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OFFICE OF THE AUDITOR GENERAL



SPECIAL AUDIT REPORT
OF THE
AUDITOR-GENERAL
ON THE ACCOUNTS OF THE NATIONAL YOUTH SERVICE (NYS)

STATE DEPARTMENT OF PLANNING
MINISTRY OF DEVOLUTION AND PLANNING

MAY 2016

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List of Abbreviations

The following abbreviations are used in this special audit report

Abbreviation	Full Description
AIA	Appropriation In Aid
AIE	Authority to Incur Expenditure
APS	Administration Police Service
BFIU	Banking Fraud Investigation Unit
BQs	Bills of Quantity
CID	Criminal Investigation Unit
DDG	Deputy Director General
DG	Director General
DPSM	Directorate of Public Service Management
GOK	Government of Kenya
HQs	Headquarters
IFMIS	Integrated Financial Management Information System
KFS	Kenya Forest Services
KKV	Kazi Kwa Vijana
KPS	Kenya Police Service
KTDA	Kenya Tea Development Agency
KURA	Kenya Urban Roads Authority
KYEP	Kenya Youth Enterprise Project
LPO	Local Purchase Order
MDAs	Ministries, Departments and Agencies
MEWNR	Ministry of Environment, Water and Natural Resources
MI & CNG	Ministry of Interior and Coordination of Government.
MoYAS	Ministry of Youth Affairs and Sports
MTY	Motor Transport Yard
NBK	National Bank of Kenya
NPS	National Police Service
NTTI	Naivasha Technical Training Institute
NYS	National Youth Service
NYSTCM	NYS Training College Mombasa
OSI	Open System Interconnection
P/NO	Personal Number in the Personnel File
PFMA	Public Finance Management Act, 2012
PPDA	Public Procurement & Disposal Act, 2005
PPOA	Public Procurement Oversight Authority
PSCMO	Principal Supply Chain Management Officer
PR	Public Relations
SACCOs	Savings And Credit Co-operatives
SDP	State Department of Planning
SEPU	Self-Employment Promotion Units

1. Executive Summary

1.1 Background

1.1.1 On 26 June 2015, the Clerk of the National Assembly requested the Auditor General vide letter referenced no. NA/PSC/CORR/2015/44 to conduct a Special Audit of the Accounts of the National Youth Service (NYS), in the State Department of Planning under the Ministry of Devolution and Planning.

1.1.2 The NYS was established in 1964 through an Act of Parliament to train the youth in important national matters such as service in the armed forces, national reconstruction programmes and disaster response. The NYS Act was amended in 2012 in a bid to re-structure the institution in order to spearhead the youth transformation agenda. The re-structuring was informed by a 5-Point Vision Framework developed by consultants. The special audit commenced and reviewed details when the NYS was recognized as a Department within the Directorate of Planning in the State Department of Planning under the Ministry of Devolution and Planning.

Scope of work and structure of the report

- 1.1.3 The special audit covered the period 2012/2013 to 2014/2015, and reported on:
- A review of changes, including; sectoral, structural and accountability reporting that have happened at the NYS;
 - A review of both Appropriation In Aid and Supplementary Budget(s) issued to the NYS;
 - A review of the internal controls processes and procedures, but not limited to, the procurement process (involving amounts greater than Kshs.5Million), approvals, segregation, authorization, verification and reconciliations and any other controls in place at the NYS and related institution(s) which are a subject of this special audit;
 - A review of the Integrated Financial Management Information System (IFMIS) for its day to day operations with a focus on the amounts alleged to have been lost and any potential exposure to the concerned institution(s) or vulnerability there-of;

- Identify any irregularities, culpable individuals, amount involved and identifiable recourse, and
- Issue a report with recommendations and conclusions on the way forward

1.1.4 The special audit report is structured as follows.

1. Executive Summary;
2. Detailed Findings; and
3. Appendices.

1.1.5 The report should be read in its entirety in order to comprehend fully the approach to, and findings of our work. The report has covered analysis and facts as understood, with the aim of informing the Public Accounts Committee (PAC) in their deliberations, enquiry and decision making processes, bearing in mind scope limitations discussed in the detailed findings section of the report.

1.2 Key Findings

Analysis of changes surrounding the NYS

Sectoral Trend Analysis

1.2.1 The government has increasingly shown interests in a youth agenda drawn from perceived risks of youth unemployment and likely effects of social unrest and political stability. Following the development of the Kenya National Youth Policy, Sessional Paper No.3 (July 2007), there has been concerted efforts, in particular, increasing the youths' economic participation. This saw two key initiatives among others that preceded the focus on the NYS in the financial year 2014/2015. They include:

- Kazi Kwa Vijana (KKV) initiative under the Marshal Plan for Youth Employment and Development in 2008 ; and
- Executive decision to enable youth-owned enterprises bid for government procurement contracts through the Access to Government Procurement Opportunities (AGPO) initiative.

Ministerial Responsibilities Changes

- 1.2.2 Previously, the defunct Ministry of Youth Affairs and Sports coordinated most youth empowerment initiatives including the NYS. After reorganization of government in 2013, the NYS was transferred to the Ministry of Devolution and Planning through Executive Order No. 2/2013 dated 20 May 2013.
- 1.2.3 The special audit noted that all allegations currently surrounding the NYS happened during the period when the NYS was under the purview of the Ministry of Devolution and Planning. This was when the NYS was instituted as a flagship initiative for youth empowerment in the financial year 2014/2015 and budgetary allocation to implement this agenda increased significantly.
- 1.2.4 Marred with a number of allegations that occasioned the request to conduct a special audit of the accounts of the NYS, received in June 2015, there was an Executive Order for further re-organization of government in November 2015. A new Ministry of Public Service, Youth and Gender Affairs was created. This new Ministry has a Directorate of Youth Affairs under the State Department of Public Service and Youth that is now responsible for youth issues and implementing programs geared towards empowering the youth.

Structural and other operational changes at the NYS

- 1.2.5 Prior to the financial year 2014/2015, all NYS Field Units operated in a semi-autonomous way, and they received A.I.Es from the parent Ministry for operations. The respective District Treasuries were instrumental in facilitating the procurement process as well as ensuring that proper accounting records are maintained at both the District Treasury and the NYS Field Units.
- 1.2.6 In the financial year 2014/2015, procurement of goods and/or services at the NYS was centralized at the NYS Headquarters and then distributed to the Field Units on needs basis. However perishable foods are still procured at the NYS Field Units.

1.2.7 While there could have been perceived benefits that informed the current centralized systems, relating to procurement processes at the NYS e.g. that of economies of scale, there could be hidden cost that outweigh these benefits, for example, the NYS Field Units that are geographically located in far areas and have to collect items that are centrally procured. Centralization could have presented an opportunity for fraudulent activities when potential perpetrators rationalize their intent with perceived incentives (high value contracts).

Changes of budgetary allocation to the NYS

1.2.8 With the renewed focus on youth empowerment mentioned in the sectoral analysis, there was increased interest in the NYS and this culminated into the NYS being branded a flagship initiative for the government to implement part of its youth agenda. This followed the amendments of the NYS Act in 2012, and subsequently the adoption of the 5-Point Vision Framework to restructure the institution.

1.2.9 The myriad of activities was then followed by significant increases in budgetary allocations to the NYS, and primarily the Development Vote which was increased tenfold (10 times) in the financial years 2013/2014 and 2014/2015. The effect was that total voted budget was increased approximately by 231% and 74% for the financial years 2013/14 and 2014/15 respectively as shown below:

Table 1: Recurrent and Development Vote allocated to the NYS

Financial Period	Development Vote in Kshs.	Recurrent Vote in Kshs.	Totals Voted in Kshs.	% Increase
2012/2013	1,121,000,000	2,822,119,772	3,943,119,772	
2013/2014	10,080,297,800	2,972,904,643	13,053,202,443	231.00%
2014/2015	17,910,046,031	4,893,385,191	22,803,431,222	74.70%
Totals	29,111,343,831	10,688,409,606	39,799,753,437	

1.2.10 The aforementioned budgetary increases in the financial year 2014/2015 to the NYS included an additional Kshs.3,500,000,000.00 as supplementary budget from the National Treasury. This supplementary was approximately a quarter (25%) of the initial budgetary allocation by the Parliament, which is significant and thus should have

been backed with a trail of requests from the implementing entity i.e. the NYS. However, on enquiry, there were no documents availed to provide the rationale of the requisition, and amounts.

Responsibility Changes at the NYS

- 1.2.11 During the period under review we noted significant changes in the reporting structures/assignment of roles and responsibilities, which is a critical component of control. For example, on 19 February 2015, Dr. Nelson Githinji, Director-General, NYS appointment as an A.I.E holder, was revoked and immediately replaced with Mr. Adan G. Harakhe, Deputy Director General, NYS, by Eng. Peter Mangiti, PS State Department of Planning. Subsequently, the next day, on 20 February 2015, instructions were issued to the Director of IFMIS at the National Treasury to define Mr. Adan G. Harakhe as the A.I.E holder for the NYS. This was the period when Kshs.460,860,000.00 out of the Kshs.791,385,000.00 was fraudulently paid out.
- 1.2.12 The special audit examined other documents and noted timing concerns, especially between 17 November 2014 and 20 July 2015 relating to transfers, deployments and events affecting Mr. Adan G. Harakhe before his appointment as an A.I.E holder in his capacity as the Deputy Director General, NYS and noted these events seem sequential and related in a way that could have some implication on the attempted fraud. There is likelihood that the loss and attempted loss mentioned later in this report was planned internally and externally long before the attempted execution date with or without the knowledge of Mr. Adan G. Harakhe, with the likely target being the Kshs.3,500,000,000.00, issued as supplementary budget to the NYS. A chronology of these transfers, deployment and events in under **Table 6** of the detailed findings section.

Internal Controls of the NYS

1.2.13 Broadly categorized into three critical components: control environment, control activities and information systems. These components are analyzed as below

Control Environment

1.2.14 Guided by an ideal situation that expects a flow of events as below,

- Requisition - Procurement Department of the NYS
- Approval - Management of the NYS
- Tendering - Ministerial Tender Committee (State Department)
- Awarding - Ministerial Tender Committee (State Department)
- Delivery - Procurement Department of the NYS
- Inspection & Acceptance - Management of the NYS

1.2.15 The special audit noted that the control environment was weak throughout the aforementioned processes. For example, for the 3.5 Kilometers Kibera Road construction works that initiated the fraudulent payment of Kshs.791,385,000.00, there was no works included in the procurement plan for financial year 2014/2015 to warrant a requisition. Further, the physical requisition documents were not availed to authenticate that there was indeed a requisition and approval at the NYS. Tendering was not conducted and the NYS used a forged Supplies Branch Contract to support the purported contractual obligation.

1.2.16 The quality and quantity of materials delivered could not be authenticated because the four-member Inspection and Acceptance Committee, however, not formally appointed, failed to execute their mandate. They actually signed to have received/accepted goods and/or services without any evidence of conducting physical inspection. The four committee members appointed between 2012 and 2014 were; Mr. David Alunga (Chair), Mr. Chemos Ndiema, Mr. Titus Livondo, and Ms. Jane W. Gichuki.

1.2.17 Physical verification during the special audit of the road construction at Kibera revealed:

- The work was done by the NYS Officers using the NYS equipment in collaboration with Kenya Urban Roads Authority (KURA) engineers;
- There was no external contractor(s) or equipment used in this project, but the NYS team engaged casual workers on a need basis; and
- The materials were delivered on a twenty four hour basis and therefore arrangement had to be made to receive the materials as they were delivered.

Control activities

1.2.18 The expected control activities should have constituted the following:

- | | |
|-----------------------|---------------------------------|
| ◦ Approval | – A.I.E Holder/Designate |
| ◦ Authorization | – Principal Accounts Controller |
| ◦ Arithmetic Accuracy | – Examination Department |
| ◦ Documentation | – Examination Department |

1.2.19 The special audit noted weaknesses in implementing these control activities that are meant to deter and/or prevent misappropriation and abuse of public resources. This could have significantly contributed to the actual and attempted losses identified.

1.2.20 The consequences of the weaknesses in the control environment and activities were the following cases:

Case 1 - Fraudulent payment of Kshs.791,385,000.00

1.2.21 The special audit noted an amount of Kshs.791,385,000.00 was fraudulently paid to three suppliers whose Site Details were irregularly defined by Mr. Fredrick Munge Musembi on various dates, these suppliers were; Messrs. Form Home Builders, Messrs. Reinforced Concrete Technologies and Messrs. Roof and All Trading.

1.2.22 Messrs. Form Homes Builders received all its irregular payments of Kshs.218,925,000.00 at least five (5) months before it was even registered by the Registrar of Companies. Messrs. Reinforced Concrete Technologies and Messrs. Roof and All Trading also started receiving their payments approximately two months after registration. This highlighted a case of fundamental disregard to internal controls and an indication

that proper due diligence was not done for these suppliers before being awarded any businesses by the NYS

1.2.23 The Registrar of Companies also confirmed that these suppliers are just recognized as business names and not companies or entities. Therefore, it's likely that these business names are not bound/regulated by either the Companies Act or Registrar of Companies. According to records at the Registrar, the proprietor of all the three business names was identified as Ms. Josephine Kabura Irungu, and she received the entire amount of Kshs 791,385,000.00 on account of the three business names via their corporate bank accounts held at Messrs. Family bank Kenya Limited, situated at KTDA Plaza.

1.2.24 The payment of Kshs.791,385,000.00 was meant for materials supplied by the aforementioned three business names for the construction of a 3.5 Kilometers road in Kibera under the Slum Upgrading Programme. It was noted that the payments were supported by a circular No.SB/CON/P/VOL.XXIV (4), dated 30 September 2014, Local Purchase Orders and Inspection and Acceptance Certificates documents that appeared doubtful, inconsistent and forged.

Case 2 – Fraudulent payment of Kshs. 609,252,760.60

1.2.25 The special audit noted fraudulent payments totaling Kshs.609,252,760.60 for alleged supplies. This was established during a review of profiled suppliers who received significant payments through IFMIS during the period, December 2014 to March 2015, when the NYS was defrauded Kshs.791,385,000.00 as per Case 1. This review revealed other businesses being paid through the NYS Development Vote for purported supplies as per the table below:

Table 2: Suppliers paid using SB contracts of Kshs.609,252,760.60

Name/ Proprietor	Registered Business	Date of Registration (DD/MM/YY)	Business given/offer to the NYS	Amount (Kshs)	Total (Kshs)
Brain craft Trading/ Ms. Josephine Kabura Irungu	Supplies of School Training	7/10/2014	Other Infrastructure and Civil Works	90,290,000.00	144,159,600.00
			Hire of Equipment, Plant and Machinery	53,869,600.00	
Big Kent Company/ Ms. Josephine Kabura Irungu	Trading in Garments	30/10/2014	Other Infrastructure and Civil Works	71,299,000.00	71,299,000.00
Classroom Technology/ Ms. Josephine Kabura Irungu	Supplies of School Training	7/10/2014	Hire of Equipment, Plant and Machinery	21,931,800.00	21,931,800.00
Essential Prodigy Trading/ Ms. Josephine Kabura Irungu	Trading in Garments	11/11/2014	Other Infrastructure and Civil Works	50,375,000.00	50,375,000.00
Gilnak Gen Suppliers/ Ms. Josephine Kabura Irungu	Grain Dealers	1/12/2014	Other Infrastructure and Civil Works	82,875,000.00	82,875,000.00
Smartboard Learning Equipment/ Ms. Josephine Kabura Irungu	Suppliers of Learning Equipment	8/10/2014	Hire of Equipment, Plant and Machinery	23,852,530.00	23,852,530.00
Starling Trading/ Ms. Josephine Kabura Irungu	Trading in Garments	15/10/2014	Other Infrastructure and Civil Works	56,875,000.00	56,875,000.00
Tucking Stitch Emporium/ Ms. Josephine Kabura Irungu	Trading in Garments	15/10/2014	Other Infrastructure and Civil Works	56,875,000.00	56,875,000.00
Brand Associates/ Not registered by the Registrar of Companies	N/A	N/A	Other Infrastructure and Civil Works	73,461,695.00	101,009,830.60
			Hire of Equipment, Plant and Machinery	27,548,135.60	
TOTALS					609,252,760.60

1.2.26 These payments were deemed fraudulent for the following reasons

- The businesses were newly registered and were barely two months in existence but received significant payments from the NYS;
- The businesses had no prior dealings with the NYS as they were registered in October/November 2014, immediately after the NYS restructuring and hiring of cohorts commenced in September 2014;
- The businesses were dealing with the NYS on goods and/or services for which they were not registered to conduct as per records at the Registrar of Companies;
- The registered proprietor for most of these businesses as per records at the Registrar of Companies and who received the payments was, Ms. Josephine Kabura Irungu; and
- The payments were supported by a purported Supplies Branch contract, noting that to use the Supplies Branch contracts, MDAs have to contract prequalified suppliers of Supplies Branch and engage them directly under the terms predetermined by the Supplies Branch. The procuring entity then makes payments to Supplies Branch. The Supplies Branch then buy goods on behalf of the procuring entity and then deliver. This was not the case in these payments.

1.2.27 Noted fraudulent payments were based on a sample reviewed. Increasing the reviewed scope period and lowering the sampled amounts paid to suppliers could have revealed additional fraudulent payments.

Case 3 – Fraudulent payment of Kshs.240,751,576.06

1.2.28 The special audit noted payments totaling Kshs.240,751,576.06 that were susceptible to fraudulent practices. This was established while reviewing payments to cohorts through Messrs. Safaricom Ltd. a telecommunication company with a mobile money payment platform (MPESA), contracted by National Bank of Kenya (NBK), to transfer funds to participating youths through their mobile phones on a weekly basis.

1.2.29 While this special audit did not independently confirm directly with the cohorts to acknowledge receipt of funds, which could have revealed further fraudulent activities, alternative procedures on the cohorts' payroll for the fifty (50) weeks period,

revealed fraudulent practices that led to fraudulent payments purportedly to cohorts amounting to Kshs.240,751,576.06 as shown below.

Table 3: Summary of payments purportedly to cohorts totaling Kshs.240,751,576.06

	Description	No. of Cohorts	Amounts paid in Kshs.
1	Payments where recipient had Identical National ID	9,170	19,461,567.10
2	Payments to different beneficiaries via Identical Mobile Numbers	8,752	18,050,313.10
3	Payment for alleged excess days (processed through excel)	4,145	12,796,968.86
4	Payment for alleged excess days (processed through the NYS ERP)	27,674	190,442,727.00
	TOTAL		240,751,576.06

1.2.30 The NYS had two NBK bank account number(s) 01020078734500 and 01020078734700 opened on 04 October 2014 for purposes of receiving and paying cohorts. These bank accounts were operated without authority from PS National Treasury contrary to Section 28(1) of the PFM Act, 2012. Subsequent arrangements with Messrs. Safaricom Ltd, may also be rendered irregular in the absence of an authority from the PS National Treasury to operate the NBK bank accounts and therefore costs incurred thus far deemed recoverable.

1.2.31 Notwithstanding the above cited infractions, Messrs. Safaricom Ltd. executed its mandate based on information provided by the NYS i.e. details of recipient of funds (mobile number and name), which actually created opportunities that exposed the total wage payments to cohorts of Kshs.3,083,597,456.67 to the risk of misappropriation due to lack of adequate controls.

1.2.32 These risks could range from not ensuring that only those who work are paid to the telephone numbers enlisted for payment and the individuals receiving the payments as cohorts not being legitimate. These weaknesses that could have led to fraudulent

payments could have been mitigated by having the cohorts biometrics registered and their wages withdrawn from the bank via smart cards

Case 4 - Fraudulent payments of Kshs.222,122,919.00

1.2.33 An altered Supplies Branch contract was used to facilitate fraudulent payments amounting to Kshs.222,122,919.00 to various suppliers without receipt of the good and/or service. These payments of Kshs.222,122,919.00 by NYS to Supplies Branch for procurement done using a contract from Supplies Branch based at the Ministry of Land, Housing & Urban Development, was not supported in its entirety.

1.2.34 This is because (i) an amount of Kshs.66,964,619.00 identified as "recurrent", had no documentation to support the payment and, (ii) documents supporting an amount of Kshs.155,158,300.00 highlighted that the payment was for the supply of items that were neither received nor taken on-charge in any of the NYS stores records. Therefore, it's likely that the entire amount of Kshs.222,122,919.00 was fraudulently paid.

Case 5 - Irregular payments of Kshs.360,315.00

1.2.35 The special audit noted payments totaling Kshs.360,315.00 to permanent staff of the NYS. This was established while reviewing payments to cohorts through Messer. Safaricom Ltd.

1.2.36 These payments are irregular because the permanent staff of the NYS draw a salaries and therefore the payments totaling Kshs.360,315.00 should be recovered from the permanent staff.

