June, 1996.

STATUS: *Financial restructuring was approved as conveyed via letter ref: MCI/CONF/23/4/03/Vol. IC(12) of 5-2-1996. Modalities for implementation are being done.*

The Committee recommends that the Corporation should service its loans without delay.

STATUS: *The recommendation is being adhered to.*

2. TIME DEPOSITS

The Committee recommends that the Chief Executive should pursue the matter with the Official Receiver and Liquidator with a view to recovering the deposits amounting to Kshs.87,090,000.00. The Committee further recommends that the Chief Executive should strictly adhere to the Treasury regulations by investing any surplus funds in Treasury bills and bonds.

STATUS: *The matter of recovering is still being pursued and in the meantime the company is adhering to Treasury guidelines.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA INDUSTRIAL ESTATES LIMITED FOR THE YEAR ENDED 30TH JUNE, 1993

1. LOANS

The Committee reiterates its earlier recommendation under paragraph 1 of 1991/92 accounts that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to finalizing the financial restructuring of the Company by 30th June, 1996. The Committee further recommends that the Company should service its loans without delay.

STATUS: *The matter is as stated above.*

2. DEBTORS

The Committee recommends that the Chief Executive should vigorously pursue the defaulters with a view to recovering all the outstanding debts by 30th June, 1996 and thereafter submit the details of the recoveries thereof to the Auditor-General (Corporations) for verification. The Committee further recommends that the Chief Executive should streamline and strengthen the debt recovery system of the Company in order to avoid such outstanding debts. The Committee also recommends that the Chief Executive should redouble his effort at recovering all the outstanding imprests.

STATUS: *The matter of recovery is still being pursued.*

3. UNSECURED LOANS

The Committee recommends that the Chief Executive should take immediate steps, including legal action, and recover the balance of Kshs.6,070,051.00 from the directors of Messrs Almer Limited by 30th June, 1996 who are Messrs Kipng'eno arap Ng'eny and Abraham Kipsang Kiptanui.

STATUS: *Legal action is being taken through M/S Archer and Wilcoch Advocates who have been paid Kshs. 125,000 to pursue the recovery.*

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

1. LOANS

The Committee reiterates its earlier recommendation under paragraph 1 of the 1992/93 accounts that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to finalizing the financial restructuring of the Company by 30th June, 1996. The Committee further recommends that the Corporation should service its loans without delay.

STATUS: *The matter is as stated above.*

2. CASH AND BANK BALANCES

The Committee recommends that the Chief Executive should ensure that the Company maintains correct and up to date books of account. The Committee further recommends that the Chief Executive should always produce all relevant information and documents for verification during audit as required by the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

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

3. IMPROVEMENT ON KIE MANAGEMENT INFORMATION SYSTEM

The Committee recommends that the Chief Executive should strictly adhere to the existing tendering procedures in order to ensure that the Company gets goods and services from the most economical source.

STATUS: *The Chief Executive confirms that the company is adhering to the existing tendering procedures.*

4. MORTGAGE

The Committee directed the Chief Executive to submit details of the sale of these sheds and of credit balances totalling Kshs.3,755,500.00 to the Auditor-General (Corporations) by 30th October, 1995 for verification.

STATUS: *The details were submitted as recommended.*

The Committee, therefore, recommends that the Chief Executive should ensure that prudent commercial principles are adhered to when selling Company property with a view to realizing value for money. The Committee further recommends that proper fixed assets register should be kept and the same availed for verification during audit as required by the provisions of Section 29(3) of the Exchequer and Audit Act (Cap.412).

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

KENYATTA NATIONAL HOSPITAL BOARD

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYATTA NATIONAL HOSPITAL FOR THE YEAR ENDED 30TH JUNE, 1994

1. ACCURACY OF THE ACCOUNTS

The Committee directed the Chief Executive to ensure that the credit balance of Kshs.1,591,909.00 is analyzed in full and cleared by 30th June, 1996.

STATUS: *The chief executive confirms that he has done the analysis and is now only left with an amount of Kshs. 64,880.00 to complete the job.*

The Committee, therefore, recommends that the Chief Executive should avoid the use of suspense accounts.

STATUS: *The chief Executive confirms that he is adhering to the recommendation.*

2. FIXED ASSETS

The Committee recommends that the Inter-Ministerial Committee which was formed by the Office of the President should complete the adjudication process by 30th June, 1996 to enable the Chief Executive to acquire the title deeds for the land owned by the Board.

STATUS: *The Chief Executive confirms that revised letters of allotment in respect of the property within the KNH complex have now been issued. Payment has been made for the stand Premium and work in the demarcation of the property is in progress and issuance of title deeds are expected.*

LOCAL AUTHORITIES PROVIDENT FUND

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF LOCAL AUTHORITIES PROVIDENT FUND FOR THE YEAR ENDED 30TH JUNE, 1992

1. NON-REMITTANCE OF CONTRIBUTIONS BY LOCAL AUTHORITIES

The Committee directed the Chief Executive to ensure that the remaining defaulting Local Authorities submit their monthly schedules of contributions by 31st December, 1995.