Case 6 - Cohorts savings amounting to Kshs.551,750,000.00 used to fund NYS operations

1.2.37 Numerous activities including hiring cohorts (local youths engaged by the NYS in their locality), commenced in September 2014, with the youths being paid a daily wage rate of Kshs.471.00. 30% of this amount was retained as mandatory savings and deposited into the NYS Huduma Fund, which would then be invested in SACCOs to be created by the youths in the respective Counties

1.2.38 A year later, as at September 2015, there were 83,076 cohorts who had been registered and paid a total of Kshs.3,083,597,456.67. Kshs.925,079,237.00 (30%) was retained as youths' savings but only Kshs.342,288,782.00 (Appendix V) was confirmed to have been transferred to fifty seven (57) registered SACCOs and the balance of Kshs.582,790,456.00 expected to be retained within NYS Huduma Funds/bank accounts but only Kshs.31,039,446.90 was available at the NBK, Current Account Number 01020078734700 at Harambee Avenue Branch.

1.2.39 Due to poor cash flow projections, there were shortages of funds to finance operations at the NYS. The balance of Kshs.551,750,000.00 relating to SACCO deductions held in the NBK Huduma Cohorts bank accounts was then internally borrowed to pay for certain expenditure which included; cohorts weekly wages, Huduma kitchen expenditure, Lamu securitization wages, water pans personnel wages and Kibera Road committee allowances.

1.2.40 A new KCB bank account was opened on 18 January 2016 and the cohorts youth savings, that were internally borrowed was refunded via a deposit of Kshs.517,653,820.00, to the new KCB bank account on 22 January 2016 to restore the total SACCO deductions to Kshs.925,079,237.00.

Case 7 - Unaccounted A.I.E amounting to Kshs.70,000,000.00

1.2.41 The special audit noted that on 2 October 2014 an A.I.E number 757439 whose face value amounted to Kshs.70,000,000.00 was issued to the NYS College in Gilgil. Enquiries at the College during verification between 5th and 7th October 2015, a year later, revealed that the A.I.E had not been received. The money had therefore not been satisfactorily accounted for by the State Department of Planning.

Case 8 - Attempted Fraudulent payment of Kshs.695,400,000.00

1.2.42 Upon receipt of the supplementary allocation of Kshs.3,500,000,000.00, a commitment to spend Kshs.828,600,000.00 was immediately issued. Mr. Samuel Wachenje, Finance Director - NYS confirmed that he had committed Kshs.133,200,000.00 while Mr. Adan

C. Harakhe, Deputy Director General. NYS denied being involved with committing the difference amounting to Kshs.695,400,000.00.

1.2.43 The special audit noted that three of these intended recipients of Kshs.695,400,000.00 i.e. Messrs. Reinforced Concrete Technologies, Messrs. Roof and All Trading and Messrs. Form Homes Builders were the same business names that were fraudulently paid Kshs.791,385,000.00 mentioned in Case 1, and were all registered under the same proprietor, Ms. Josephine Kabura Irungu.

1.2.44 The other intended recipients; Messrs. Draco Capital, Messrs. Grumum Engineering and Messrs. Tegmen Trading, meant to share the Kshs.695,400,000.00 were purportedly registered between December 2014 and January 2015 under the proprietor(s) Mr. Peter Omari Otwoma and Ms. Caroline Njambi Kinuthia, as per NYS records. The Registrar of Companies however denied the existence of these three business names in their database.

Review of the Information Systems at the NYS

1.2.45 In the processes of restructuring the NYS, management put in place an Integrated Financial Management Information System (IFMIS), an Integrated Personnel and Payroll Database (IPPD), and a Cohorts' Payroll System. The special audit only reviewed the IFMIS and noted the following:

IFMIS and likely vulnerability in the case of the NYS

1.2.46 The National Treasury confirmed that IFMIS applications are protected within a layered security architecture that enhances the protection and integrity of its system at the network and at the application level as per the Open System Interconnection (OSI) model. In addition, the National Treasury indicated that there has never been an hacking attempt of the IFMIS.

1.2.47 This special audit however noted that there were several human interventions that exposed IFMIS and thus payments through IFMIS to vulnerability. For example, the

suppliers listed in Table 14, of the detailed findings section, were created and Site Details defined by the same user- Mr. Fredrick Munge Musembi, P/NO. 2009112985, who is an employee of the IFMIS Department at the National Treasury. The user was not defined at the State Department of Planning to warrant him the rights to define the Site Details of these suppliers. It is earlier cited in this report that these suppliers were actual and likely beneficiaries of the fraudulent payments by the NYS.

1.2.48 It was further noted that there was no formal procedure in place at the IFMIS Department in withholding access rights upon receipt of notification by an Accounting Officer or Supervisor(s). Mr. Nelson Giithinji, Director-General at NYS was not deactivated from IFMIS upon revocation of his rights as an A.I.E holder on 19 February 2015, and thus continued to log into the IFMIS system up until 20 May 2015, several months after his rights as an A.I.E holder was officially revoked.

1.2.49 In addition, there were the NYS user(s) who logged into IFMIS from the National Treasury instead of their workstations at the NYS Headquarters, hence a red flag (Appendix VIII), considering that the NYS Headquarters has its own defined IFMIS and approved user(s) based at the NYS Headquarters. Further, certain users listed in Table 16 of the detailed findings section, had access to IFMIS on Saturday(s), which was not a working day. There is a likelihood that these user(s) may have carried out suspect activities/transactions and feared detection from the other user(s) on a normal working day or at their work stations.

Other auditable issues of public interest regarding the NYS

Dam construction works

1.2.50 The NYS was granted an approved estimates of Kshs.3,615,709,800.00 for dam construction in the year 2013/2014 budget. Out of this approved estimates, Kshs.3,117,265,091.00 was committed by the NYS for dam construction. However, the State Department of Planning only transferred Kshs.1,884,018,004.00 to the then Ministry of Environment, Water and Natural Resources in that financial year 2013/2014 for dam construction activities, which was done using NYS service men, cohorts and

machinery but under the purview/supervision of the then Ministry of Environment Water and Natural Resources.

1.2.51 As at 28 August 2015, 212 dams were confirmed to have been constructed by the NYS. 202 of them were completed while 10 were at different levels of completion. See **Table 18** in the detailed findings section. Physical verification of the facilities sampled and visited noted these were "water pans" and not "water dams" as had been indicated in the contractual documents.

1.2.52 The cost attributable to the construction of these water pans could not be established as the construction work and manpower was availed by the NYS servicemen and cohorts, thus, no explicit distinction on what cost was allocated to the then Ministry of Environment, Water and Natural Resources for supervision of works. The aforementioned transfer of Kshs.1,884,018,004.00 could therefore not be validated with certainty due to lack of records at the auditee that was a subject of this special audit. The then Ministry of Environment, Water and Natural Resources has since issued some completion certificates for the water pans, thus, granting access to utilization.

Procurement for Consultancy Services in the NYS Rebranding

1.2.53 Messrs. The Consulting House Ltd was hired to restructure the NYS as per terms of reference and proposal in what was later referred as NYS 5-Point Vision. Messrs. The Consulting House Ltd was registered on 20 November 2009, Registration No. CPR/2009/14299, with Dr. Godfrey Mutahi Ngunyi and Ms. Judith Langat Mutahi as its directors.

1.2.54 The special audit noted that Messrs. The Consulting House Ltd had two contracts to deliver on the NYS rebranding. The first contract was signed on 5 March 2014 at a contract price of Kshs.40,000,000.00, exclusive of reimbursable. The terms of reference and payments were clearly set out. It was confirmed that all payments were done as agreed, and deliverables submitted to the NYS on 16 June 2014, the same date when the last payment for this contract was effected.

1.2.55 The second contract was signed on 13 October 2014 at a contract price of Kshs.50,000,000.00, with a clearly set out terms of reference and a payment plan. However, the special audit noted that Messer. The Consulting House Ltd. was paid a total of Kshs.62,500,000.00, which is Kshs.12,500,000.00 (25%) more than the agreed contractual sum of Kshs.50,000,000.00. Further enquiries revealed that the payment of Kshs.12,500,000.00, on 21 April 2015 was done using a copy of invoice number 001/15/TCH-NYS dated 11 March 2015 that had been used to support an earlier payment of the same amount, Kshs.12,500,000.00 (25%) done on 16 March 2015.

Procurement for Publicity Services

1.2.56 The State Department of Planning entered into a contract with Messrs. Out of the Box Solutions Ltd. for the *"Consultancy Services to offer users support services and conduct sensitization campaigns to enhance access to the 30% reservation of government procurement opportunities for youth, women and persons with disability"* at a contract price of Kshs.302,458,690.00.

1.2.57 The special audit noted that it was not possible to determine with certainty how the schedule of activities could achieve the purpose of the scope. It was therefore possible to make payments as provided in the schedule of activities without the purpose being achieved. Payments ought to be based on achievements of measurable targets of the impact of sensitization campaigns, especially, the payment of Kshs.90,737,607.00 to Messrs. Out of the Box Solutions Ltd on 13 August 2015.

1.2.58 This payment raised concerns and was not immediately cleared by the receiving Commercial Bank. The Commercial Bank had to request the State Department of Planning through Central Bank of Kenya to reconfirm the beneficiary of the funds because of materiality of the amounts. No document was provided for audit to confirm that indeed the beneficiary and details of the payment were meant for Messrs. Out of the Box Solutions Ltd.

1.2.59 At the closure of the financial year 2014/15, the State Department of Planning had pending bills amounting to Kshs.7,261,076,350.00, out of which Kshs.2,964,972,441.80 was attributed to the NYS. As a result of centralized procurement, and in the event of delayed deliveries of essential goods from the NYS Headquarter, various Field Units opted to procure goods on credit and forward the invoices and delivery notes to the NYS Headquarters for payments.

1.2.60 As at 30 June 2015, four locations were sampled and reviewed and it was noted that goods amounting to Kshs.508,882,423.00 had been purchased on credit at these NYS Units and were still outstanding. It is likely therefore, that the pending bills for the State Department of Planning of Kshs.7,261,076,350.00 is understated as it did not include pending bills from the NYS Field Units incurred as credit purchases.

Bank accounts operated by the NYS

1.2.61 The NYS operated four bank accounts, and two of these accounts were opened in October 2014, while the other two had been in operation pre-2011. The special audit noted that there were no bank reconciliations being prepared for all the four bank accounts as part of proper record keeping.

1.2.62 The special audit then profiled two of the accounts recently opened by the NYS and noted that NBK Bank Account Number 01020078734500 had no transaction other than service charges amounting to Kshs.8,200.00 which raises concerns on why the bank account was opened and without authority from the PS National Treasury.

1.2.63 The special audit further noted cheques amounting to Kshs.19,000,000.00 being cashed over the counter, between 17th and 24th March 2016 to pay servicemen their dues. This was noted to have been necessary to avert an impending riot at the NYS Gilgil Camp.

1.2.64 A KCB bank account was opened on 18 January 2016 to hold cohort savings separately. Cohort's savings that was internally borrowed to fund NYS operations was refunded and deposited in this account on 22 January 2016.

1.3 Financial Irregularities and Culpabilities

Sl. No.	Officer/Position and Organization	Irregularity	Amount/Possible Claim (Kshs)	Conclusion and Remedies
1	<ul style="list-style-type: none"> NYS Senior Managers Members of Inspection & Acceptance Committee. Proprietor(s) of the three business names that received these funds 	<ul style="list-style-type: none"> Payment for non-delivery of materials and payment to unregistered businesses. Payment was based on forged documents. Construction works was not in procurement plan. Accepting materials without inspection and issuing undated acceptance certificates. Not properly constituting an inspection and acceptance committee at the NYS. 	791,385,000.00	<ul style="list-style-type: none"> Criminal investigations and appropriate action taken depending the outcome of the investigation. All the suppliers mentioned adversely in this matter should be discontinued from trading with Government. Administrative action to be taken on inspection & Acceptance committee members.
2	<ul style="list-style-type: none"> NYS Senior Managers Proprietor(s) of the businesses/suppliers that received these funds 	<ul style="list-style-type: none"> Payment using a forged Supplies Branch Contract and payment to unregistered businesses. Forging; documentation. 	609,252,760.60	<ul style="list-style-type: none"> Criminal investigations and appropriate action taken depending the outcome of the investigation. All the companies mentioned adversely in this matter should be discontinued from trading with Government.
3	Treasury Official who defined the suppliers in the system	Attempting to defraud the government through Payment using a forged Supplies Branch Contract.	695,400,000.00	Criminal investigations and appropriate action taken depending the outcome of the investigation, and all the companies mentioned adversely in this matter should be discontinued from trading with government.
4	NYS Senior Managers	Failure to account for the funds paid to Supplies Branch.	222,122,919.00	Criminal investigations and appropriate action taken depending the outcome of the investigation.
5	NYS Senior Managers	Poor financial planning that led to cohorts savings meant to be held in trust being used to fund NYS operations and pay wages	551,750,000.00	<ul style="list-style-type: none"> Investigations to ascertain the existence of the funds. Administrative action on the perpetrators.
6	NYS Senior Managers	<ul style="list-style-type: none"> Payment to duplicate ID holder. Payment for excess days. Payment using the same mobile number. Permanent Staff receiving wages as cohorts. 	240,751,576.06	<ul style="list-style-type: none"> Criminal investigations on perpetrators of the scheme. Administrative action on permanent employees to recover funds
7	The Accounting Officer at State Department of Planning	Failure to account for funds purportedly issued to NYS College in Gilgil as A/E on 2.10.2014 but had no evidence of receipt as at 7.10.2015.	70,000,000.00	The amount be accounted for or be recovered
8	NYS Senior Managers	Processing and paying Messrs. The Consulting House Ltd using copies of an already paid invoice	12,500,000.00	The payment should be refunded to the NYS if not satisfactorily accounted for.

4 Conclusion and Recommendations

Conclusions

- 1.4.1 The special audit noted fraudulent practices that led to the losses of Kshs.1,863,512,255.66 under various circumstances as in Case 1 (Kshs.791,385,000.00) Case 2 (Kshs.609,252,760.60), Case 3 (Kshs.240,751,576.06) and Case 4 (Kshs.222,122,919.00). The biggest beneficiary was Ms. Josephine Kabura Irungu, who received Kshs.1,299,627,930.00 on account of eleven (11) businesses. The same proprietor was also meant to receive part of a failed fraudulent payment of Kshs.695,400,000.00 as in Case 8.
- 1.4.2 The special audit noted opportunities that exposed the wage bill for the NYS cohorts of Kshs.3,083,597,456.67 to the risk of misappropriation due to inadequate controls over payment to cohorts. These could have led to the funding of NYS operations using funds meant to be held in trust at SACCOs and at the NYS Huduma Funds amounting to Kshs.551,750,000.00, that was subsequently reimbursed in January 2016. The control weakness identified also led to payments of Kshs.70,000,000.00 being A.I.E issued to the NYS Gilgil Field Unit that has not been satisfactorily accounted for.

Recommendations

- 1.4.3 Criminal Investigations should be conducted against all officers involved in any fraudulent payments and/or irregularities and action taken against them according to the law.
- 1.4.4 All the companies, suppliers and business names mentioned in this special audit report as having been paid irregularly should be discontinued from trading with government and appropriate legal action taken against them.
- 1.4.5 All the irregular wages/salaries paid to cohorts or NYS officers should be recovered from the respective officers and control systems instituted to avert a repeat.

- 1.4.6 NYS Senior Management should confirm whether there was commensurate service delivery equivalent to Kshs.12,500,000.00 paid to Messrs. The Consulting House Ltd. considering an equivalent amount was paid to the same organization one month earlier.
- 1.4.7 There is need to undertake an investigation on whether user support services was provided and sensitization campaigns undertaken to confirm the contract payment to Messrs. Out of the Box Solutions Ltd.
- 1.4.8 The IFMIS system should be configured to have adequate validation controls that ensure timely detection of attempted irregularities.
- 1.4.9 SACCO deductions should be timely released to the relevant SACCOs to enable the cohort access to loans from the SACCOs. These savings should be held in a segregated bank account to avoid commingling of funds.
- 1.4.10 An audit trail should be implemented in the ERP system to ensure that logs of all activities are captured.
- 1.4.11 Idle bank accounts being operated by the NYS should be closed and authority to operate all other accounts including third party service providers offering payment platforms should be sought from the National Treasury.
- 1.4.12 Access rights to IFMIS for Officers should be revoked immediately such a request is received from MDAs to ensure continued protection of information. Further, the National Treasury should develop a standard supplier definition form, which is serialized for accountability purposes, duly filled and signed by a designated officer at the MDAs.
- 1.4.13 A review should be initiated to determine the accuracy of all the NYS pending bills including in its Field Units with an aim of having accurate balances reflected on the State Department of Planning's financial records. This will also give an opportunity to authenticate all the pending bills and make a decision on the next course of action.

- 1.4.14 An analysis should be commissioned to establish how funds amounting to Kshs.1,884,018,004.00 meant for dam construction transferred to the then Ministry of Environment, Water and Natural Resources, was utilized to authenticate Value for Money in the construction exercise considering construction work and manpower was availed by the NYS servicemen and cohorts.
- 1.4.15 A biometrics registration exercise should be conducted for all the cohorts engaged by the NYS and then get issued with smart cards which can then be used to withdraw their wages from a bank to mitigate some of the risks in the payroll processes.
- 1.4.16 Although the restructure and centralized processes that has given rise to a new architecture of the NYS is a welcomed initiative, a fundamental question to consider is whether the NYS should continue to be a Department reporting to a Directorate within a State Department of a Ministry or whether it should be strategically curved out as a Semi-Autonomous institution with a clear governance structure. This is because of the scale of resources injected in the NYS thus far, the significant number of servicemen and cohorts under its charge and the anticipated national outreach of its operations.



FCPA Edward R. O. Ouko, CBS,
AUDITOR-GENERAL

23 MAY 2016

2. Detailed Findings

2.1 Introduction, Background and Terms of Reference

Introduction

- 2.1.1 On 26 June 2015, the Clerk of the National Assembly requested the Auditor-General vide letter referenced No. NA/PSC/CORR/2015/44 to conduct a Special Audit of the Accounts of the National Youth Service (NYS), in the State Department of Planning under the Ministry of Devolution and Planning.
- 2.1.2 The Clerk requested particular emphasis on the following:
- Examination of the NYS capital projects and programmes with particular emphasis on the procurement and financial efficacy of the capital projects that the NYS has undertaken including, but not limited to, water dams and the infrastructure up-grading in the slum areas in various parts of the country.
 - Evaluation of the NYS re-branding project specifically on the procurement of the various consultancy services covering areas such as the development of the NYS 5 point vision, publicity and media management, among others.
 - Scrutiny of all purchases, procurement and contracts for goods and services of Kshs.5,000,000.00 and above made by, or entered into, by both the NYS and the State Department of Planning in this period including names of suppliers, contractors, consultants involved, nature of goods and services supplied, mode of tendering, amounts involved and whether value for money was realized.
 - Appraisal of the Kenya Youth Empowerment Project (KYEP) on programmes undertaken since its inception to date to determine whether there was value for money in the project and the impact the donor funded project has had on the youth; and establish the circumstances surrounding a request by the State Department of Planning to incur an additional Kshs.162,651,766.68 during the 2014/2015 financial year to fund the project.

- Investigation into the National Youth Service (NYS) procurement processes and procedures including, but not limited to, the use of the Integrated Financial Management Information System (IFMIS) for its day to day operations, including the vulnerability of the system and possible misuse by on-site Government employees and offsite hackers as a gateway to defraud the Government.
- Identification and segregation of purchases/procurements made both inside and outside the IFMIS system, with the names of AIE holders for each case, analysis of all the bank accounts operated by both the National Youth Service and the State Department of Planning in the audit period, including signing mandates and names of signatories for each account and also inspection of the systems and processes at both bodies relating to control measures that have been put in place to ensure prudent use of public funds.

Background

National Youth Service (NYS)

- 2.1.3 The NYS was established in 1964 through an Act of Parliament to train the youth in important national matters such as service in the armed forces, national reconstruction programmes and disaster response. The NYS Act was amended in 2012 in a bid to re-structure the institution in order to spearhead the youth transformation agenda. The re-structuring was informed by a 5-Point Vision Framework developed by consultants.
- 2.1.4 These 5-Point Vision Framework included:
- i) Paramilitary training and service regimentation;
 - ii) National service and youth re-socialization;
 - iii) Social transformation and vocational training;
 - iv) Enterprise and youth economy; and
 - v) Bankable Institutional Architecture.

Paramilitary training and service regimentation

- 2.1.5 Starting July of every year, the NYS is to recruit and train 10,935 youth semi-annually. Every six (6) months, approximately 10,935 Huduma Corps are expected to graduate.