STATUS: *The Chief Executive confirms that considerable progress has been made in improving monthly schedules of contributions.*

The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Attorney-General with a view to expediting the process of amending the Local Authorities Provident Fund Act (Cap 272) with a view to strengthening the Fund's enforcement and collection procedures.

STATUS: *Progress is being made. The Chief Executive has confirmed that the matter is with the Law Reform Commission and the Attorney General's Chambers.*

2. EXCESS INCOME OVER EXPENDITURE

The Committee recommends that the Chief Executive should strictly adhere to the provisions of Section 12(c) of the Local Authorities Provident Fund Act (Cap 272) by sharing the surplus profit among the contributors.

STATUS: *The Chief Executive confirms that the anomaly was corrected and the Fund has started sharing surplus profits in accordance with section 12 (c)*

3. FAILURE TO CALCULATE INTEREST ON SOME CARDS

The Committee recommends that the Chief Executive should strictly adhere to the provisions of section 13 of the Local Authorities Provident Fund Act (Cap 272) by calculating interest on all cards for the people who leave employment.

STATUS: *All contributors accounts have been computerized and interest is calculated and credited in accordance to section 13.*

ADMINISTRATION EXPENSES RECEIVABLE

The Committee recommends that the Chief Executive should liaise with the parent Ministry with a view to recovering the Kshs.2,146,959.00 from the Local Authorities by 30th June, 1996.

STATUS: *The recovery has not been made because most local Authorities involved have been in arrears of contributions.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF LOCAL AUTHORITIES PROVIDENT FUND FOR THE YEAR ENDED 30TH JUNE, 1993

1. NON-REMITTANCE OF CONTRIBUTIONS BY LOCAL AUTHORITIES

The Committee reiterates its earlier recommendation under paragraph 1 of 1991/92 accounts that the Chief Executive should liaise with the parent Ministry and the Attorney-General with a view to expediting the process of amending the Local Authorities Provident Fund Act (Cap 272) with a view to strengthening the Fund's enforcement and collection procedures. The Committee further recommends that the Chief Executive should ensure that the remaining defaulting Local Authorities submit their monthly schedules of contributions by 31st December, 1995.

STATUS: *The matter is as stated above.*

2. EXCESS INCOME OVER EXPENDITURE

The Committee reiterates its earlier recommendation under paragraph 2 of 1991/92 accounts that the Chief Executive should strictly adhere to the provisions of Section 12(c) of the Local Authorities Provident Fund Act (Cap.272) by sharing the surplus profit among the contributors.

STATUS: *The matter is as reported above*

3. ADMINISTRATION EXPENSES RECEIVABLE

The Committee reiterates its earlier recommendation under paragraph 4 of 1991/92 accounts that the Chief Executive should liaise with the parent Ministry with a view to recovering the Kshs.2,611,618.00 from the Local Authorities by 30th June, 1996.

STATUS: *The matter is as reported above.*

AGRICULTURAL FINANCE CORPORATION (AGENCY SEASONAL CROP CREDIT)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE SEASONAL CROP CREDIT SCHEMES FOR THE YEAR ENDED 30TH JUNE, 1993

1. A.F.C. AGENCY COMMISSION

The Committee recommends that the Chief Executive should liaise with the parent Ministry, the Attorney-General and the Treasury with a view to finalizing the rate of commission and signing of the final agreement by 30th June, 1996.

STATUS: *The Chief Executive confirms that the necessary liaison has been done and the matter is about to be finalized in line with the expected restructuring.*

2. LOANS

The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Treasury in order to complete the restructuring process by 30th June, 1996 to enable the Corporation service its loans without undue delay.

STATUS: *The Chief Executive confirms that the restructuring process is not yet finalized. The delay was caused by the change in policy requiring all financial institutions to convert into Banks. There is progress in the matter and is expected to be finalized soon.*

KENYA VETERINARY VACCINES PRODUCTION INSTITUTE

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA VETERINARY VACCINES PRODUCTION INSTITUTE FOR THE YEAR ENDED 30TH JUNE, 1992

1. STOCK

The Committee recommends that the Chief Executive should always maintain correct and up to date books of account. The committee further recommends that the Chief Executive should strictly adhere to the Kenya Accounting Standard No.6 as regards accounting for stores.

STATUS: The Chief Executive confirms that he is adhering to the recommendations.

2. GOVERNMENT OF KENYA CURRENT ACCOUNT

The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to including the amount of Kshs.6,214,041.00 in the annual budget in order to enable the parent Ministry to reimburse the Institute.