National service and youth re-socialization

- 2.1.6 This is the main engine of a re-structured institution. It was proposed that it be re-organized into nine (9) functional units; Dam Construction Units, Road Construction Unit, Vector Control Unit, Slums Civil Works and Public Environment, Huduma Kitchens Unit, Traffic Control Unit, Public Security Unit, Service Constabulary Unit, and Inclusive Agribusiness. The NYS is to act as a catalyst where a cohort of 21,870 service men would reach 227,670 youth per year.

Social transformation and vocational training

- 2.1.7 Social transformation is the endogenous process through which society achieves liberation through development. The process encompasses individual transformation from ascribed to desirable status. It is thus rooted in development of societal consciousness that guarantees long-term, sustainable socio-economic, cultural and political progress that is consciously and endogenously achieved.
- 2.1.8 The three key results of social transformation are; Reinvigorated and Revitalized Population, Economic Prosperity and Civic Pride.

Enterprise and youth economy

- 2.1.9 This is the pillar that would thrust the trained and prepared youth into the job market. The enterprise and youth economy would give the NYS graduates a soft landing in the markets in the following ways; Self-Employment Promotion Units (SEPU)/SACCOs, Integrated Construction Company, Youth Labour Export and Commercialization of NYS training Institutes.



Bankable Institutional Architecture

2.1.10 This was to align the staff establishment, budgets and operations to the 5-Point Vision. The bankable institutional architecture is split into four sub-pillars; Administration, Monitoring and Evaluation, Human Resource and Branding and Public Relations (PR)

Key Stakeholder: Ministry of Devolution and Planning

2.1.11 The Ministry of Devolution and Planning is under the Presidency and it comprises the Directorate of Public Service Management, State Department of Devolution and the State Department of Planning.

2.1.12 The State Department of Planning has three Directorates; Directorate of Planning, Directorate of Youth Affairs and Directorate of Gender. The National Youth Service (NYS) is recognized as a Department within the Directorate of Planning.

2.1.13 The Ministry of Planning and Devolution is responsible for coordinating the implementation of the Second Medium Term Plan of Kenya Vision 2030 for the period 2013/2014 to 2017/2018.

Terms of Reference

2.1.14 Analysis of the request received from the Clerk of the National Assembly transformed into auditable issues:

Table 4:	Issues raised in the PAC Request	Corresponding Auditable Area	Auditee
1	Examination of the NYS capital projects and programmes with particular emphasis on the procurement and financial efficacy of the capital projects that the NYS has undertaken including, but not limited to, water dams and the infrastructure up-grading in the slum areas in various parts of the country.	Review the control environment and activities surrounding the procurement processes for capital projects and programs undertaken by the NYS.	National Youth Service
2	Evaluation of the NYS re-branding project specifically on the procurement of the various consultancy services covering areas such as the development of the NYS 5 point vision, publicity and media management, among others	Review the control environment and activities surrounding the procurement processes for consultancy work undertaken at the NYS. These include the NYS 5-Point Vision, Publicity and Media Management	National Youth Service
3	Scrutiny of all purchases, procurement and contracts for goods and services of Kshs.5Million and above made by, or entered into, by both the National Youth Service and the State Department of Planning in this period including names of suppliers, contractors, consultants involved, nature of goods and services supplied, mode of tendering, amounts involved and whether value for money was realized.	Review the control environment and activities surrounding the procurement processes for items above Kshs.5Million to include; Suppliers, Contractors, Consultants, Nature of goods/services, Mode of tendering, and Amounts	National Youth Service and the State Department of Planning
4	Appraisal of the Kenya Youth Empowerment Project (KYEP) on programmes undertaken since its inception to date to determine whether there was value for money in the project and the impact the donor funded project has had on the	Review of the KYEP since inception with a view to comment on: <ul style="list-style-type: none"> ◦ Historical background; 	This is a separate programme under the Ministry of

Table 4: Issues as raised in the PAC Request	Corresponding Auditable Area	Auditee
<p>4. youth; and establish the circumstances surrounding a request by the State Department of Planning to incur an additional Kshs. 162,651,766.68 during the 2014/2015 financial year to fund the project.</p>	<ul style="list-style-type: none"> ◦ Kshs.162,651,766.68 additional funding of the project from State Department of Planning ◦ Value for Money (VFM); and ◦ Impact on the youth. 	<p>Youth Affairs and therefore will be a subject of a separate Special Audit - VFM.</p>
<p>5. Investigation into the National Youth Service (NYS) procurement processes and procedures including, but not limited to, the use of the Integrated Financial Management Information System (IFMIS) for its day to day operations, including the vulnerability of the system and possible misuse by on-site Government employees and offsite hackers as a gateway to defraud the Government.</p>	<p>Review the IFMIS System usage by the NYS and the State Department of Planning with specific emphasis on the day to day operations and vulnerability of IFMIS to on-site and offsite hackers.</p> <p>Review the allegations of alleged loss (Kshs.791,385,000.00), attempted loss (Kshs.695,400,000.00) and any other vulnerabilities.</p>	<p>National Youth Service and the State Department of Planning</p>
<p>6. Identification and segregation of purchases/procurements made both inside and outside the IFMIS system, with the names of AIE holders for each case, analysis of all the bank accounts operated by both the National Youth Service and the State Department of Planning in the Audit period, including signing mandates and names of signatories for each account and also inspection of the systems and processes at both bodies relating to control measures that have been put in place to ensure prudent use of public funds.</p>	<p>Identify and segregate cited transactions done inside and outside IFMIS system and identify the AIE holder.</p> <p>Analyze the control environment of all the bank accounts operated by the National Youth Service.</p> <ul style="list-style-type: none"> ◦ Signing mandates; ◦ Name of signatories; and ◦ Systems and process put as a control measure to ensure prudent use of public funds. 	<p>National Youth Service and the State Department of Planning</p>

Scope of work, procedures, limitations and reporting structure

Scope of Work

- 2.1.15 Based on the identified auditable areas, and with coverage ranging from the period between 2012/2013 to 2014/2015, the special audit reviewed and reported on:
- A review of changes, sectoral, structural and accountability reporting that have happened at the NYS;
 - A review of both Appropriation In Aid and Supplementary Budget(s) issued to the NYS;
 - A review of the internal controls processes and procedures, but not limited to, the procurement process (involving amounts greater than Kshs.5Million), approvals, segregation, authorization, verification and reconciliations and any other controls in place at the NYS and related institution(s) which are a subject of this special audit;
 - A review of the Integrated Financial Management Information System (IFMIS) for its day to day operations with a focus on the amounts alleged to have been lost and any potential exposure to the concerned institution(s) or vulnerability thereof;
 - Identify any irregularities, culpable individuals, amount involved and identifiable recourse; and
 - Issue a report with recommendations and conclusions on the way forward.

Procedures Performed

2.1.16 Officers interviewed during the special audit were identified and drawn from the NYS, Ministry of Devolution and Planning, Ministry of Transport and Infrastructure, and the Ministry of Lands, Housing and Urban Development. They are enlisted under **Appendix I**.

2.1.17 Other procedures included documentation reviews, analytical reviews, physical verification and systems review.

Limitation of Scope

2.1.18 Except as otherwise noted in the content of the limitation (a), others did not affect the quality and the result of our findings, these limitations include:

- a) Evidence obtained from these documents, not provided for audit, could have provided additional information of interest to this special audit. These include:
 - Procurement plans that captured the 3.5Km road constructions works at Kibera;
 - Details of payments totaling Kshs.66,964,619.00 to Supplies Branch;
 - Supporting documents of the supplementary budget of Kshs.3,500,000,000.00 issued to the NYS;
 - Details to support the disbursement of Kshs.1,884,018,004.00, to the Ministry of Environment, Water and Natural Resources for Dam Construction;
 - Bank reconciliations for all bank accounts operated by the NYS; and
 - Revised contract between the State Department of Planning and Messrs. The Consulting House Ltd.
- b) After the March 2013 General election, several Ministries were merged. This therefore caused delays in obtaining documentation held by the former Ministry of Youth Affairs and Sports that had responsibility for NYS operations.
- c) Value for Money audit aspects/perspectives are complex and require more time and skills and therefore not adequately covered in this report.
- d) There were nineteen (19) NYS sub-Units and Field Units situated in various parts of the country. It was not possible to visit and cover all areas and items, however, appropriate sampling procedures were carried out.
- e) There were parallel investigations by other oversight institutions, which caused delays in accessing certain documents in their custody.
- f) During the special audit, all the procurement officers at the NYS were recalled by the Ministry for redeployment. This disrupted the schedule of interviews with these key personnel.
- g) The special audit relied on reports by the design and construction engineers from Kenya Urban Roads Authority (KURA) for the road constructed in Kibera and completion certificates issued by engineers from the Ministry of Environment,

Water and Natural Resources in arriving at our conclusions for the constructed water pans and/or dams.

2.2 Analysis of changes surrounding the NYS

Sector Trend Analysis

- 2.2.1 The government has increasingly shown interests in a youth agenda drawn from perceived risks of youth unemployment and likely effects of social unrest and political stability. Following the development of the Kenya National Youth Policy, Sessional Paper No.3 (July 2007), there has been other concerted efforts, in particular, to increase the youths' economic participation.
- 2.2.2 This saw the birth of Kazi Kwa Vijana (KKV) initiative under the Marshal Plan for Youth Employment and Development in 2008. The aim of Kazi Kwa Vijana was to create 500,000 jobs per year for youths in rural and urban areas in labor-intensive public works projects implement by the various Ministries, Departments and Agencies (MDAs).
- 2.2.3 There was no other noted initiative after the KKV until 2013 when there was a renewed interest in youth empowerment. The Executive took action to enable youth-owned enterprises bid for government procurement contracts through the Access to Government Procurement Opportunities (AGPO) initiative.
- 2.2.4 In the financial year 2014/2015, interest was drawn to the National Youth Services (NYS) as a flagship initiative for youth empowerment. This was informed by a 5-Point Vision Framework that laid emphasis on paramilitary training, service regimentation, social transformation, national service, youth re-socialization, social transformation, vocational training and enterprise development among others.

Ministerial Responsibilities Changes

- 2.2.5 Previously, the defunct Ministry of Youth Affairs and Sports coordinated most youth empowerment initiatives including the NYS. After reorganization of government in

2013, the NYS was transferred to the Ministry of Devolution and Planning through Executive Order No. 2/2013 dated 20 May 2013.

- 2.2.6 The special audit noted that all allegations currently surrounding the NYS happened during the period when the NYS was under the purview of the Ministry of Devolution and Planning when the NYS was instituted as a flagship initiative for youth empowerment and budgetary allocation to implement this agenda increased significantly.
- 2.2.7 Marred with a legacy of allegations that occasioned the request to conduct a special audit in June 2015, there was an Executive Order for further re-organization of government in November 2015. A new Ministry of Public Service, Youth and Gender Affairs was created with a Directorate of Youth Affairs that is now responsible for youth issues and implementing programs geared towards empowering the youth. This Executive Order effectively reverted back the NYS to its former and now, a defunct Ministry.
- 2.2.8 The NYS has 18 Field Services Units or sub-Units located in Lambwe, Turbo, Kerio valley, Kisumu, Eldoret, Kirimun, Naivasha, Gilgil, Garissa Mbalambala, Tana Basin, Bura/Hola irrigation project, Yatta Complex, Hindi Development, Witu Field, Mombasa Technical College, Nairobi Holding, NYS Engineering Unit and NYS Vocation Training Institute. Servicemen and women rotate between working on development projects and vocational training in these units. The First Schedule of the National Youth Service Act provides for the rank of officers of the NYS in order of Seniority, and it gives a list of; Gazette Officers, Inspectorate Officers, Subordinate Officers and Under Officers.

Structural and other operational changes at the NYS

- 2.2.9 Prior to the financial year 2014/2015, all NYS Field Units operated in a semi-autonomous way. The field units received A.I.Es from the parent Ministry for operations. The respective District Treasuries were instrumental in facilitating the procurement

process as well as ensuring that proper accounting records are maintained at both the District Treasury and the NYS Field Units.

2.2.10 Since the first half of 2014/2015, procurement at the NYS was centralized at the Headquarters. The items procured at the headquarters were mainly dry rations and uniforms and are then distributed to the units on need basis. However, perishable foods are always procured at the unit level.

2.2.11 While there could have been perceived benefits of economies of scale that informed the current centralized systems, relating to procurement processes at the NYS, there could have been hidden costs that outweigh these benefits, for example, the NYS Field Units that are geographically located in far areas and have to collect items that are centrally procured. Centralization could also have presented an opportunity for fraudulent activities when potential perpetrators rationalize their intent with perceived incentives (high value contracts).

Changes in budgetary allocation and disbursements to the NYS

2.2.12 In the financial year 2013/14 and 2014/15, the NYS had the following approved budgets, also detailed in Appendix II.

Table 5: Recurrent and Development Vote allocated to the NYS

Financial Period	Development Vote in KShs	Recurrent Vote in KShs	Totals Voted in KShs	% Increase
2012/2013	1,121,000,000	2,822,119,772	3,943,119,772.00	
2013/2014	10,080,297,800	2,972,904,643	13,053,202,443.00	231.00%
2014/2015	17,910,046,031	4,893,385,191	22,803,431,222.00	74.70%
Totals	29,111,343,831.00	10,688,409,606.00	39,799,753,437.00	

2.2.13 With the renewed focus on youth empowerment, there was increased interest in the NYS which made it be the flagship initiative for the government to implement its youth agenda. This was closely followed by the amendments of the NYS Act in 2012, and the adoption of the 5 Point Vision Framework. There were noted significant increases

in the budgetary allocations to the NYS, and primarily the Development Vote which was increased tenfold (10 times) in the financial year 2013/2014 and subsequently 2014/2015. Total voted budget was increased approximately by 231% and 74% for the financial years 2013/14 and 2014/15 respectively.

2.2.14 The special audit noted that these budgetary increases took effect after the NYS moved to the Ministry of Devolution and Planning in the financial year commencing 2013/2014. It also noted that in the financial year 2014/2015 the NYS received an additional Kshs.3,500,000,000.00 as supplementary allocation from the National Treasury. This supplementary allocation was approximately a quarter (25%) for the initial budgetary allocation by the Parliament, which is significant and thus should be backed with a trail of requests from the implementing entity i.e. the NYS. However, on enquiry, there were no documents availed to provide the rationale of the requisition, and amounts.

2.2.15 The NYS 5-Point Vision Framework prepared by Messrs. The Consulting House Ltd as a blue print to inform the reforms at the NYS proposed a restructuring budget of Kshs.22,445,739,948.00 (Appendix III) for the two financial years 2013/2014 and 2014/2015. However, Kshs.35,909,836,108.00 was allocated to the NYS by Parliament to implement the 5-Point Vision Framework among other reforms.

Responsibility Changes at the NYS

2.2.16 During the period under review we noted significant changes in the reporting structures/assignment of roles and responsibilities, which is a critical component of the control environment. On 19 February 2015, Dr. Nelson Githinji's, Director General, NYS appointment as an A.I.E holder was revoked and immediately replaced with Mr. Adan G. Harakhe, Deputy Director General, NYS by Eng. Peter Mangiti, PS State Department of Planning. Subsequently, the next day, on 20 February 2015, a letter Ref No: MDP/1/3/41, was issued by Mr. John Munywoki from the State Department of Planning, instructing the Director of IFMIS at the National Treasury to define Mr. Adan G. Harakhe as the A.I.E holder for the NYS.

2.2.17 The special audit examined other documents and noted timing concerns, especially between 17 November 2014 and 20 July 2015 relating to transfers, deployments and events affecting Mr. Adan G. Harakhe before his appointment as an A.I.E holder in his capacity as the Deputy Director General - NYS as highlighted in the table below:

Table 6: Transfers, deployments and events affecting Mr. Adan G. Harakhe

LOG OF EVENTS LEADING TO THE TRANSFER OF MR. ADAN G. HARAKHE TO NYS			
Dates	Events	Authorizing Officer	Destination
18-06-14	Circular creating the position of Deputy Director General at the NYS	Mrs. Alice A. Otwala	Secretary/CEO- Public Service Commission
17-11-14	Decision to transfer Mr. Adan G. Harakhe from Bungoma to HQ- Ministry of Interior and Co-ordination of National Government	Dr. Monica K. Juma	PS - Interior
20-11-14	Transfer of Mr. Adan G. Harakhe from Bungoma East to Ministry of Interior and Co-ordination of National Government HQs	Mr. J.O. Ole Seriaani	Regional Coordinator - Western Region
21-11-14	Transfer of Mr. Adan G. Harakhe from MI&CNG to MDP	Mr. J. W. Irungu	Acting for PS - Interior
27-11-14	Deployment of Mr. Adan G. Harakhe to NYS as a senior deputy Director General	Eng. Peter Mangiti	PS - State Department of Planning
19-02-15	Appointment of Mr. Adan G. Harakhe as an AIE holder	Eng. Peter Mangiti	PS - State Department of Planning
25-03-15	Promotion of Mr. Adan G. Harakhe to the post of Deputy Secretary in the MI&CNG	Mrs. Alice A. Otwala	Secretary/CEO- Public Service Commission
24-04-15	Approval of the transfer of Mr. Adan G. Harakhe awaiting formalization by the chief of staff	Mr. Stephen K. Kirogo	Acting for Chief of Staff and Head of the Public Service
16-06-15	Forwarding of Mr. Adan G. Harakhe's promotion letter to the CS Ministry of Devolution and Planning from Ministry of Interior and Co- ordination of National Government	Mr. W. Ndegwa	Acting for the PS Ministry of Interior and Co- ordination of National Government
18-06-15	Central Human Resource Management Committee Resolutions approving the posting of Mr. Adan G. Harakhe to the Ministry of Devolution and Planning (NYS)	Mr. Joseph Kinyua	Chief of Staff and Head of the Public Service
10-07-15	Formalization of the transfer by the Chief of Staff and Head of the Public Service	Mr. Joseph Kinyua	Chief of Staff and Head of the Public Service
15-07-15	Creation of the position of Deputy Director General	Mrs. Alice A. Otwala	Secretary/CEO- Public Service Commission
20-07-15	Communication to the NYS about the creation of the position of Deputy Director General	C.N. Kaseya	Director HRM & Ministry of Planning and Devolution

2.2.18 These events seem sequential and related in a way that could have some implication on the attempted fraud. There is likelihood that the loss and attempted loss mentioned in this Special Audit Report was planned internally and externally long before the attempted execution date with or without the knowledge of Mr. Adan G Harakhe, with the likely target being the Kshs.3,500,000,000.00, from public funds given as the supplementary budget to the NYS.

2.3 Internal controls at the NYS

2.3.1 Internal controls framework is expected to help organizations design and implement internal control in light of many changes in the operating environments. These can be broadly categorized into three critical components; control environment, control activities and information systems:

Control Environment

2.3.2 These are a set of standards, processes, and structures that provide a basis for carrying out internal controls across institutions. These consists of integrity and ethical values of the organizations, parameters that enable carrying out governance oversight responsibility and structures/assignment of roles and responsibilities.

2.3.3 The control environment worked in a way that the user department(s) raises a requisition(s) which is then passed to the procurement department that takes it through the procurement process for purposes of identifying a supplier(s). The process is guided by an ideal situation that expects a flow of events as below:

- Requisition – Procurement Department of the NYS
- Approval – Management of the NYS
- Tendering – Ministerial Tender Committee (State Department)
- Awarding – Ministerial Tender Committee (State Department)
- Delivery – Procurement Department of the NYS
- Inspection & Acceptance – Management of the NYS

2.3.4 The special audit noted that the control environment was weak throughout the aforementioned process. For example, for the 3.5 Kilometers Kibera Road, there was

no road construction works included in the procurement plan for financial year 2014/2015 to warrant a requisition. Further, the physical requisition documents were not availed for this special audit to authenticate that there was indeed a requisition and approval at the NYS. Tendering was not conducted for the aforementioned road construction works, however, a forged Supplies Branch Contract (Table 10), was used to support the purported contractual obligation.

2.3.5 The quality and quantity of materials delivered could not be authenticated because the four-member Inspection and Acceptance Committee, however, not formally appointed, failed to execute their mandate. For example, while this Committee is expected to issue a certificate as a confirmation that the items supplied are in accordance with the quality (specifications) and quantity among other responsibilities as detailed in Public Procurement and Disposal Regulations 2006 Section 17(3), they actually signed to have received/accepted goods and/or services without any evidence of conducting physical inspection.