STATUS: The matter has been settled by agreeing to net it off undistributed profits.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA VETERINARY VACCINES PRODUCTION INSTITUTE FOR THE YEAR ENDED 30TH JUNE, 1993

1. FINANCIAL POSITION

The Committee recommends that the Chief Executive should ensure that all the statutory creditors are paid their money. The Committee further recommends that the Chief Executive should explore alternative ways of marketing the vaccine directly to the farmers in and outside the country in order to enhance the financial position of the Institute.

STATUS: The recommendation is being followed.

2. INTEREST ON OVERDRAFT

The Committee recommends that the Chief Executive should liaise with the parent Ministry to ensure that the Institute does not face cash flow problems.

STATUS: The recommendation is being followed.

3. GOVERNMENT OF KENYA CURRENT ACCOUNT

The Committee reiterates its earlier recommendation under paragraph 2 of 1991/92 accounts that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to including the amount of Kshs.7,317,500.00 in the annual budget in order to enable the parent Ministry to reimburse the Institute the amounts owed.

STATUS: *The matter is as stated above.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA VETERINARY VACCINES PRODUCTION INSTITUTE FOR THE YEAR ENDED 30TH JUNE, 1994

1. GOVERNMENT OF KENYA CURRENT ACCOUNT

The Committee reiterates its earlier recommendation under paragraph 3 of 1992/93 accounts that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to including the amount of Kshs.9,930,500.00 in the annual budget in order to enable the parent Ministry to reimburse the Institute the amounts owed.

STATUS: *The matter is as stated above.*

2. FINANCIAL POSITION

The Committee reiterates its earlier recommendation under paragraph 1 of 1992/93 accounts that the Chief Executive should ensure that all the statutory creditors are paid their money. The Committee further recommends that the Chief Executive should explore alternative ways of marketing the vaccine directly to the farmers in and outside the country in order to enhance the financial position of the Institute.

STATUS: *The matter is as reported above.*

3. BUDGETARY CONTROL

The Committee recommends that the Chief Executive should ensure that the Institute operates within the approved annual budgetary allocation.

STATUS: *The Chief Executive confirms that the institute now operates within the approved annual budgetary allocation.*

HORTICULTURAL CROPS DEVELOPMENT AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF HORTICULTURAL CROPS DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1992

LOANS

The Committee recommends that the Chief Executive should liaise with the parent Ministry and ensure that the loans amounting to Kshs.1,670,190.00 are repaid by 30th June, 1996. The Committee further recommends that the Chief Executive should in future ensure that the Authority enters into formal agreements before loans are acquired.

STATUS: *The Chief Executive Confirms that formal agreements are being entered into before loans are acquired. The money will be paid as recommended. Lateness is due to cash flow problem.*

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF HORTICULTURAL CROPS DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 1993

1. ACCURACY OF THE ACCOUNTS

The Committee recommends that the Chief Executive should always maintain correct and up to date books of account.

STATUS: *The Chief Executive confirms that correct and up-to-date books of account are now being maintained*

2. CREDITORS - KSHS.8,339,588.00

The Committee recommends that the Chief Executive should make the necessary adjustments to reflect the true position in the 1993/94 books of account.

STATUS: *The necessary adjustments were made as recommended and the true position reflected in the 1993/94 books of accounts.*

3. LOAN

The Committee directed the Chief Executive to formalize the loan agreement with the parent Ministry by 31st December, 1995 and ensure that the loan of Kshs. 3,200,380.00 is repaid as scheduled.

STATUS: *The Chief Executive confirms that efforts are being made to improve the income earning capability to be able to repay the loan.*

The Committee, therefore, recommends that the Chief Executive should in future ensure that the Authority enters into formal agreements before loans are acquired.

STATUS: *The Chief Executive now confirms that the Authority currently enters into formal agreements before loans are acquired.*

KENYA FLUORSPAR COMPANY LIMITED

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA FLUORSPAR COMPANY LIMITED FOR THE YEAR ENDED 30TH JUNE, 1991

The Committee noted that this was a clean report and commended the Chief Executive for the efforts made during the year under review.

STATUS: *This is a clean report and hence further action not required.*

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

1. DEBTORS

The Committee recommends that the Chief Executive should always maintain correct and up to date books of account. The Committee further recommends that the Chief Executive should avail all information and relevant documents to the Auditor-General (Corporations) for verification as required under Section 29(3) of the Exchequer and Audit Act (Cap.412). The Committee also recommends that the Chief Executive should recover all the outstanding debts in full by 30th June, 1996.

STATUS: *The Chief Executive confirms that correct and up-to-date books of account are being maintained. All outstanding debts have been recovered and details submitted to Auditor General (Corporations).*

2. OUTSTANDING CAR LOAN

The Committee recommends that the Chief Executive should recover all outstanding debts on time and to ensure that all employees of the Company discharge their liabilities on terminating their employment with the Company.

STATUS: *The Chief Executive confirms that all outstanding debts have been recovered as recommended. Employees are not discharged without settling outstanding liabilities.*