2.3.6 The four committee members appointed between 2012 and 2014 is listed in the table below.

Table 7: Inspection and Acceptance Committee Members

	Name	Position	Remarks
1	Mr. David Alunga	Chairman	Replaced by Mr. Kundu when Mr. Alunga was appointed as the NYS Commandant - Gilgil
2	Mr. Chemos Ndiema	Member	
3	Mr. Tifus Livondo	Member	
4	M/s. Jane W. Gichuki	Secretary.	Had been transferred by PS National Treasury from MICNG to Ministry of East African Affairs, Commerce and Tourism through a circular Ref: MDF/PPD/CONF/5/003(37) dated 21 March 2014 but was formerly released on 14 July 2015 – about 17 Months later

2.3.7 The special audit's physical verification of the road construction at Kibera and interviews conducted on the same with Mr. John Sau, NYS Roads Project Coordinator revealed the following

- The road was a loop measuring about 3.5 Kilometers.
- The work was done by the NYS Officers using the NYS equipment in collaboration with Kenya Urban Roads Authority (KURA) engineers.
- There was no external contractor(s) or equipment used in this project.
- The NYS team engaged casual workers on a need basis.
- The materials were delivered on a twenty four hour basis and therefore arrangement had to be made to receive the materials as they were delivered.
- The Inspection and Acceptance Committee was not always present at the site to inspect the delivered materials and had to sign some certificates in the office without actually inspecting the materials.
- KURA prepared the design, BQs and Tender documents in July 2012 and gave the total BQ price as Kshs.349,599,205.00 assuming the road would be done by an external contractor.

Control activities

2.3.8 Control activities are the policies and procedures that help ensure management directives are carried out and necessary actions are taken to address risk to achievement of objectives. The expected control activities should have constituted the following:

- Approval – A.I.E Holder/Designate
- Authorization – Principal Accounts Controller
- Arithmetic Accuracy – Examination Department
- Documentation – Examination Department

2.3.9 The A.I.E holder satisfies that the expenditure has been incurred for the authorized purpose and has been charged to the respective item in the government accounting system.

2.3.10 The Principal Accounts Controller satisfies that the rate/price charged is/are according to regulations/contract, fair and reasonable, that the expenditure has

been on proper authority and should be charged as under the right vote, sub-vote, head, sub-head and item.

2.3.11 Examination Department reviews the entire payment process to ensure that the payment is properly approved, authorized, recorded and supported.

2.3.12 This special audit noted weaknesses in implementing these control activities that are meant to deter and/or prevent misappropriation and abuse of public resources, thus could have led to the losses identified in this special audit report.

2.3.13 Consequences of these weaknesses in the control activities and control environment are highlighted in the following cases:

Case 1 - Fraudulent payment of Kshs.791,385,000.00

2.3.14 The special audit noted an amount of Kshs.791,385,000.00 was fraudulently paid to three suppliers namely; Messrs. Form Home Builders, Messrs. Reinforced Concrete Technologies and Messrs. Roof and All Trading on various dates as summarized below:

Table 8: Payment details of Kshs.791,385,000.00

	DATE	PAYEE	AMOUNT (Kshs.)
1	17.12.2014	Form Home Builders	15,750,000.00
2	24.12.2014	Form Home Builders	36,750,000.00
3	24.12.2014	Form Home Builders	39,900,000.00
4	24.12.2014	Form Home Builders	26,250,000.00
5	24.12.2014	Form Home Builders	37,275,000.00
6	16.01.2015	Form Home Builders	36,750,000.00
7	20.01.2015	Form Home Builders	26,250,000.00
		Total	218,925,000.00
8	29.01.2015	Reinforced Concrete Technologies	25,650,000.00
9	29.01.2015	Reinforced Concrete Technologies	31,500,000.00
10	25.02.2015	Reinforced Concrete Technologies	37,260,000.00
11	25.02.2015	Reinforced Concrete Technologies	33,600,000.00
12	25.02.2015	Reinforced Concrete Technologies	35,700,000.00
13	25.02.2015	Reinforced Concrete Technologies	29,700,000.00
14	04.03.2015	Reinforced Concrete Technologies	29,700,000.00
15	06.03.2015	Reinforced Concrete Technologies	21,150,000.00
16	06.03.2015	Reinforced Concrete Technologies	36,750,000.00

17	25.03.2015	Reinforced Concrete Technologies	39,150,000.00
		Total	320,160,000.00
18	20.01.2015	Roof And All Trading	30,300,000.00
19	29.01.2015	Roof And All Trading	24,150,000.00
20	25.02.2015	Roof And All Trading	37,800,000.00
21	25.02.2015	Roof And All Trading	38,850,000.00
22	04.03.2015	Roof And All Trading	30,300,000.00
23	04.03.2015	Roof And All Trading	34,650,000.00
24	06.03.2015	Roof And All Trading	36,750,000.00
25	06.03.2015	Roof And All Trading	19,500,000.00
		TOTAL	252,300,000.00

2.3.15 The three business names were registered by the Registrar of Companies as indicated in the table below:

Table 9: Dates of Registration of the Recipients of Kshs.791,385,000.00

	Name	Date of Registration as per Registrar of Companies	Registration Cert.
1	Messrs. Reinforced Concrete Technologies	12 November 2014	BN/2014/324018
2	Messrs. Roof & All Trading	12 November 2014	BN/2014/324021
3	Messrs. Form Homes Builders	10 June 2015	BN/2014/324013

2.3.16 Messrs. Form Homes Builders received all its irregular payments of Kshs.218,925,000.00 at least five (5) months before it was registered which is a fundamental disregard in the internal control processes. It was even difficult to establish how they opened a bank account at Messrs. Family Bank Kenya Limited without a registration certificate.

2.3.17 Messrs. Reinforced Concrete Technologies and Messrs. Roof and All Trading also started receiving their payments approximately two months after registration. This is an indication that due diligence which may include; reviewing past financial statements, size of their business, and the number of years they have been in operations to handle such significant transactions was not done for these suppliers before being awarded business by the NYS.

2.3.18 The Registrar of Companies also confirmed that these suppliers are recognized as business names and not companies or entities. Therefore the business names are not bound/regulated by either the Companies Act or Registrar of Companies. According to records at the Registrar, the proprietor of all the three business names was identified as Ms. Josephine Kabura Irungu, and she received the entire amount of Kshs.791,385,000.00 on account of the three business names via their corporate bank accounts held at Messrs. Family bank Kenya Limited, situated at KTDA Plaza.

Why was the payment made?

2.3.19 The payment of Kshs.791,385,000.00 was meant for materials supplied by the aforementioned three business names for the construction of a 3.5 kilometers road in Kibera under the Slum Upgrading Programme. It was noted that the payments were supported by a purported Supplies Branch Tender No. SB/40/2011-2012 for Supply of Building and Construction Materials for the financial year 2011-2012.

2.3.20 All the supporting documents for the payment were analyzed and interviews conducted and it was clear that these payments were irregular due to the following:

- The expenditure on road construction materials was not budgeted for in the financial 2014/2015 procurement plan. It is therefore possible that this expenditure was incurred without having been planned for and in unclear procurement initiation procedures contrary to Public Procurement and Disposal Act, 2005 Section 26 (3). The section states that: "All procurements shall be - (a) Within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan;(c)Handled by different offices in respect of procurement initiation, processing and receipt of goods, works and services;"
- All payments were based on supporting documents that appeared doubtful, inconsistent and forged which included: circular No.SB/CON/P/VOL.XXIV (4) dated 30 Sept 2014, Local Purchase Orders and Inspection and Acceptance Certificates. Cited forgery of these documents are as below:

a) Circular No. SB/CON/P/VOL.XXIV (4) dated 30 Sept 2014

2321 An analysis of the original circular from Supplies Branch versus the forged circular referred to above used to support the payment revealed the following:

Table 10: Comparison between the forged and original Supplies Branch Contract

	Details in the circular supporting the payment	Actual records with the Supplies Branch
1	The Circular Ref. No. SB/CON/P/VOL.XXIV (4) was dated 30 September 2014	The actual Circular Ref. No. SB/CON/P/VOL.XXIV (4) is dated 28 September 2011
2	The above circular was signed by Arch. M. Nyariki- Officer in charge of Supplies Branch	The actual circular was signed by Mumbi Likami since Arch. Nyariki was re- deployed to Supplies Branch on 20 February 2013 in a circular Ref. No. CONF/HRM 5/1 dated 8 February 2013 by the PS in the then Ministry of Public Works Dr. Arch. Gideon M. Mulyungi.
3	The circular indicated that the tender for the supply of building and construction materials had been extended from 30 Sept 2014 to 31 Dec. 2014	There Was no extension of this contract since 28 February 2014. The last contract was communicated to all MDAs on 29 February 2012 through a circular reference number SB/P/4/1 VOL. XXIII/ (18) which was valid for two years till 28 February 2014.
4	The Circular stated that "Further to this office circular No RO3/2011 - 2012 dated 30 June 2013 for the Supply of Building and Construction Materials (Tender No. SB/40/2011- 2012....."	There was no such a circular with such dates from the Supplies Branch.
5	The three firms namely: Messrs. Form Home Builders, Messrs. Reinforced Concrete Technologies and Messrs. Roof and All Trading were in the said contract.	The three suppliers were not in the list of firms prequalified by Supplies Branch and could therefore not be in their contracts. This page seems to have been inserted in the forged document.
6	The materials claimed to have been supplied through this contract were Sofi Material, Hard Material and approved sub grade material. According to the NYS officer Mr. John M. Sau all these were unprocessed materials.	Supplies Branch only deal with processed materials; Cement, Block Board, bulbs, iron sheets etc. and not unprocessed materials such as hardcore, sand etc.
7	The letter head of the letter dated 30 September 2014 was titled Ministry of Public Works which was defunct in 2013.	The Ministry of Public Works existed in the financial year 2011/12.

The Local Purchase Orders (LPOs) and Inspections & Acceptance Certificates

2.3.22 There were alterations, adding a zero in all supporting documents i.e. Corresponding Invoices, Delivery Notes, Counter Receipt Vouchers (S13) and Inspection and Acceptance Certificate. The effect of the alteration on all the documents increased the expenditure from Kshs.79,138,500.00 to Kshs.791,385,000.00.

2.3.23 Ms. Regina Mungai, Officer in Procurement – NYS, confirmed that she prepared the LPOs but denied any involvement with altering the LPOs. We did not conduct an independent hand writing analysis to confirm the source of the alterations. We noted that Ms. Regina Mungai is the holder of UserID "RMungai" identified in the review of the IFMIS system in this section of the report.

Case 2 – Fraudulent payment of Kshs.609,252,760.60

2.3.24 The special audit noted fraudulent payments totaling Kshs.609,252,760.60 to certain other businesses for alleged supplies. This was established during a review of profiled suppliers who received significant payments through IFMIS during the period, December 2014 and March 2015, when the NYS was defrauded Kshs.791,385,000.00 as per Case 1 above. The payments were deemed fraudulent because;

2.3.25 The businesses were newly registered and were barely two months in existence but started receiving significant payments from the NYS. The businesses were registered in October/November 2014 immediately after initiating the NYS restructuring and hiring of cohorts in September 2014, therefore these businesses had no prior dealings with the NYS; and

2.3.26 Most of the business were dealing with the NYS on goods/services for which they were not registered to conduct as per records at the Registrar of Companies and the proprietor for most of these businesses who received the fraudulent payments was Ms. Josephine Kabura Irungu; further,

2.3.27 Ministries, Department and Agencies (MDAs) procure their goods either by engaging suppliers directly or use of Supplies Branch contracts. To engage suppliers directly, the supplier's have to be prequalified at the beginning of each financial year or the tender is open for all eligible suppliers

2.3.28 To use the Supplies Branch (SB) contracts, one has to contract prequalified suppliers of Supplies Branch and engage them directly under the terms predetermined by the Supplies Branch. The procuring entity makes payments to Supplies Branch. The Supplies Branch will then buy goods on behalf of the procuring entity and then deliver.

2.3.29 Supplies Branch confirmed that all the attached contracts supporting these payments were not authentic, and therefore the entire payments were irregularly paid to the suppliers. This special audit therefore deemed the entire amount of Kshs.609,252,760.60 being paid to various suppliers and supported by a Supplies Branch contract to be fraudulent. Details of such payments are in Appendix IX.

Case 3 - Fraudulent payment of Kshs.240,751,576.06

2.3.30 An analysis of the cohorts' payroll for the fifty (50) weeks period revealed infractions that led to irregular payments to cohorts amounting to Kshs.240,751,576.06 as indicated below (See additional details in Appendix VII in soft copy)

- There were 9,170 instances where the cohorts shared the national identification card numbers. These duplicate records were paid Kshs.19,461,567.10 during the programme period;
- There were 8,752 instances where duplicate mobile numbers were used and wages for different cohorts remitted to the same mobile numbers. These duplicate mobile numbers were paid Kshs.18,050,313.10;
- There were 4,145 cohorts that were paid Kshs.12,796,968.86 for excess days, for which they did not work. This overpayment was processed through Excel Worksheets; and
- A further 27,674 cohorts were paid excess days for which they did not provide any services to the NYS. This overpayment amounted to Kshs.190,442,727.00. This overpayment was processed through the NYS ERP System.

2.3.31 An altered Supplies Branch contract was used to facilitate fraudulent payments of Kshs.222,122,919.00 by NYS to various suppliers without receipt of the goods and/or services. The audit revealed that the payments were in two components; (i) was a total payment of Kshs.66,964,619.00 identified as "recurrent", however, no documentation was availed to support the payment and, (ii) a payment of Kshs.155,158,300.00, and the documents supporting the payment when verified, highlighted that the payment was for the supply of; 945 sleeping bags, 945 camp beds, 45 manigold and 137 unihuts for dam construction.

2.3.32 An inspection at the NYS Headquarters confirmed that these items had neither been received nor taken on-charge in any of the NYS stores records. It is therefore likely that these items were never delivered and therefore the entire amount of Kshs.222,122,919.00 was paid out without receipt of goods. Details of the payment to Supplies Branch and dates are as below:

Table 11: Payments to Supplies Branch

Account	Date	Amount in Ksh
1 Recurrent Vote	02 October 2013	329,710.00
2 Recurrent Vote	18 December 2013	700,000.00
3 Recurrent Vote	13 October 2014	16,623,000.00
4 Recurrent Vote	13 October 2014	19,944,000.00
5 Recurrent Vote	13 October 2014	5,944,875.00
6 Recurrent Vote	13 October 2014	23,423,034.00
Total		66,964,619.00
7 Development Vote	13 November 2014	155,158,300.00
Total		222,122,919.00

Case 5 -- Irregular payments of Kshs.360,315.00

2.3.33 The following eight (8) permanent employees of NYS were paid Kshs.360,315.00 as cohorts yet they are permanent and pensionable staff of the NYS who are paid a

monthly salary through the IPPD system. The amounts should therefore be recovered from the employees

Table 12: Permanent and Pensionable NYS Employees paid as Cohorts

	NAME	ID NO	NO OF DAYS	AMOUNT PAID IN KSHS.
1	JUDYGRACE W. KARANJA	22215462	35	16,485.00
2	BETTY MUTINDA	22792778	100	47,100.00
3	OCHIENG WILLIAM	22857695	63	29,673.00
4	EVERLINE MANGIRA	22914185	40	18,840.00
5	COLLINS ODONGO OPIYO	22956469	152	71,592.00
6	KENNEDY AFANDA	25138388	95	44,745.00
7	ELISHA OCHIENG LIMBE	22740489	147	69,237.00
8	PIUS WARIBU GICHINI	22491875	133	62,643.00
	TOTAL			360,315.00

Case 6 - Cohorts savings amounting to Kshs.551,750,000.00 used to fund NYS operation

2.3.34 The NYS envisioned the engagement of local youths in the various projects to be undertaken in rural areas including dam constructions and slum upgrading. The implementation of these projects commenced in September 2014, where youths were hired and paid a daily wage of Kshs. 471.00. Approximately 30% of this amount was retained as a mandatory savings as per Article 4.2.2 of the 5-Point Vision Framework. The savings were to be deposited into the NYS Huduma Fund, which would then be invested in SACCOs to be created by the youths in the respective Counties.

2.3.35 the NYS then entered into an agreement with National Bank of Kenya (NBK) to pay weekly wages due to cohorts (local youths engaged by the NYS in their locality) in accordance with Article 5.1.3 of the 5-Point Vision Framework. NBK Bank Account Number(s) 01020078734500 and 01020078734700 were opened on 04 October 2014. Section 28(1) of Public Finance Management Act 2012 requires that bank accounts be opened with authority from PS National Treasury. There was no evidence availed

to us to confirm that this section was complied with. The Section state that "... The National Treasury shall authorize the opening, operating and closing of bank accounts and sub accounts for all national government entities in accordance with regulations made under this Act..."

- 2.3.36 Subsequently, the NBK entered into an agreement with Messrs. Safaricom Ltd, a telecommunication company with a mobile money payment platform, to transfer funds to participating youths through their mobile phones on a weekly basis.
- 2.3.37 Hiring of cohorts commenced on 29 September 2014 and was active for 50 weeks. From weeks 1-36, the cohorts' wages were processed using Microsoft Excel Worksheets, while from weeks 37-50, the cohorts' wages were processed through the NYS ERP System implemented in June 2015. As at 12 September 2015, there were 83,076 cohorts (See Appendix IV in soft copy) who had been registered and paid a total of Kshs.3,083,597,456.67. Out of this, Kshs.925,079,237.00 was retained as youths' savings but only Kshs. 342,288,782.00 had been transferred to fifty seven (57) registered SACCOs as detailed in Appendix V.
- 2.3.38 The balance of Kshs. 582,790,456.00 had not been released to the respective SACCOs as detailed in Appendix VI. Our enquiry into the existence of these funds highlighted that only Kshs.31,039,446.90 was available at the NBK, Current Account Number 01020078734700 at Harambee Avenue Branch. Due to poor cash flow projections, there were shortages of funds to finance operations at the NYS.
- 2.3.39 The balance of **Kshs.551,750,000.00** relating to SACCO deductions held in the Huduma Cohorts bank accounts was then internally borrowed to pay for certain expenditure which included; cohorts weekly wages, Huduma kitchen expenditure, Lamu securitization wages, water pans personnel wages and Kibera Road committee allowances. A new KCB bank account was opened on 18 January 2016 and the cohorts youth savings, that were internally borrowed was refunded via a deposit of Kshs.517,653,820.00, to the new KCB bank account on 22 January 2016 to restore the total SACCO deductions to Kshs.925,079,237.00.

2.3.40 The special audit noted that on 2 October 2014 an A.I.E number /57439 whose face value amounted to Kshs.70,000,000.00 was issued to the NYS College in Gilgil. Enquiries at the College during verification between 5th and 7th October 2015, a year later, revealed that the A.I.E had not been received. The money had therefore not been satisfactorily accounted for by the State Department of Planning.

Case 3 – Attempted fraud of Kshs.695,400,000.00

2.3.41 A supplementary allocation was received by the NYS in the month of May 2015. The special audit noted that no sooner had the supplementary allocation of Kshs.3,500,000,000.00 been received, a commitment to spend Kshs.828,600,000.00 was immediately issued. As mentioned earlier in this special audit report, the circumstance under which the NYS received the supplementary allocation were not explained nor were documentations availed for verification.

2.3.42 On inquiry, on the planned utilization of the Kshs.828,600,000.00, Mr. Samuel Wachenje, Finance Director – NYS, confirmed that he had committed Kshs.133,200,000.00 while Mr. Adan G. Harakhe, Deputy Director General – NYS denied being involved with committing the difference amounting to Kshs.695,400,000.00. Subsequently, a letter, referenced MDP/1/3/41 was issued by the PS State Department of Planning to the PS National Treasury requesting to recommit the funds amounting to Kshs.828,600,000.00. The amount was meant to pay the following business names and details for the payments as included in Appendix X.

Table 13: Summary of the Kshs 695,400,000.00 attempted fraud.

	COMPANY NAME	Date of Registration	AMOUNT OF SUPPLY TENDER (Kshs.)
1	Reinforced Concrete Technologies	12.11.2015	115,800,000.00
2	Roof and All Trading	12.11.2015	77,250,000.00
3	Form Homes Builders	10.06.2015	154,950,000.00
4	Draco Capital	24.12.2014	115,800,000.00
5	Grumum Engineering	24.12.2014	115,800,000.00
6	Tegmen Trading	06.01.2015	115,800,000.00
Total			695,400,000.00

2.3.43 It was noted that three of these suppliers, Messrs. Reinforced Concrete Technologies, Messrs. Roof and All Trading and Messrs. Form Homes Builders were the same business names that were fraudulently paid Kshs.791,385,000.00 mentioned under Case 1 of this special audit report that were registered with Ms. Josephine Kabura Irungu as the proprietor.

2.3.44 Messrs. Draco Capital, Messrs. Grumum Engineering and Messrs. Tegmen Trading who were meant to share the Kshs.695,400,000.00 were registered between December 2014 and January 2015 under the proprietor(s) Mr. Peter Omari Otwoma and Ms. Caroline Njambi Kinuthia, as per NYS records. However, the Registrar of Companies denied the existence of the latter three business names in their database.

2.3.45 It was noted that this was an attempt to defraud the NYS Kshs.695,400,000.00 without goods/services received for the benefit of the public. Had this payment been successful, there would have been an additional loss of public funds amounting to Kshs.695,400,000.00.

2.4 Review of the Information Systems at the NYS

2.4.1 In the processes of restructuring the NYS, management put in place the following systems:

i) Integrated Financial Management Information System (IFMIS)

2.4.2 This is a centrally managed national government system which supports the functions of planning budgeting, budget execution, accounting and financial reporting.

ii) Integrated Personnel and Payroll database (IPPD)

2.4.3 This is the human resource and payroll management system which is used to maintain and process the payroll for the permanent staff at NYS.

iii) Cohorts' Payroll System

2.4.4 This is an application used to process the wages paid to youths who are engaged on various projects in the country as envisioned under Enterprise and Youth Economy pillar of the 5-Point Vision Framework.

iv) Microsoft Excel Spreadsheets

2.4.5 These are spreadsheets maintained for processing of wages paid to the servicemen/women.

Review of IFMIS and likely vulnerability in the case of NYS

- 2.4.6 The National Treasury confirmed that IFMIS applications are protected within a layered security architecture that enhances the protection and integrity of the system at the network and at the application level as per the Open System Interconnection (OSI) model. The network level security is meant to protect the applications at all layers of the network. A wide range of monitoring, analysis and log collection solutions have also been implemented to monitor the network traffic, the data base and applications. In addition, the National Treasury indicated that there has been no attempted hacking of the system.
- 2.4.7 Generally, IFMIS should ideally have specific definitions of users and suppliers per sub-vote, which in the case of NYS was the State Department of Planning. The NYS Headquarters has its own defined IFMIS system and approved user based at the NYS Headquarters, therefore, requisitions and invoicing within IFMIS for services rendered at the NYS should have been done and approved at the NYS Headquarters by the respective approved users. The actual payment via G-Pay is done by the State Department of Planning in the case of the NYS.
- 2.4.8 Further, suppliers and users are defined in the system upon receipt of formal request from Ministries, Departments and Agencies (MDAs). The IFMIS Department only defines the header details which include the Supplier Name and the PIN Details. The Site Details which include, the addresses, contact details and bank details are only defined at the MDA level.
- 2.4.9 This special audit noted that there were several human interventions that exposed the system and payments to vulnerability. For example, the suppliers listed in the table below were created and site details defined by the same user- Mr. Fredrick Munge Musembi, P/NO. 2009112985, who is an employee of the IFMIS Department at the National Treasury. This user was not a defined user under the State Department of

Planning to warrant him the rights to define the Site Details of these suppliers. It is later cited in this Special Audit Report that these suppliers were actual and likely beneficiaries of the actual and attempted loss of Kshs.791,385,000.00 and attempted loss of Kshs.695,400,000.00 respectively.

Table 14: Supplier defined in the IFMIS by Fredrick M. Musembi

SUPPLIERS CREATED AND EDITED BY THE SAME USER - Mr. Fredrick Munge Musembi								
SUPPLIER NAME	IFMIS NO.	CREATION DATE AND TIME	SUPPLIER CREATION BY	SUPPLIER USER DESCRIPTION	VENDOR SITE CODE	SITE CREATION DATE	SITE CREATED BY	SITE USER DESCRIPTION
Messrs. Form Homes Builders	437441	11-14-2014 14:37:06	Musembi	Fredrick Munge Musembi, P/No. 2009112985	Nairobi	11-14-2014 14:37:28	Musembi	Fredrick Munge Musembi, P/No. 2009112985
Messrs. Draco Capital	447883	02-17-2015 15:45:27	Musembi	Fredrick Munge Musembi, P/No. 2009112985	Nairobi	02-17-2015 15:47:01	Musembi	Fredrick Munge Musembi, P/No. 2009112985
Messrs. Roof And All Trading	437467	11-14-2014 15:29:36	Musembi	Fredrick Munge Musembi, P/No. 2009112985	Nairobi	11-14-2014 15:30:22	Musembi	Fredrick Munge Musembi, P/No. 2009112985
Messrs. Reinforced Concrete Technologies	437442	11-14-2014 14:40:59	Musembi	Fredrick Munge Musembi, P/No. 2009112985	Nairobi	11-14-2014 14:41:36	Musembi	Fredrick Munge Musembi, P/No. 2009112985
Messrs. Grumium Engineering	447884	02-17-2015 15:48:07	Musembi	Fredrick Munge Musembi, P/No. 2009112985	Nairobi	02-17-2015 15:48:47	Musembi	Fredrick Munge Musembi, P/No. 2009112985
Messrs. Tegmen Trading	447887	02-17-2015 15:51:10	Musembi	Fredrick Munge Musembi, P/No. 2009112985	Nairobi	02-17-2015 15:51:30	Musembi	Fredrick Munge Musembi, P/No. 2009112985

2.4.10 User responsibilities within IFMIS can be withheld following notification of user transfer or withdrawal of access rights by the relevant Accounting Officer(s) or where a request has been made by the respective Supervisor(s). It was however, noted that there was no formal procedure in place at the IFMIS Department in withholding access rights upon receipt of the notification by the Accounting Officer or the Supervisor(s).

2.4.11 The special audit noted that the Director General of NYS Mr. Nelson Githinji was not deactivated from the IFMIS system upon revocation of his rights as an A.I.E holder on 19 February 2015 via letter ref: MPND/3/41 from the Principal Secretary at the State Department of Planning. A review of audit logs highlighted that Dr. Nelson Githinji, Director General - NYS, continued to log into the IFMIS system as shown below way after his rights as an A.I.E holder was officially revoked:

Table 15: Details of Dr. Nelson Githinji logs after revocation of his access

IP ADDRESS	USER ID	DATE	TIME
10.154.5.1	NGithinji	10-April-15	:14:00:15
10.154.5.1	NGithinji	10-April-15	:14:00:28
10.154.5.3	NGithinji	15-May-15	:17:54:44
10.154.5.3	NGithinji	15-May-15	:17:55:05
10.154.5.3	NGithinji	15-May-15	:17:55:05
10.154.5.3	NGithinji	15-May-15	:17:55:35
10.154.5.3	NGithinji	15-May-15	:17:55:35
10.154.5.3	NGithinji	15-May-15	:17:56:21
10.154.5.3	NGithinji	15-May-15	:17:56:21
10.154.5.3	NGithinji	15-May-15	:17:56:39
10.154.5.3	NGithinji	15-May-15	:17:56:39
10.154.5.3	NGithinji	15-May-15	:17:57:26
10.154.5.3	NGithinji	15-May-15	:17:57:37
10.154.5.3	NGithinji	15-May-15	:17:57:37
10.154.5.2	NGithinji	20-May-15	:10:19:19

2.4.12 Considering that the NYS Headquarters has its own defined IFMIS system and approved user based at the NYS Headquarters, it was expected that approvals are to be granted at the NYS offices. However, the following infractions were noted upon review of the audit logs for the period December 2014 to May 2015:

2.4.13 There were user(s) who logged into IFMIS system from the National Treasury instead of their workstations at the NYS Headquarters as detailed in Appendix VIII.

IP ADDRESS	SESSION	USER	DATE	TIME
10.101.2.204	Treasury	Harakhea	27-May-15	:09:51:17
10.101.2.204	Treasury	Harakhea	27-May-15	:09:51:36
10.101.2.204	Treasury	Harakhea	27-May-15	:09:51:36
10.101.2.204	Treasury	Harakhea	27-May-15	:09:52:34
10.154.5.20	NYS headquarters	RMungal	27-May-15	:10:19:42

Table 17: Likelihood of a shared password

2.4.15 A review of logging activities in the system on 27 May 2015, highlighted that one terminal with the same IP address was used by two different users within a time difference of two (2) minutes and 19 seconds (i.e. 139seconds) as shown in the table below. In addition, the userID "Harakhea" logged into the system from the National Treasury's IP address at 09:52AM and 30 minutes later, the same userID "Harakhea" logged in from the NYS Headquarters at 10:22AM, which was two (2) minutes before another userID "RMungal" logged in from the same terminal/workstation. This was an indication that the user passwords may have been shared either voluntarily or involuntarily.

IP ADDRESS	USER	DATE	TIME	DAY OF WEEK
10.154.5.9	RMungal	10-Jan-15	:11:18:52	Saturday
10.154.5.9	RMungal	10-Jan-15	:11:19:04	Saturday
10.154.5.15	Harakhea	23-May-15	:10:00:22	Saturday
10.154.5.15	Harakhea	23-May-15	:10:00:30	Saturday
10.154.5.9	Pllisih	23-May-15	:13:47:27	Saturday
10.154.5.9	Pllisih	23-May-15	:13:47:50	Saturday
10.154.5.9	Pllisih	23-May-15	:14:23:09	Saturday
10.154.5.9	Pllisih	23-May-15	:14:23:17	Saturday

Table 16: User who accessed the IFMIS on a Saturday

2.4.14 The following users had access into the IFMIS system on Saturday(s), which was not a working day. There is a likelihood that the users may have carried out suspect activities/transactions and feared detection from the other user(s) on a normal working day.

IP ADDRESS	STATION	USER	DATE	TIME
10.154.5.20	NYS headquarters	RMungai	27 May-15	:10:19:52
10.154.5.20	NYS headquarters	RMungai	27-May-15	:10:19:52
10.154.5.20	NYS headquarters	RMungai	27-May-15	:10:20:11
10.154.5.20	NYS headquarters	HarakheA	27-May-15	:10:22:30
10.154.5.20	NYS headquarters	HarakheA	27 May-15	:10:22:57
10.101.2.28	NYS headquarters	RMungai	27-May-15	:10:27:58
10.101.2.28	NYS headquarters	RMungai	27-May-15	:10:28:09
10.101.2.28	NYS headquarters	RMungai	27-May-15	:10:28:09
10.154.5.20	NYS headquarters	RMungai	27-May-15	:12:04:34
10.154.5.20	NYS headquarters	RMungai	27-May-15	:12:04:46

These vulnerabilities identified above could have contributed to the loss or attempted loss as discussed in aforementioned cases:

2.5 Other auditable issues of public interest regarding the NYS

Dam construction works

- 2.5.1 The government intended to have 1,100 dams constructed per year using the Dam Construction Unit under the Youth Re-Socialization Pillar of the 5-Point Vision Framework. This was to provide practical solutions to the perennial floods problem followed by droughts and hunger and therefore improving food security.
- 2.5.2 The Parliament had appropriated Kshs.7,050,000,000.00 in the 2013/2014 financial year to support dam construction in two hundred and fifty (250) rural constituencies. This was confirmed by the PS National Treasury on 29 July 2013, in a letter Reference No. CONF/3/5 TY to PS Ministry of Environment, Water and Natural Resources (MEWNR), PS State Department of Planning and the Director-General of the NYS inviting them for a meeting concerning development of an implementation framework for dam construction in the country.

2.5.3 The NYS was granted an approved estimates of Kshs.3,615,709,800.00 for dam construction in the year 2013/2014 budget, which is over half the amount that Parliament had appropriated for dam construction. Out of this approved estimates, Kshs.3,117,265,091.00 was committed by the NYS for dam construction. However, the State Department and Planning only transferred Kshs.1,884,018,004.00 to the then Ministry of Environment, Water and Natural Resources in that year 2013/2014 for dam construction activities, which was to be done using NYS servicemen, workforce and equipment under the supervision of the Ministry of Environment, Water and Natural Resources.

2.5.4 A review of NYS dam construction project status report as at 28 August 2015 revealed that two hundred and twelve (212) dams were constructed. Two hundred and two (202) dams were completed while ten (10) were at different levels of completion. The table below gives a summary and status of the dams.

Table 18: Dams Constructed as per the NYS status report

	County	Number of dams	Status
1	Baringo	25	All completed
2	Garissa	2	All completed
3	Homabay	3	All completed
4	Isiolo	2	All completed
5	Kajiado	22	21 Completed; one 20% complete
6	Kiiui	2	All completed
7	Laikipia	11	10 completed; one 85% complete
8	Makueni	8	All completed
9	Meru	19	All completed
10	Nakuru	34	33 completed one ongoing
11	Narok	17	14 completed; two 70%; one 90% completed
12	Nyandarua	19	16 completed; one 90% complete, one 50% completed and one not indicated the %age
13	West Pokot	13	All completed
14	Samburu	27	All completed
15	TaitaTaveta	5	All completed
16	Wajir	2	All completed
17	Nyeri	1	Completed
Total		212	

- 2.5.5 Physical verification of thirty five (35) dams in various parts of the country in October 2015 highlighted that all of the facilities visited were "water pans" and not "water dams" as had been indicated. Details of these are in Appendix XI. The then Ministry of Environment, Water and Natural Resources has since issued some completion certificates for the water pans, thus, granting access to utilization.
- 2.5.6 The cost attributable to the construction of these water pans could not be established as the construction work and manpower was availed by the NYS servicemen and cohorts, thus, no explicit distinction on what cost was allocated to the then Ministry of Environment, Water and Natural Resources for supervision of works, and therefore aforementioned transfer of Kshs.1,884,018,004.00 could not be validated with certainty due to lack of records.
- 2.5.7 Further, the cost of the water pans constructed could not be established as the construction work and manpower was from the NYS. Further, there was no explicit distinction on what was allocated to the Ministry of Environment, Water and Natural Resources for supervision of works.

Procurement of the consultancy services for NYS Rebranding

- 2.5.8 In order to rebrand and reengineer the NYS to make it more effective, Messrs. The Consulting House Ltd of P.O. Box 72289- 00200 was hired to restructure the NYS as per terms of reference and proposal in what was later referred as NYS 5-Point Vision.
- 2.5.9 According to the records with the Registrar of Companies, Messrs. The Consulting House Ltd was registered on 20 November 2009 with Registration No. CPR/2009/14299. The directors are Dr. Godfrey Mutahi Ngunyi and Ms. Judith Langat Mutahi.
- 2.5.10 The contract between Messrs. The Consulting House Ltd and the NYS was signed on 5 March 2014 at a contract price of Kshs.40,000,000.00 exclusive of reimbursable. It was signed by Eng. P. Mangili, PS State Department of Planning and Mr. Japhter K. Rugut, the then Director General - NYS for NYS and Dr. Godfrey Mutahi Ngunyi and Mr. Jonathan Maina for Messrs. The Consulting House Ltd.

2.5.11 The terms of reference (TOR) were broad and specific and involved; an institutional and program review of the NYS, a legislative review of all legal instruments that have a bearing on the functions and operations of the NYS, and the development and implementation of a strategy to effect the re-organization of the NYS.

2.5.12 The terms of payments set out in the contract were as below:

- 20% of the contract price on the commencement date against submission of a bank guarantee;
- 10% of the lump- sum amount upon submission of the inception report;
- 25% of the lump- sum amount upon submission of the interim report;
- 25% of the lump- sum amount upon submission of the draft final report; and
- 20% of the lump- sum amount upon approval of the final report.

2.5.13 The payments were made as per the table below. Messrs. The Consulting House Ltd prepared a document and submitted it to the NYS on 16 June 2014, the same date when the last payment was made.

Table 19: Payments for the first contract.

Date	% age	PV number	Amount in Kshs.
01 April 2014	30	Not Aailed	12,000,000.00
06 May 2015	25	Not Aailed	10,000,000.00
16 June 2014	45	5441	18,000,000.00
Total Paid			40,000,000.00

2.5.14 There was a second contractual agreement signed on 13 October 2014 between the NYS and Messrs. The Consulting House Ltd, for a Consultancy Services for "... Advisory Services on the Implementation of NYS 5-Point Vision". The contract price was Kshs.50,000,000.00 inclusive of taxes but exclusive of reimbursable costs. The contract was signed by Eng. P. Mangili (PS – State Department of Planning and Dr. Nelson Githinji, the then Director General - NYS) for the Ministry of Devolution and Planning and Dr. Godfrey Mutahi Ngunyi and Ms. Rita Nyawira Gichema for Messrs. The Consulting House Ltd.

2.5.15 The terms of reference (TOR) involved providing advisory services in implementing the 5-Point Vision. The Consultant was to execute two broad tasks, namely; advisory services to the Ministry of Devolution and Planning on the implementation of the 5-Point Vision at NYS, technical assistance to the NYS in implementing the 5-Point Vision and aligning the current program and institutional architecture of the NYS to the new strategic thrust.

2.5.16 The terms of payments were as below:

- 30% upon the contract signing and submission of the inception report- for the consultant to mobilize the resources and begin the provision of the services;
- 25% to be paid upon submission of the first progress report approved by the Ministry;
- 25% to be paid on submitting an interim three (3) months progress report approved by the Ministry; and
- 20% to be paid upon submission of the final NYS five (5) Point Vision implementation report.

2.5.17 The payments were made as follows:

Table 20: Payments for the second contract.

	Date	% age	TV number	Amount in Ksh
1	25 Nov 2015	30%	1247	15,000,000.00
2	6 Jan 2015	25%	2228	12,500,000.00
3	16 Mar 2015	25%	4415	12,500,000.00
4	27 May 2015	20%	5978	10,000,000.00
Sub - Total				50,000,000.00
5	21 April 2015	Excess payment	5122	12,500,000.00
Sub - Total				62,500,000.00
6	27 May 2015	Reimbursable Costs	5977	3,983,533.00
Grand Totals				66,483,533.00

2.5.18 The second contract was signed on 13 October 2014 at a contract price of Kshs.50,000,000.00, with a clearly set out terms of reference and a payment plan.

However, the special audit noted that Messer The Consulting House Ltd. was paid a total of Kshs.62,500,000.00, which is Kshs.12,500,000.00 (25%) more than the agreed contractual sum of Kshs.50,000,000.00. Further enquiries revealed that the payment of Kshs.12,500,000.00, on 21 April 2015 was done using a copy of invoice number 001/15/TCH-NYS dated 11 March 2015 that had been used to support an earlier payment of the same amount, Kshs.12,500,000.00 (25%) done on 16 March 2015.

Procurement for Publicity Services

- 2.5.19 On 12 May 2015 State Department of Planning entered into a contract with Messrs. Out of the Box Solutions Ltd. The Contract was for the *"Consultancy Services to offer users support services and conduct sensitization campaigns to enhance access to the 30% reservation of government procurement opportunities for youth, women and persons with disability."*
- 2.5.20 The contract price was Kshs.302,458,690.00 including both consultancy fees and reimbursable and other applicable taxes. The contract was signed by the Eng. Peter O. Mangiti, PS State Department of Planning, and witnessed by Mr. Hassan Noor Hassan, Secretary Administration on behalf of the Ministry while Messrs. Out of the Box Solution Ltd was represented by Ms. Angela Nyarangi Angwenyi witnessed by Mr. Antony Emmanuel Lungaho.
- 2.5.21 The contract provided the schedule of payments as follows:
- 30% to be paid upon receipt of the inception report;
 - 30% to be paid after 3 month upon approval of milestones as set out in the inception report;
 - 30% to be paid after the next 3 months upon approval of milestones as set out in the inception report; and
 - 10 % to be paid upon receipt and approval of the final completion report.
- 2.5.22 The scope of work was approved by the Ministerial Tender Committee meeting held on 9 April 2015 minute No. 33/2014-15 as follows:

- Review the current communication gaps in order to establish the reasons for low uptake of the AGPO opportunities by relevant groups
- Develop a countrywide training mechanism to equip relevant groups with skill sets that would allow uptake of AGPO opportunities. The training mechanism would cover every county in the country.
- Develop a digital tracking mechanism that ensures that all trained people are registering for AGPO and are applying for relevant government funds and tenders,
- Develop a framework that ensures continued year round training, monitoring and evaluation across the country;
- Developed mechanisms, tracking and sustainability processes that have collaboration of national government and county governments;
- Establish a countrywide communication campaign to actively engage the youth women and the disabled in imparting relevant information;
- Develop guidelines and recommendations on how the communication will help achieve the overall objectives of the AGPO program;
- Define a yardstick system for evaluating efficacy of the campaign over the duration of the assignment; and
- Define campaign deliverables and measures to ensure consistency.

2.5.23 The schedule of activities as provided in the inception report is as detailed in **Appendix XII**. These activities were meant to achieve the purpose of the contract which was "to achieve measurable increase in the number of business entities run by the youth, women and disabled persons that are mentored and empowered so as to be involved in bidding for tenders under the AGPO programme".

2.5.24 The audit revealed that it was not possible to determine with certainty how the schedule of activities could achieve the above purpose of the scope. It was therefore possible to make payments as provided in the schedule of activities without the purpose being achieved. Payments ought to have been based on achievements of measurable targets. Payments ought to be based on achievements of measurable

targets of the impact of sensitization campaigns, especially the payment of Kshs.90,737,607.00 to Messrs. Out of the Box Solutions Ltd on 13 August 2015.

2.5.25 It was noted that an amount of Kshs.90,737,607.00 was paid on 13 August 2015 to Messrs. Out of the Box Solutions Ltd. The payment was not cleared immediately by the receiving Commercial Bank. The Commercial Bank requested the State Department of Planning through Central Bank of Kenya to reconfirm the beneficiary of the funds because of the materiality of amounts. No document was provided for audit to confirm the beneficiary and details of the payment

Procurement from Messrs. Alpha Mercantile Ltd

2.5.26 On 2 March 2015 Messrs. Alpha Mercantile Ltd was paid Kshs6,681,600.00 for the supply of 144 Plastic Water tank of one cubic metre caged to the NYS HQ at a cost of Kshs.46,400.00 each.

2.5.27 Messrs. Alpha Mercantile Ltd was further paid Kshs.7,182,720.00 for the supply of 144 Plastic Water tanks, of one cubic meter open cylindrical Kentank at a cost of Kshs.49,880.00 each. The special audit noted that all tanks were delivered but did not have the tank capacity indicated on the tank, and therefore unable to authenticate the specifications of "one cubic meter" as stated in the contract.

2.5.28 Both items were inspected by the Inspection and Acceptance Committee and undated certificate issued. It was not clear how the committee confirmed the capacity of the tanks.

Stores records

2.5.29 Since March 2015, the NYS had been procuring items centrally and distributing them to various units countrywide. The three (3) main stores used at the NYS are Central Store A, Central Store B and Motor Transport Yard (MTY). Central Store A handled general store items, Central Store B handled uniforms, beddings and foodstuff and MTY handled motor vehicles, spare parts and fuel.

2.5.30 The stores were managed by store keepers who received items and took them on charge after they are inspected and accepted by the Inspection and Acceptance Committee. The store keepers are also responsible for safeguarding the safety of these items and issue them out to the various users when required

2.5.31 It was however noted that in Central Store A, items of different description and prices were classified according to projects and taken on charge in the same Bin Card/S5. It was therefore not possible to verify receipts and issues of individual items since they were lumped together even though they were different and of varying costs. Some of the items are detailed in the table below:

Table 21: Different Items in Central Store A put in the same S5 Card

S5 Card Number	Description	Items
102939	Teaching Aids and Equipment	Motor engines, various machines, consumables,
102984	Misc. Building materials - Kibera	Stones, pipes
674938	Training Equipment/training kits (tools)	Motor engines, various machines, consumables,
037853	Misc. Radio Communication equipment	VHF base receiver @, VHF repeater station @, HF man pack receiver

Pending Bills

2.5.32 At the closure of the financial year 2014/15, State Department of Planning had pending bills amounting to Kshs.7,261,076,350.00, out of which Kshs.2,964,972,441.80 was attributed to the NYS

2.5.33 As a result of centralized procurement, and in the event of delayed deliveries of essential goods from NYS Headquarter, various units procured goods on credit and forwarded the invoices and delivery notes to the Headquarters for payments.

2.5.34 Therefore, as at 30 June 2015, 4 locations were sampled as indicated below and it was noted that goods amounting to Kshs.508,882,423.00 had been purchased on credit at these NYS Units and were still outstanding.

Table 22: Credit Purchases from other Units

Units	Amount in Kshs.
Gilgil Technical Training College	405,161,914.00
Naivasha Technical Training Institute (NTTI)	72,642,313.00
NYS Training College Mombasa (NYSTCM)	7,588,246.00
Yatta NYS unit	23,489,950.00
Total	508,882,423.00

2.5.35 Based on the findings from the sampled units, the special audit noted that the pending bills for the State Department of Planning of Kshs.7,261,076,350.00 did not include pending bills from the NYS units incurred as credit purchases and therefore likely understated.

Bank accounts operated by the NYS

2.5.36 The NYS operated four bank account, and two accounts were opened in October 2014 while the other two have been in operation pre-2011. We noted that there were no bank reconciliations being prepared for this bank accounts as part of proper record keeping. The details of the accounts and signatories operated by the Ministry of Devolution and Planning and the NYS are under **Appendix XIII** and **Appendix XIV** respectively.

2.5.37 The special audit profiled two of the accounts recently opened by the NYS and noted that Account Number 01020078734500 had no transaction other than debit and credits relating to service charges amounting to Kshs.8,200.00. However, Account Number 01020078734700 was being used as the main account to pay cohort and the NYS activities. Transactions were made through the Safaricom Limited payment platform and these were backed by a cheque(s) draw on account of the National

Bank of Kenya by the NYS. Analysis of the cheques issued during the period from inception of the bank account to date is under Appendix XV.

2.5.38 The special audit only noted cheques amounting to Kshs.19,000,000.00 being cashed over the counter, between 17th and 24th March 2016 to pay servicemen their dues to avert an impending riot at the NYS Gilgil Field Unit. The bank accounts that were operated by the NYS included.

Table 23: Bank Accounts Operated by NYS

	Account Number	Bank	Date Opened	Purpose
1	01020078734500 NYS Huduma Corps	National Bank of Kenya- Harambee Avenue	4 Oct 2014	<ul style="list-style-type: none"> ◦ To pay Servicemen and Women ◦ Statements not availed
2	01020078734700 NYS Huduma Cohorts	National Bank of Kenya- Harambee Avenue	4 Oct 2014	To pay Cohorts
3	01001000909300 Director NYS	National Bank of Kenya- Harambee Avenue		Administrative of the NYS
4	1128674548 NYS Mechanical & Transport Fund	Kenya Commercial Bank – Moi Avenue	June 2011	To Receive revenue from hiring out of Equipment.

2.5.39 A KCB bank account was opened on 18 January 2016 to hold cohorts savings separately to avoid commingling of funds. Cohorts' savings that was internally borrowed to fund NYS operations was then refunded and deposited in this account on 22 January 2016.

APPENDIX I: LIST OF INTERVIEWEES

No	Name	Position	Date	Remarks
1	Eng. Peter Mangifi	Principal Secretary and his team	3 August 2015 at 3.00 pm	Attended
2	Mr. Nickson Obora	Deputy CFO	10 August 2015 at 2.30 pm	Attended
3	Ms. Ann Mureithi	Supply Chain Management Officer I	11 August 2015 at 10.30 am	Attended
4	Mr. Charles Muradi	Deputy Supply Chain Manager	17 August 2015 at 11 am	Attended
5	Mr. Hendrick Pilisi	NYS Principal Supply Chain Management Officer	21 August 2015 at 2.30 pm and 10 Sept 2015	Attended
6	Mr. Zephaniah Navangi Makhoha	Commanding Officer In charge of Informal settlement civil works	27 August 2015 at 12.00	Attended
7	Mr. Julius Olieno	Senior Human Resources Officer seconded to NYS		Attended
8	Mr. Samuel Wachenje	NYS Director - Finance	28 August 2015 at 11.30 am, 18 Sept 2015 at 11.10 and	Attended
9	Mr. Phillip Otinga	Supply Chain Management assistant IV - Store Keeper A	09 Sept 2015 at 11 am	Attended
10	Mr. David Alunga	Senior Deputy Director and Commandant of Gilgil. Former chairman of inspection and acceptance committee.	09 Sept 2015 at 2.00 pm	Attended
11	Mr. Evans Kundu	Deputy Director NYS and MTY and Current chair of Inspection and acceptance committee	09 Sept 2015 at 4.00 pm	Attended
12	Ms. Esther Kamau	Supply Chain Management assistant IV - Store Keeper B	10 Sept 2015 at 10.30 am	Attended
13	Ms. Jane Wangechi Gichuki	Supply Chain Management assistant II - Based at the procurement dept at the hqs and member of I & A committee	11 Sept 2015 at 10.00 am	Attended
14	Mr. Titus Livondo	Senior Inspector Electrical in charge of maintenance and member of I & A committee	11 Sept 2015 at 12.30 pm	Attended
15	Mr. Chemos Diema	Senior Superintendent and member of I & A committee	11 Sept 2015 at 2.00 pm	Attended
16	Mr. Timothy Mureithi	NY ICT officer	15 Sept 2015 at 11 am	Attended
17	Mr. Muya Karera,	Accountant I in the Department of Youth.	16 Sept 2015 at 11 am	Attended
18	Wilberforce Kaluta Kameia	Clerk in the accounts section and Private in discipline forces	16 September 2015 at 11.00 am	Attended
19	Mr. Samuel Kilonzi	Accountant II and PV examiner	16 September 2015 at 12.00 am	Attended
20	Mr. Wesley Nyariki and Chrisphine Kiluga	Officer in charge of Supplies Branch and the SB procurement Officers respectively	17 September 2015 at 2.30 pm and 17 December 2015 at 11.00 am	Attended
21	Mr. Mathew Wanjiru	Acting Deputy Director - SACCO seconded to NYS	17 Sept 2015 at 2.30pm	Attended
22	Mr. Chrispine K. Kemboi	Senior Deputy Director (SDD)	18 September 2015 at 1.10 pm	Attended
23	Mr. Naftali Githinji	PAC	21 Sept 2015 at 11.30 am	Attended
24	Mr. James Mmatia	Director- Operations	21 Sept 2015 at 2.30 pm	Attended
25	M/s. Ruth Njeri	Chief Accountant	22 Sept 2015 at 10.30 am	Attended
26	Mr. John M. Sau	Inspector by rank and coordinator of Kibera road project	22 Sept 2015 at 12.30 pm	Attended
27	Mr. Ezekiel Karanja Kamau	Senior Accountants and Deputy Principal Accountant	22 Sept 2015 at 2.40pm	Attended
28	Mr. Adan Harake	Deputy Director General	23 Sept 2015 at 10.00am	Attended

	Name	Designation	Date	Remarks
29	Mr Wilson Ambeki and Mr Stenlous Kivindu	Officer In charge of Mechanical and transport and the transport officer	23 Sept 2015 at 3.00pm	Attended
30	Mr Julius Oieno and Mr. Peter Kanyiru	HR officers seconded to NYS in the payroll sections	23 Sept 2015 at 2.30pm	Attended
31	Ms Mary Lagen, Mr Samson Oketch and Mr Isaac Musyoki	Senior Accountant, Accountant I and Accountant II respectively all attached to MTB accounts section	24 Sept 2015 at 10.30 am	Attended
32	Mr Alfonse Lumosi	CID Investigating Officer attached to Banking fraud investigation Unit	24 Sept 2015 at 11.45 am	Availed the original 25 payment vouchers that paid Ksh 791M
33	Mr Joseph K. Mugwanja	Officer in charge of Banking Fraud Investigation Unit	24 Sept 2015 at 2.15pm	
34	Mr. James Gitau Kanuthu	Internal Auditor	28 Sept 2015 at 10.30 am	Attended
35	Ms. Mr. Regina Mungai	Supply Chain management Assistant III and also involved in writing LPOs	29 Sept 2015 at 10.00	Attended
36	Mr. Richard Mbwana	Supply Chain management Assistant III and also involved in writing LPOs	29 Sept 2015 at 12.00	Attended
37	Ms. Mary Mbulia Wangui	Accountant I involved in validation	29 Sept 2015 at 2.30 pm	Attended
38	Dr. Nelson G. Githinji	Director General	30 Sept 2015 at 10.00 am	Attended
39	Mr. Jerome Ochieng	Director of IFMIS	4 Nov. 2015 at 2.30 pm	The meeting was postponed by him until further notice in writing. We did not receive the notice. This meeting had been rescheduled from 29 Oct 2015 to this date at his request.
			23 Nov. 2015 at 10.00am	We wrote a reminder for the rescheduled meeting and the director confirmed the meeting for this date. We met in his office where he requested that we put in writing all the issues we wanted him to clarify so that he could give a written submission.
40	Mr. Samuel Odhiarnbo	Chief Supply Chain Management Officer.	5 Nov. 2015 at 11.30 am	Attended
41	Mr. Hassan Noor	Administration Secretary- SDP	9 Nov. 2015 at 3.30pm	Attended
42	Eng. Valeriano Njerenga and Eng. Erastus Chepkwony	KURA design and construction engineers	15 December 2015 at 10.30 am.	Attended
43	Prof. Arch. Paul Mwangi Maringa and his team	PS State Department of Public Works - Ministry of Land, Housing & Urban Development	05 January 2016 at 11.00 Am	Attended
44	Mr. Peter Kenyatta	Head of Procurement- Directorate of Public Service Management (DPSM)	05 January 2016 at 4.00pm	Attended
45	Mr. Fredrick Munge Musembi,	Finance Officer in IFMIS Department	11 January 2016 at 2.30pm	To attend

APPENDIX II

NATIONAL YOUTH SERVICE BUDGET ANALYSIS

2012/2013			
VOTE	ACCOUNT NUMBER	DESCRIPTION	APPROVED ESTIMATES (NET)
Development	003-01	Headquarters NYS	846,400,000
	004-01	NYS Engineering Unit	21,600,000
	0010-01	NYS Training units	153,000,000
	0012-01	Maintenance Service	52,000,000
	0011-01	Production units	48,000,000
		Sub Total	1,121,000,000
Recurrent	003-02	Headquarters NYS	1,251,652,327
	004-01	NYS Engineering Unit	101,244,590
	0005-01	Secretarial college	46,929,016
	0006-01	Craft School	90,474,431
	0007-01	Yatta Complex	120,211,781
	0008-01	Street Youth Rehab	200,628,905
	0009-01	Catering School Gilgil	119,806,192
	0010-01	NYS Training units	412,529,768
	0012-01	Maintenance Service	135,144,235
	0011-01	Production units	343,498,527
		Sub Total	2,822,119,772
		TOTAL	3,943,119,772
2013/2014			
VOTE	ACCOUNT NUMBER	DESCRIPTION	APPROVED ESTIMATES (NET)
Development	0127-01	Head quarters	687,709,800
	0127-03	Dam construction	2,928,000,000
	0128-01	NYS Engineering Institute Ruaraka	6,334,332,000
	0134-01	NYS Training units	57,456,000
	0135-01	Production units	33,200,000
	0136-01	Maintenance Services	39,600,000
			Sub Total
Recurrent	0127-01	Head quarters	1,149,614,928
	0127-02	National Disaster and Emergency Response Co-ordination	38,000,902
	0127-03	Dam construction	155,760,000
	0128-01	NYS Engineering Institute Ruaraka	89,744,009
	0129-01	NYS Secretarial College Ruaraka	47,411,638
	0130-01	NYS Engineering Craft School	90,017,158
	0131-01	Yatta Complex	188,869,558
	0132-01	NYS Street Youth Rehabilitation	214,204,897
	0133-01	NYS Catering School - Gilgil	116,705,805
	0134-01	NYS Training units	384,696,097
	0135-01	Production units	386,590,871
	0136-01	Maintenance Services	111,288,780
			Sub Total
		TOTAL	13,053,202,443
2014/2015			
VOTE	ACCOUNT NUMBER	DESCRIPTION	APPROVED ESTIMATES (NET)
Development	0092-01	Head quarters	834,945,800
	0092-03	Youth Development Initiative (Dam construction)	15,055,195,687
	0093-01	NYS Engineering Institute Ruaraka	1,864,066,544
	0099-01	NYS Training units	64,638,000

	0100-01	Production units	
	0101-01	Maintenance Services	47,250,000
		Sub Total	49,000,000
Recurrent	0092-01	Head quarters	17,910,046,031
	0092-02	National Disaster and Emergency Response Co-ordination	1,273,366,537
	0092-03	Youth Development Initiatives (Dam construction)	37,376,971
	0093-01	NYS Engineering Institute Ruaraka	120,090,000
	0094-01	NYS Secretarial College-Ruaraka	92,197,639
	0095-01	Nairobi Engineering Craft School	43,684,990
	0096-01	Yatta Complex	81,205,785
	0097-01	NYS Street Youth Rehabilitation	751,930,222
	0098-01	NYS Catering School- Gilgil	243,921,735
	0099-01	NYS Training units	1,278,881,122
	0100-01	Production units	406,903,454
	0101-01	Maintenance Services	466,336,678
		Sub Total	147,490,058
		TOTAL	4,893,385,191
			22,803,431,222

APPENDIX III

NYS RESTRUCTURING BUDGET FOR THE NEW NYS INITIATIVES (5- POINT VISION)

		CURRENT EXPENDITURE	DEVELOPMENT EXPENDITURE	FY 2014-2014	FY 2014-2015	TOTAL ACCOUNT
1	Paramilitary Training	1,955,009,325	658,343,750	41,250,000	2,572,103,075	2,613,353,075
2	Recruitment	2,514,500		1,257,250	1,257,250	2,514,500
3	Vector control	75,989,400	227,110,000		303,099,400	303,099,400
4	Traffic control	254,611,350	93,880,000	195,401,350	153,090,000	348,491,350
5	Dam construction	115,897,500	6,975,000,000		7,090,897,500	7,090,897,500
6	Roads construction	95,245,500	235,000,000		330,245,500	330,245,500
7	Nation building	1,604,023,675	320,643,000		1,924,666,675	1,924,666,675
8	Branding and Pr	679,337,667		502,196,178	177,141,489	679,337,667
9	Agriculture	482,680,000	383,900,000		866,580,000	866,580,000
10	Curriculum development	26,131,000		26,131,000		26,131,000
11	Monitoring and evaluations	9,436,000		9,436,000		9,436,000
12	Private security	33,562,900	39,100,000	48,662,900	24,000,000	72,662,900
13	SEPU	313,636,000			313,636,000	313,636,000
14	Human resource	2,782,752,572			2,782,752,572	2,782,752,572
15	Huduma youth guild	1,998,570,000			1,998,570,000	1,998,570,000
16	Slum civil works and Public environment	53,399,250	270,000,000		323,399,250	323,399,250
17	Huduma kitchen	974,160,800	532,840,000	457,450,000	1,049,550,800	1,507,000,800
18	Public security	16,000,000			16,000,000	16,000,000
19	Factory garment	15,592,229	43,730,044	51,322,273	8,000,000	59,322,273
20	Administration costs	721,963,180	89,966,906	2,798,250	809,131,835	811,930,085
21	School of engineering	52,113,600	13,790,000		65,903,600	65,903,600
22	School of Business Studies and Technology	11,615,400	17,560,000		29,175,400	29,175,400
23	School of Hospitality	7,864,000	9,800,000		17,664,000	17,664,000
24	School of Fashion	2,722,000	9,260,000		11,982,000	11,982,000
25	School of Public Duty	10,523,000	20,500,000		31,023,000	31,023,000
26	School of Construction	101,934,800	12,400,000		114,334,800	114,334,800
27	School of Agribusiness	74,836,600	20,794,000		95,630,600	95,630,600
Total		12,472,122,248	9,973,617,700	1,335,905,201	21,109,834,746	22,445,739,947

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APPENDIX V

SACCOS PAID

WILDI	BGB	27/02/2015	04/08/15	17/05/2015	04/08/15	17/05/2015	04/08/15	17/05/2015
WILDI	Wagonia	Amul						
1	Raila	Bypass Huduma	1,228,062.00	1,116,355.00	554,652.00	503,239.00	840,920.00	684,394.00
2	Makina DC	Umoja Makina	1,190,288.00	1,280,089.00	532,368.00	641,936.00	691,995.00	622,186.00
3	Kisumu Naogo	Kisumu Naogo	1,131,080.00	1,107,006.00	605,615.00	559,195.00	620,528.00	591,116.00
4	Makina Mosque	Mwamko	1,144,656.00	1,207,863.00	587,516.00	590,186.00	667,417.00	641,401.00
5	Soweto	Soweto Youngstar	1,172,748.00	1,144,887.00	596,423.00	614,361.00	732,281.00	640,863.00
6	Makina Area	Powemix	1,211,758.00	1,112,630.00	577,186.00	532,153.00	611,333.00	490,655.00
7	Gatwika Muguma	Kibra Dreamers	1,179,275.00	1,096,803.00	605,323.00	570,111.00	673,103.00	625,604.00
8	Kionga	Kionga pioneer	1,197,524.00	1,157,421.00	619,320.00	630,563.00	709,057.00	613,776.00
9	Gatwika Central	Gatwika sacco	1,158,483.00	1,101,678.00	624,838.00	553,845.00	621,310.00	674,986.00
10	Kamburu	Kamburu huduma	1,631,473.00	1,631,473.00	566,909.00	579,444.00	604,458.00	577,754.00
11	Laini sacco A	Laini sacco 'A' cohorts	1,650,708.00	1,650,708.00	576,902.00	573,943.00	637,987.00	597,101.00
12	Laini sacco B	Laini sacco 'B' Wawekibima	1,654,668.00	1,654,668.00	600,645.00	589,632.00	646,808.00	567,926.00
13	Mashimoni	Mashimoni Huduma	1,678,268.00	1,678,268.00	548,836.00	597,681.00	652,598.00	586,843.00
14	Soweto East	Soweto East Huduma	1,619,865.00	1,619,865.00	635,100.00	626,534.00	676,835.00	616,874.00
15	Silanga	Silanga Digital Huduma	1,595,704.00	1,595,704.00	569,375.00	621,151.00	683,863.00	624,705.00
16	Lindi Area	Lindi Kazaya mata	1,574,642.00	1,574,642.00	538,143.00	615,697.00	591,277.00	539,989.00
17	Homabay		472,983.00				3,304,327.00	
18	Ngomongo	Ngomongo Cohorts sacco Ltd						6,922,295
19	Korogochi B	Bidii Yetu K.B Sacco Ltd						6,640,500
20	Grogon B	God Bless Grogon B. Huduma Sacco Ltd						6,693,314

Village	Sacco Name	27/09/2015	10/06/15	22/05/2015	17/03/2015	01/01/15
21	Highroode Huduma Sacco Ltd					6,370,985
22	Gifathuru Gifathuru Koch Huduma Sacco Ltd					6,947,774
23	Gragon A Young Generation Achievers (Yga) Sacco					6,912,561
24	Nyasiyo Young Shujaas Huduma Sacco Ltd					6,735,218
25	Korogochu A Mwangaza Korogochu A Huduma					6,473,137
26	Milimani Milimani Cohort Sacco Ltd					7,801,744
27	Bidii (MCC) Mukuru Bidii Sacco Ltd					6,308,046
28	Zone 48 Mukuru Kwa Njenga 48 Cohort Sacco Ltd					7,195,063
29	Wapewape Wapewape Huduma Sacco					7,812,645
30	Vietnam Vietnam Huduma Sacco					7,397,935
31	Matomoto Matomoto Huduma Sacco					7,386,330
32	Sisal Sisal Youth Sacco					7,362,282
33	Riara Riara Visioners Sacco					7,125,366
34	Mathare 3 B Mathare 3 Bidii Huduman Sacco					7,170,797
35	Wa. Kariuki wa Kariuki Cohort Sacco					6,648,144
36	Mathare 4 B Mathare 4 B Sacco					5,310,983
37	Mashimoni 70 Number Ten Huduma Sacco					4,882,587
38	Mabatini Mabatini Coris Sacco					4,507,454
39	Mathare 3 A Wings Of Mathare Sacco					4,152,654
40	Village 2 Mathare 2 Sacco					5,116,625
41	Kosovo Kosovo Youth Sacco Ltd					5,090,230
42	Gifathuru Mathare Gifathuru Huduma Sacco Ltd					5,334,900
43	Mashimoni 70 Chambelle Huduma Sacco					4,514,834
44	Kia-Mutisya Kia Mutisya Huduma Sacco					3,651,337
45	Mathare 3 C Mathare 3 Sacco					5,085,907
46	Bishara Bishara Cohort Sacco					7,500,635
47	Centre Base Centre Base Huduma Sacco					5,420,371

Village	Sacco Name	Date	01/08/15	01/08/15	01/08/15	15/06/2015	27/09/2015	27/09/2015	27/09/2015	
48	Mutatu B Sacco								5,583,777	
49	Mtatu A Youth Sacco								6,178,333	
	Stage Waria Youth Sacco								5,821,844	
50	Stage Waria Sacco								5,564,688	
51	Kianjau Kwell Sacco								5,377,472	
52	Mikinduri Youth Sacco								6,017,648	
53	Molo B Huduma Sacco								5,786,862	
	Kianjau Molo A.H. Sacco								5,438,574	
54	Molo A Sacco								1,203,265	
55	Mosque Sacco								1,437,529	
	Homabay Vector Control Sacco									
56	Homabay Sumbithi Huduma Sacco									
57	Subo									
			10,613,874.00	22,203,043.00	9,339,151.00	9,399,671.00	10,661,670.00	3,304,327.00	9,696,173.00	267,070,673
										342,288,782.00
	Total									

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APPENDIX VI

TOTAL DEDUCTION FROM COHORTS AND AMOUNT NOT REMITTED TO SACCO

Week	Period	Start Row	End Row	Sacco Deductions	Payable to SACCO
1	29 Sep- 3 Oct	3,575,359.14	2,502,751.40	1,072,607.74	
2	6 Oct-10 Oct	4,073,334.29	2,851,334.00	1,222,000.29	
3	13 Oct-17 Oct	4,539,503.00	3,177,652.10	1,361,850.90	
4	21 Oct- 24 Oct	3,483,550.00	2,438,485.00	1,045,065.00	
5	27 Oct - 31 Oct	4,551,105.71	3,185,774.00	1,365,331.71	
6	3 Nov- 7 Nov	4,827,437.86	3,379,206.50	1,448,231.36	
7	10 Nov- 14 Nov	7,902,092.86	5,531,465.00	2,370,627.86	
8	17 nov -21 nov	8,815,601.86	6,170,921.30	2,644,680.56	
9	24 nov -28 nov	8,403,174.29	5,882,222.00	2,520,952.29	
10	1 Dec - 5 Dec	3,630,015.06	2,541,010.54	1,089,004.52	
11	8 Dec- 11 Dec	6,744,641.43	4,721,249.00	2,023,392.43	10,613,874.00
12	15 Dec- 19 Dec	8,329,375.71	5,830,563.00	2,498,812.71	
13	22 Dec-23 Dec	2,909,022.86	2,036,316.00	872,706.86	
14	29 Dec-31 Dec	4,122,228.57	2,885,560.00	1,236,668.57	
15	5 Jan - 9 Jan	7,699,792.86	5,389,855.00	2,309,937.86	
16	12 Jan- 16 Jan	7,708,941.43	5,396,259.00	2,312,682.43	
17	19 Jan - 23 Jan	7,917,494.29	5,542,246.00	2,375,248.29	
18	26 Jan- 30 Jan	9,505,248.57	6,653,674.00	2,851,574.57	
19	26 Jan-6 Feb	49,357,862.86	34,550,504.00	14,807,358.86	
20	9 Feb -13 Feb	32,286,798.57	22,600,759.00	9,686,039.57	
21	16 feb - 20 feb	35,393,271.43	24,775,290.00	10,617,981.43	22,203,043.00
22	23 Feb- 27 Feb	37,275,131.43	26,092,592.00	11,182,539.43	
23	2 mar-6 mar	40,125,840.00	28,088,088.00	12,037,752.00	
24	9 Mar- 13 Mar	40,777,974.29	28,544,582.00	12,233,392.29	
25	16 Mar - 20 Mar	41,471,340.00	29,029,938.00	12,441,402.00	
26	23 Mar- 27 Mar	40,937,394.29	28,656,176.00	12,281,218.29	
27	30 Mar - 3 Apr	33,083,222.86	23,158,256.00	9,924,966.86	9,339,151.00
28	7 Apr- 10 Apr	33,278,140.00	23,294,698.00	9,983,442.00	9,399,671.00
29	13 Apr - 17 Apr	40,316,482.86	28,221,538.00	12,094,944.86	

Sl. No.	Period	Debit	Credit	Balance	Amount not Remitted
30	20 Apr - 24 Apr	40,899,622.86	28,629,736.00	12,269,886.86	
31	27 Apr - 1 May	23,380,122.86	16,366,086.00	7,014,036.86	
32	4 May - 8 May	39,107,427.14	27,375,199.00	11,732,228.14	
33	11 May - 15 May	47,230,044.29	33,061,031.00	14,169,013.29	
34	18 May - 22 May	56,475,555.71	39,532,889.00	16,942,666.71	10,661,670.00
35	25 May - 29 May	46,413,340.00	32,489,338.00	13,924,002.00	
36	2 Jun - 5 Jun	49,759,588.57	34,831,712.00	14,927,876.57	
37	8 Jun - 12 Jun	49,751,718.57	34,826,203.00	14,925,515.57	
38	15 Jun - 19 Jun	52,233,807.14	36,563,665.00	15,670,142.14	3,304,327.00
39	22 Jun - 26 Jun	54,511,388.57	38,157,972.00	16,353,416.57	9,696,173.00
40	29 Jun - 3 July	82,287,188.57	57,601,032.00	24,686,156.57	
41	6 July - 10 July	122,125,844.29	85,488,091.00	36,637,753.29	
42	13 July - 17 July	175,766,778.57	123,036,745.00	52,730,033.57	
43	20 July - 24 July	212,425,678.57	148,697,975.00	63,727,703.57	
44	27 July - 31 July	221,360,235.71	154,952,165.00	66,408,070.71	
45	3 Aug - 7 Aug	223,964,444.29	156,775,111.00	67,189,333.29	
46	10 Aug - 14 Aug	203,287,034.29	142,300,924.00	60,986,110.29	
47	17 Aug - 21 Aug	206,263,202.86	144,384,242.00	61,878,960.86	
48	24 Aug - 28 Aug	216,225,730.00	151,358,011.00	64,867,719.00	
49	31 Aug - 4 Sep	196,819,470.00	137,773,629.00	59,045,841.00	267,070,873.00
50	7 Sep - 11 Sep	230,267,855.71	161,187,499.00	69,080,356.71	
Total		3,083,597,456.95	2,158,518,219.84	925,079,237.08	342,288,782.00
				Amount not Remitted	582,790,455.08

APPENDIX VIII

Users Who Logged In From Treasury Offices

IP ADDRESS	USER	DATE	TIME
10.101.2.145	RMungai	08-Dec-14	:08:36:08
10.101.2.145	RMungai	08-Dec-14	:08:36:35
10.101.2.180	RMungai	25-Mar-15	:11:48:15
10.101.2.180	RMungai	25-Mar-15	:11:48:27
10.101.2.228	Pilisi	27-Mar-15	:11:52:57
10.101.2.228	Pilisi	27-Mar-15	:11:53:24
10.101.2.154	RMungai	27-Apr-15	:13:13:17
10.101.2.89	RMungai	04-May-15	:12:46:44
10.101.2.89	RMungai	04-May-15	:12:47:22
10.101.2.244	RMungai	21-May-15	:15:47:02
10.101.2.244	RMungai	21-May-15	:15:48:02
10.101.2.244	RMungai	21-May-15	:16:34:34
10.101.2.244	RMungai	21-May-15	:16:35:03
10.101.2.244	RMungai	21-May-15	:16:57:02
10.101.2.244	RMungai	21-May-15	:16:57:23
10.101.2.244	RMungai	22-May-15	:08:03:41
10.101.2.244	RMungai	22-May-15	:08:03:57
10.101.2.204	HarakheA	27-May-15	:09:51:17
10.101.2.204	HarakheA	27-May-15	:09:51:36
10.101.2.204	HarakheA	27-May-15	:09:51:36
10.101.2.204	HarakheA	27-May-15	:09:52:34
10.101.2.28	RMungai	27-May-15	:10:27:58
10.101.2.28	RMungai	27-May-15	:10:28:09
10.101.2.28	RMungai	27-May-15	:10:28:09
10.101.2.28	RMungai	28-May-15	:13:47:39

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APPENDIX IX

OTHER FRAUDULENT PAYMENTS OF KSH 609,252,760.60

Name of Company	No. of Payments	Business given to NYS	Date	Amount Paid (kshs.)
BrainCraft Trading	1	Other Infrastructure and Civil Works	25/02/15	45,145,000.00
	2	Other Infrastructure and Civil Works	29/01/15	28,250,000.00
	3	Hire of Equipment, Plant and Machinery	9/03/15	23,925,000.00
	4	Other Infrastructure and Civil Works	29/01/15	16,895,000.00
	5	Hire of Equipment, Plant and Machinery	9/03/15	12,605,000.00
	6	Hire of Equipment, Plant and Machinery	10/12/14	5,922,600.00
	7	Hire of Equipment, Plant and Machinery	10/12/14	3,972,000.00
	8	Hire of Equipment, Plant and Machinery	9/03/15	3,450,000.00
	9	Hire of Equipment, Plant and Machinery	10/12/14	1,997,500.00
	10	Hire of Equipment, Plant and Machinery	22/12/14	1,997,500.00
Total Amount				144,159,600.00

Name of Company	No. of Payments	Business given to NYS	Date	Amount Paid (kshs.)
Big Keni Company	1	Other Infrastructure and Civil Works	26/02/15	35,649,500.00
	2	Other Infrastructure and Civil Works	18/12/14	28,130,500.00
	3	Other Infrastructure and Civil Works	16/01/15	7,519,000.00
Total Amount				71,299,000.00

Name of Company	No. of Payments	Business given to NYS	Date	Amount Paid (kshs.)
Classroom Technology	1	Hire of Equipment, Plant and Machinery	10/12/14	7,978,650.00
	2	Hire of Equipment, Plant and Machinery	18/12/14	7,978,650.00
	3	Hire of Equipment, Plant and Machinery	22/12/14	5,974,500.00
Total Amount				21,931,800.00

Name of Company	No. of Payments	Business given to NYS	Date	Amount Paid (kshs.)
Essential Prodigy Trading	1	Other Infrastructure and Civil Works	23/03/15	26,000,000.00
	2	Other Infrastructure and Civil Works	5/02/15	24,375,000.00
Total Amount				50,375,000.00

Name of Company	No. of Payments	Business given to NYS	Date	Amount Paid (kshs.)
Glnak gen supplies	1	Other Infrastructure and Civil Works	5/02/15	29,250,000.00
	2	R/D Cheques	25/02/15	29,250,000.00
	3	Other Infrastructure and Civil Works	23/03/15	24,375,000.00
Total Amount				82,875,000.00

Name of Company	No. of Payments	Business given to NYS	Date	Amount Paid (kshs.)
Smartboard learning Equipment	1	Hire of Equipment, Plant and Machinery	22/12/14	7,970,980.00
	2	Hire of Equipment, Plant and Machinery	22/12/14	5,962,700.00
	3	Hire of Equipment, Plant and Machinery	22/12/14	5,939,350.00
	4	Hire of Equipment, Plant and Machinery	22/12/14	3,979,500.00
Total Amount				23,852,530.00

Name of Company	No. of Payments	Business given to NYS	Date	Amount Paid (kshs.)
Startling Trading	1	Other Infrastructure and Civil Works	5/02/15	29,250,000.00
	2	Other Infrastructure and Civil Works	23/03/15	27,625,000.00
Total Amount				56,875,000.00

Name of Company	No. of Payments	Business given to NYS	Date	Amount Paid (kshs.)
Tucking Stitch Emporium	1	Other Infrastructure and Civil Works	26/03/15	29,250,000.00
	2	Other Infrastructure and Civil Works	5/02/15	27,625,000.00
Total Amount				56,875,000.00

Name of Company	Business given to NYS	Date	Amount Paid (kshs.)
Brand Associates Limited	Other Infrastructure and Civil Works	2/12/14	73,461,695.00
Total Amount	Hire of Equipment, Plant and Machinery	2/03/12	27,548,135.60
			101,009,830.60

APPENDIX X

Details of the Kshs. 695,400,000.00 attempted fraud

	Transaction No.	Description	Amount in Ksh	Remarks
1	4512	Soft material of CBR 60/100m3	12,900,000.00	
2	4512	Hard material of CBR 95/100m3	12,600,000.00	
3	4512	Soft stone sub-grade material of CBR 23/100M3	13,500,000.00	
4	4511	Hard material of CBR 95/100m3	13,500,000.00	
5	4511	Soft material of CBR 60/100m3	12,600,000.00	
6	4511	Building blocks approved sub-grade material	12,900,000.00	
7	4508	Building blocks, approved sub-grade material	12,600,000.00	
8	4508	Soft material of CBR 60/100m3	12,450,000.00	
9	4508	Hard material of CBR 95/100m3	13,500,000.00	
10	4507	Hard material of CBR 95/100m3	12,750,000.00	
11	4507	Soft material of CBR 60/100m3	12,000,000.00	
12	4507	Building blocks approved sub-grade materials	13,500,000.00	
13	4515	Building blocks approved sub-grade materials	12,000,000.00	
14	4515	Hard materials of CBR 95/100m3	13,500,000.00	
15	4515	Soft material of CBR 60/100m3	12,750,000.00	
16	4514	Soft material of CBR 60/100m3	12,750,000.00	
17	4514	Hard materials of CBR 95/100m3	13,500,000.00	
18	4514	Soft stone sub-grade material of CBR 23/100m3	12,600,000.00	
19	4513	Soft stone sub-grade material CBR 23/100M3	12,450,000.00	
20	4513	Soft material of CBR 60/100m3	13,500,000.00	
21	4513	Hard material of CBR 95/100m3	12,600,000.00	
22	4524	Hard material of CBR 95/100m3	12,600,000.00	
23	4524	Soft material of CBR 60/100m3	13,500,000.00	
24	4524	Building blocks, approved sub-grade material	12,450,000.00	
25	4522	Hard material of CBR 95/100m3	12,750,000.00	
26	4522	Soft material of CBR 60/100m3	13,500,000.00	
27	4522	Building blocks, approved sub-grade material	12,000,000.00	
28	4520	Building blocks, approved sub-grade material	12,900,000.00	

29	4520	Hard material of CBR 95/100m3	13,500,000.00
30	4520	Soft material of CBR 60/100M3	12,600,000.00
31	4516	Soft stone sub-grade material of CBR 23/100m3	13,500,000.00
32	4516	Hard material of CBR 95/100m3	12,450,000.00
33	4516	Soft material of CBR/60100m3	12,600,000.00
34	4528	Building blocks, approved sub-grade material	13,500,000.00
35	4528	Hard material of CBR 95/100m3	12,600,000.00
36	4528	Soft material of CBR 60/100m3	12,900,000.00
37	4527	Hard material of CBR 95/100m3	12,750,000.00
38	4527	Hard material of CBR 60/100m3	12,000,000.00
39	4527	Building blocks, approved sub-grade material	13,500,000.00
40	4526	Building blocks, approved sub-grade material	13,500,000.00
41	4526	Hard material of CBR 95/100m3	12,450,000.00
42	4526	Soft material of CBR 60/100m3	12,600,000.00
43	4525	Hard material of CBR 95/100m3	13,500,000.00
44	4525	Soft material of CBR 60/100m3	12,600,000.00
45	4525	Building blocks, approved sub-grade material	12,900,000.00
46	4530	Soft material of CBR 60/100m3	12,450,000.00
47	4530	Building blocks, approved sub-grade material	12,600,000.00
48	4530	Hard material of CBR 95/100m3	13,500,000.00
49	4529	Hard material of CBR 95/100m3	12,750,000.00
50	4529	Soft material of CBR 60/100m3	13,500,000.00
51	4529	Building blocks, approved sub-grade material	12,000,000.00
52	4531	Building blocks approved sub-grade material	13,500,000.00
53	4531	Hard material of CBR 95/100m3	12,900,000.00
54	4531	Soft material of CBR 60/100m3	12,600,000.00
Sub -Total			695,400,000.00
55	4638	Swing fogs	54,950,000
56	4638	KNAPSACK	47,000,000
57	4632	Fogging materials	31,250,000
Sub -Total			133,200,000.00
Grand Total			828,600,000.00

APPENDIX XI

DAMS PHYSICALLY VERIFIED

	Area	Name	Date Verified	Remarks
1	Gilgil	Thome water pan	06-10-15	
2	Gilgil	Eburru 'A' waterdam	06-10-15	
3	Gilgil	Eburru 'B'	06-10-15	
4	Gilgil	Mlangotaiu pan	06-10-15	
5	Gilgil	Ainamoi pan	06-10-15	Desilted and constructed another next to the existing
6	Hornabay	Kawilson Water pan	08-10-15	Desilted
7	Hornabay	Kobonyo Water pan	08-10-15	Said to have been Constructed on 18 March 2014 No sign of work done in the near past like the rest
8	Nakuru	Losegem Waterpan	15-10-15	
9	Nakuru	Mutaran Waterpan	15-10-15	
10	Tumaini	Kagaa Water pan	19-10-15	
11	Tumaini	Mihuti Water pan	19-10-15	Not in our analysis to the field because it was completed in 6 Oct 2015
12	Tumaini	Kimotho Water pan	21-10-15	
13	Tumaini	Gaihimia Water pan	21-10-15	
14	Igembe Central in Meru	Liliaba Water pan	22-10-15	
15	Kajiado - Emarii	Ooolera water pan	19/10/2015	Verified on the ground.
16	Kajiado - Kitengela	Erpeen water pan	19/10/2015	Verified on the ground
17	Kajiado - Isinya	Olepolos water dam	19/10/2015	Verified on the ground.
18	Kajiado - Enkoroi	Endenyio Enkampi dam	19/10/2015	Verified on the ground.
19	Kajiado - Ngataiaek	Mopia Water Pan	19/10/2015	Verified on the ground.
20	Kajiado - Ngataiaek	Lesoi Water Pan	19/10/2015	Pan expansion and desilting works done. Verified on the ground.
21	Narok	Oltodo water pan	21/10/2015	Verified on the ground.
22	Narok	Olenguluo water pan	21/10/2015	Verified on the ground.
23	Narok	Olenganayo water pan	21/10/2015	Verified on the ground.
24	Narok	Liripoi karkar water pan	21/10/2015	Verified on the ground.
25	Narok	Olpukoti water pan	21/10/2015	Verified on the ground.
26	Narok	Nkasioki water pan	22/10/2015	Verified on the ground.
27	Narok	Ripoi water pan	22/10/2015	Verified on the ground.
28	Narok	Jua kali water pan	22/10/2015	Verified on the ground.

	Area	Name	Date Verified	Remarks
29	Narok	Nkamurunya water pan	22/10/2015	Verified on the ground. There is usually an annual maintenance which includes desilting and repair.
30	Naivasha Mwiciringiri	Mwiciringiri water pan	7/10/2015	Verified on the ground.
31	Naivasha Hells Gate	Nyamaihi water pan	7/10/2015	It is an expansion. The status of the pan is complete and in use by the local community. Verified on the ground.
32	Naivasha Maraigushu	Nyonjoro water pan	7/10/2015	Verified on the ground. It has a silt trough.
33	Naivasha Maraigushu	Customer Water pan	7/10/2015	Verified on the ground.
34	Naivasha Maraigushu	Kwa Kungu water pan	7/10/2015	Verified on the ground.
35	Naivasha Maraigushu	Nyakairo water pan	7/10/2015	it has a silt trough. Verified on the ground.

APPENDIX XII

SCHEDULE OF ACTIVITIES AS PROVIDED IN THE INCEPTION REPORT

JUNE 2015

	Task	Details	Timeline
1.	Inception Report	Collate the proposal into the inception report	June 29th
2.	Enlisting Moderators and speakers	This will entail business leaders, members of the chamber of commerce, Community Organizers and public figures. There will also be representatives from, UWEZO fund, Youth Fund and various Financial Institutions.	July 30th
3.	Engage county commissioners and county governments	This will entail procuring various licenses as required, on boarding the county governments for their support as well in distribution of material. The county governments will need to enlist their tender opportunities on the site as well.	July 30th
4.	Project website	Entails getting approvals from Ministry of ICT to register www.yes.go.ke which is currently available. The site will also allow county governments to patch tenders onto the site directly.	July 10th
5.	USSD portal	Entails acquiring licenses from Safaricom/Airtel and CA, as well as procuring bulk SMSs. The users will be able to register to receive SMS alerts when the summit is coming to their county as well as when tenders for particular counties are uploaded.	July 31st
6.	Infomercial	Line up the captains of industry to be featured in the infomercial as well as the tutorial on AGPO application.	July 31st
7.	Engage campuses	Contact colleges and universities countrywide which shall then be visited during the on ground hype prior to events to ensure massive penetration of the message.	August 5th

JULY 2015 - APRIL 2016

Month	Date	County	Task
JULY			
		Nairobi	Project preparation & mobilization
		Nairobi	Scout Route Plan
		Nairobi	TVC production
		Nairobi	Radio Ads production
		Nairobi	Print Ad production
	August-October	Nairobi	Website/SMS portal
	August-October	Nairobi	Tee shirts/Fliers/Info packs/DVDs for July/August/September
		Nairobi	Van Branding
		Nairobi	Documentary production
	29 th August	Nairobi	Banners production
			Launch Event Hype: PR
AUG - SEP			
	Aug - Oct		
	26 th August	Nairobi	On ground team and Van Expenses
	26 th - 28 th	Nairobi	YES Flag off
	29 th Aug	Nairobi	Nairobi Roadshow
	3 rd - 5 th Sept	Machakos	KICC Event
	10 th - 12 th Sept	Nyeri	Roadshows and Summit
	17 th - 19 th Sept	Meru	Roadshows and Summit
			Roadshows and Summit
SEPT - OCT			
	24 th - 26 th	Kirinyaga	Roadteam and Event
	12 th Sept		Submit milestone Report and Invoice
	1 st - 3 rd Oct	Nyandarua	Roadteam and Event
	8 th - 10 th Oct	Muranga	Roadteam and Event
	15 th - 17 th Oct	Kiambu	Roadteam and Event
OCT - NOV			
	Phase 2		Tee shirts/Fliers/Info packs/DVDs for November/December/January
	Phase 2		Media Buying
	Phase 2		On ground team and Van Expense
	Phase 2		Van Hire
	22 nd - 24 th Oct	Embu	Roadteam and Event

Month	Date	County	Task
	29 th - 31 st Oct	Itharaka Niihi	Roadteam and Event
	5 th - 7 th Nov	Makueni	Roadteam and Event
	12 th - 14 th Nov	Kitui	Roadteam and Event
NOV - DEC			
	19 th - 21 st Nov		Roadshows and Summit
	26 th - 28 th Nov		Roadteam and Event
	3 rd - 5 th Dec		Roadteam and Event
	10 th - 12 th Dec		Roadteam and Event
	12 th Dec		Submit Milestone Report and Invoice
	Nov - Dec	Tana River	Roadteam and Event
	Nov - Dec	Lamu	Roadteam and Event
	Nov - Dec	Garissa	Roadteam and Event
	Nov - Dec	Wajir	Roadteam and Event
	Nov - Dec	Mandera	Roadteam and Event
	Nov - Dec	Marsabii	Roadteam and Event
	Nov - Dec	Isiolo	Roadteam and Event
	Nov - Dec	Turkana	Roadteam and Event
	Nov - Dec	West Pokot	Roadteam and Event
	Nov - Dec	Samburu	Roadteam and Event
2016 JAN			
	7 th - 9 th Jan	Uasin Gishu	Roadshows and Summit
	14 th - 16 th Jan	Nandi	Roadteam and Event
	21 st - 23 rd Jan	Elgeyo-Marakwet	Roadteam and Event
	28 th - 31 st Jan	Trans-Nzoia	Roadteam and Event
2016 FEB			
	Feb - Apr		Tee shirts/Fliers/Info packs/DVDs for February/March/April Media Buying
	Feb - Apr		On ground Team and Van Expense
	Feb - Apr		Van Hire
	4 th - 6 th Feb	Baringo	Roadteam and Event
	11 th - 13 th Feb	Laikipia	Roadteam and Event
	18 th - 20 th Feb	Kajiado	Roadteam and Event
	25 th - 27 th Feb	Narok	Roadteam and Event
	3 rd - 5 th March	Kisumu	Roadshows and Summit
2016 MAR			

Month	Date	County	Task
	10 th - 12 th March	Kericho	Roadshows and Summit
	10 th - 12 th March	Siaya	Roadteam and Event
	17 th - 19 th March	Bomet	Roadteam and Event
	17 th - 19 th March	Homa Bay	Roadteam and Event
	24 th - 26 th March	Migori	Roadteam and Event
	24 th - 26 th March	Kakamega	Roadteam and Event
2016 APRIL			
	31 st - 2 nd April	Kisii	Roadshows and Summit
	31 st - 2 nd April	Bungoma	Roadshows and Summit
	7 th - 9 th April	Vihiga	Roadteam and Event
	7 th - 9 th April	Nyamira	Roadteam and Event
	14 th - 10 th April	Busia	Roadteam and Event
2016 MAY- JUNE			
	May - June		GoK Training and Handover: PR
	May - June		Collate Project Report
	May - June		Invoice GoK and Summit Report

APPENDIX XIII

MINISTRY BANK ACCOUNTS

Financial year 2013/2014:

Account No.	Account Name	Date Opened	Signatories	Remarks (if applicable)
1	1000181419 Recurrent: Ministry of Devolution and Planning		Peter Mangiti/Joel Karenju/Francis W. Kariuki/Hezron Macharia/Maureen Oganga/George Haya	CBK letter Ref. Acc/19/14 of 18 th July, 2014
2	1000181613 Development: Ministry of Devolution and Planning		Peter Mangiti/Joel Karenju/Francis W. Kariuki/Hezron Macharia/Maureen Oganga/George Haya	CBK letter Ref. Acc/19/14 of 18 th July, 2014
3	1000182016 Deposit: Ministry of Devolution and Planning	13/8/13	Peter Mangiti/Joel Karenju/Hezron Macharia/Maureen Oganga/George Haya	Account not closed by them
4	1000187336 National Humanitarian Fund		Peter Mangiti/Joel Karenju/George Haya	Account not closed by them
5	1000192542 Youth: KYE Project	30/10/13	Peter Mangiti/Joel Karenju/Ezekiel Karanja	Account not closed by them
6	1000195118 Capacity Development Programme	11/12/13	Peter Mangiti/Joel Karenju/Francis W. Kariuki	Account not closed by them
7	1000192534 Arid and Semi Arid Lands	20/10/13	Peter Mangiti/Joel Karenju/Ezekiel Karanja	Account not closed by them
8	1000187077 Community Empowerment and Institutional Support Programme (CEISP)	11/9/13	Peter Mangiti/Joel Karenju/George Haya	Account not closed by them

Financial 2014/2015:

Account Number	Account Name	Date Closed	Signatories	Remarks (Date Closed)
1000209787	Recurrent: State Department for Planning	17/7/2014	Peter Mangiti/Joel Karenju/Francis W. Kariuki/Rhoda K. Makau	Account not closed
1000209747	Development: State Department for Planning	17/7/2014	Peter Mangiti/Joel Karenju/Francis W. Kariuki/Rhoda K. Makau	Account not closed
1000212594	Deposit: State Department for Planning	13/8/2014	Peter Mangiti/Joel Karenju/Francis W. Kariuki/Rhoda K. Makau	Account not closed
1000192542	Youth KYE Project	11/9/2013	Peter Mangiti/Joel Karenju/Francis W. Kariuki/Rhoda K. Makau	11/6/2015
1000187077	Community Empowerment and Institutional Support Programme (CEISP)	11/9/2013	Peter Mangiti/Joel Karenju/Francis W. Kariuki/Rhoda K. Makau	11/6/2015
1000195118	Capacity Development Programme	11/9/2013	Peter Mangiti/Joel Karenju/Francis W. Kariuki/Rhoda K. Makau	11/6/2015
1000232919	Youth KYE Project	11/6/2015	Peter Mangiti/Joel Karenju/Francis W. Kariuki/Rhoda K. Makau	Account not closed
1000232927	Community Empowerment and Institutional Support Programme (CEISP)	11/6/2015	Peter Mangiti/Joel Karenju/Francis W. Kariuki/Rhoda K. Makau	Account not closed
1000232951	Capacity Development Programme	11/6/2015	Peter Mangiti/Joel Karenju/Francis W. Kariuki/Rhoda K. Makau	Account not closed

APPENDIX XIV

LIST OF BANK SIGNATORIES AT THE NYS

No.	Account Name	Account No.	Signatory	Date
1.	KCB Special Bank Account	1178056929	Wellington Lubira, Stephen Munyunzu, Joyce W. Gichuru, George W. Mwangi	18 January 2016 to date
2.	NYS Huduma Corps National Bank of Kenya	01020078734500	R. N. Huhu, Naftali Githinji	Since opening - September, 2015
			Nicholas O. Ahere, Stephen Munyunzu	9 th October, 2015 - February, 2016
			Wellington Lubira, H. H. O. Ondara	February, 2016 - To date
3.	NYS Huduma Cohort National Bank of Kenya	01020078734700	Samwel Wachenje, R. N. Hihu, Naftali Githinji	Since opening - September, 2015
			Nicholas O. Ahere, Stephen Munyunzu	October, 2015 - 22 nd February, 2016
			Wellington Lubira, H. H. O. Ondara, Stephen Munyunzu	February, 2016 - To date
4.	NYS Mechanical & Transport Fund - KCB	1128674548	Cleophas Keboi, Damiano Amanya, Bernard Omolo, Samuel Wachenje	October, 2015
5.	Director NYS - National Bank of Kenya	01001000909300	Bernard Omolo, Major M. H. K. Arap Langat, Julius M. Kariuki	July, 2002
			Mrs. Maureen Lilavi Onaya Mr. Allan Kamau Waweru Martin Wangahu Mwangi Ngome S. Wekoye Julius M. Kariuki B. C. Omollo Brenn Cleopa Kusina Clare Chaddah Lwali	March, 2003 Signatory from 25 th May, 2007 - 4 th August, 2014
			Nicholas Ochieng Ahere J. K. Mwanja	February, 2009 - 5 th December, 2015
			Samuel Wachenje Mndanyi	22 nd September, 2010 - upto 2 nd February, 2016
			Anjelo Mbabu Muketha	3 rd August, 2011

APPENDIX XIV
LIST OF BANK SIGNATORIES AT THE NYS

No.	Account Name	Account No.	Signatory	Date
			Mr. Chege Ihenya Muchiri	24 th September, 2014 - 2 December, 2015
			Ruth Njeri Hihu Anthony Mwai	4 th August, 2014 - 21 st October, 2015
			Naffali Githinji	2 nd February, 2016

- Stephen Munnyunzu - From 21st October, 2015
- Nicholas O. Ahere - From 29th February, 2016
- H. H. O. Ondara - 2nd February, 2016 - To date
- Wellington Lubira - 2nd February, 2016 - To date

APPENDIX XV - NYS HUDUMA COHORTS CHEQUE PAYMENT ANALYSIS

Cheque Number	Transaction details	Value Date	Particulars	Amount (kshs)
101	Inward clearing 101	27/2/2015	Transfer to Huduma Cohorts Sacco A/C	22,203,043.00
102	Inward clearing 102	8/4/2015	Transfer to Huduma Cohorts Sacco A/C	9,339,151.00
103	Inward clearing 103	8/4/2015	No details on Counterfeit	9,399,671.00
104	Inward clearing 104	8/4/2015	Maendeleo ya Wanawake	3,269,600.00
105	Inward clearing 105	17/4/2015	Salary for Maendeleo ya Wanawake (Kibera, Kibwezi)	1,187,250.00
106	Inward clearing 106	17/4/2015	Salary for Maendeleo ya Wanawake (food program Kibera)	943,600.00
107	Inward clearing 107	24/4/2015	Maendeleo ya Wanawake	1,187,250.00
108	Inward clearing 108	4/5/2015	Feeding program Kibera	839,000.00
109	Inward clearing 109	8/5/2015	Feeding program Kibera (w.e.f 4 th - 8 th May)	1,045,500.00
110	Inward clearing 110	18/5/2015	Payment of Kibera feeding Program	1,045,500.00
111	Inward clearing 111	22/5/2015	Payment of Kibera Slums for the month of April 2015	10,661,630.00
112	Inward clearing 112	25/5/2015	Salary for Kibera slums for the month of May 2015	1,093,500.00
113	Inward clearing 113	25/5/2015	Jumbithi Huduma Sacco	1,725,212.00
114	N/A	N/A	Cancelled	N/A
115	Inward clearing 115	25/5/2015	Homa Bay Venue complete	1,106,132.00
116	Inward clearing 116	28/5/2015	Food Programme of 25 th - 29 th May 2015	1,141,250.00
117	Inward clearing cheque 117	6/6/2015	Food Programme (1 st - 5 th June 2015)	1,137,500.00
118	N/A	9/6/2015	Cancelled, Payable to Samson Okech Osano	4,099,456.00
119	N/A	9/6/2015	Cancelled, Payable to Samson Okech Osano	399,594.00
120	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	1,156,180.00
121	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	37,800.00
122	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	37,800.00
123	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	37,800.00
124	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	37,800.00
125	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	45,200.00
126	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	70,000.00

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Cheque Number	Transaction details	Value Date	Particulars	Amount (kshs)
127	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	56,000.00
128	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	56,000.00
129	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	56,000.00
130	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	51,500.00
131	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	40,600.00
132	N/A	N/A	Cancelled, no particulars entered	40,600.00
133	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	40,600.00
134	N/A	9/6/2015	Cancelled, Payable to Samson Okech Osano	40,600.00
135	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	40,600.00
136	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	40,600.00
137	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	23,800.00
138	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	23,800.00
139	N/A	10/6/2015	Cancelled, Payable to Samson Okech Osano	43,800.00
140	Inward clearing 140	11/6/2015	Salary for Kibera Slums Maendeleo	1,176,500.00
141	Inward clearing 141	12/6/2015	National bank of Kenya Food Programme	793,600.00
142	Inward clearing 142	19/6/2015	NBK payment for Homa Bay Sacco	472,983.00
143	N/A	18/6/2015	Cancelled, Payable to Samson Okech Osano, Maendeleo ya Wanawake	2,000,350.00
144	N/A	18/6/2015	Cancelled, NBK Maendeleo ya Wanawake Kibera	2,106,300.00
145	Inward clearing 145	19/06/2015	NBK Maendeleo ya Wanawake	2,000,350.00
146	Inward clearing 146	26/6/2015	NBK, Kibera Sacco	9,696,173.00
147	N/A	26/6/2015	Cancelled, NBK	5,626,200.00
148	Inward clearing 148	26/6/2015	NBK, feeding Programme, Kibera Slums	5,626,200.00
149	CASH CHQ. No. 149;000149;TELLER 15 ECBK	29/06/2015	Erroneous Drawing from Cohort A/c kshs. 882,000.00 see refund D.G's A/c Cheque 013819	882,000.00

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Cheque Number	Transaction details	Value Date	Particulars	Amount (kshs)
150	Inward clearing 150	3/7/2015	NBK feeding Programme, Gatundu Huduma Week	6,756,400.00
151	Inward clearing 151	3/7/2015	Salary for (more Description not legible)	38,738,700.00
152	Inward clearing 152	20/7/2015	NBK, Maendeleo ya Wanawake slum upgrading	15,869,000.00
153	Inward clearing 153	22/7/2015	Feeding Programme	1,125,000.00
154	Inward clearing 154	27/7/2015	Slum feeding Programme	12,516,250.00
155	Inward clearing 155	3/8/2015	Slum feeding Programme	17,375,030.00
156	Inward clearing 156	20/8/2015	Feeding Programme (credited back on 7th October 2015)	17,033,750.00
157	N/A	17/8/2015	Cancelled, NBK	16,732,720.00
158	Inward clearing 158	19/8/2015	NBK (no particulars)	16,110,375.00
159	N/A	21/8/2015	Cancelled, NBK (no particulars)	15,781,825.00
160	Inward clearing 160	21/8/2015	NBK, Huduma kitchen (credited back on 7th October 2015)	15,781,825.00
161	Inward clearing 161	1/9/2015	NBK, Difference underpayments	95,000.00
162	Inward clearing 162	1/9/2015	NBK, Huduma kitchen	23,187,825.00
163	Inward clearing 163	30/9/2015	NBK, Sacco's, 6th Jan - 7th Aug 2015, Kibera & Homabay 2nd June - 7th Aug 2015	267,070,873.00
164	N/A	3/9/2015	Cancelled, NBK Kibera May	9,696,173.00
165	Inward clearing 165	9/9/2015	Huduma kitchen	25,545,625.00
166	N/A	11/9/2015	Cancelled, Huduma kitchen	24,429,375.00
167	Inward clearing 167	18/9/2015	Huduma kitchen	24,990,750.00
168	Inward clearing 168	7/10/2015	Huduma kitchen	2,385,650.00
169	Inward clearing 169	23/11/2015	NBK, Huduma kitchen payroll (Msa/lamu slum upgrading)	840,750.00
170	N/A	2/11/2015	Cancelled, Kenya Somali Border Securitization Project	11,988,000.00
171	N/A	2/11/2015	Cancelled, NBK Kenya Somali Securitization Project	15,987,000.00
172	NYS Huduma Somali Lamu Securitization Project	4/11/2015	NYS Huduma Somali Lamu securitization Project (Cheque No. Missing in Bank Statement)	15,987,000.00
173	Inward clearing 173	1/12/2015	NBK SACCO deduction transfer Kisumu	23,520,623.00
174	Inward clearing 174	8/12/2015	NBK Huduma kitchen Outstanding Claims	3,076,100.00
175	Inward clearing 175	8/1/2016	NBK Transfer of SACCO deductions (Fuata Nyayo, Kayamba, Kasarani, Kisumu - Obunga and Nyawita)	42,650,211.00
176	NYS Huduma kitchen Personnel	19/1/2016	NBK Huduma kitchen, Fuata Nyayo, Muthurwa, Markiti, (Cheque no. not written on Bank statement)	48,000.00

Cheque Number	Transaction details	Value Date	Particulars	Amount (kshs)
177	Inward clearing 177	26/1/2016	Huduma kitchen	48,000.00
178	Encashed Cheque no. 178;000000;EBCC	26/2/2016	Borrowing to D.G's A/C	1,000,000.00
179	Encashed Cheque no. 179;000179;EBCW	1/3/2016	Borrowing to D.G's A/C	1,500,000.00
180	Encashed Cheque no. 180;000180;ETJW	3/3/2016	Borrowing to D.G's A/C	1,500,000.00
181	Encashed Cheque no. 181;000181;EKKW	7/3/2016	Borrowing to D.G's A/C	1,500,000.00
182	Inward clearing 182	14/3/2016	NBK, Huduma Kitchen Coasi	1,585,650.00
183	Encashed Cheque no. 183;000185;ETJW	17/3/2016	Nderitu , Census, NYS motor-vehicle Equipment and Machines	3,000,000.00
184	N/A	16/3/2016	Cancelled; Joseph Mathenge Nderitu	6,000,000.00
185	Encashed Cheque no. 185;000185;ETJW	17/3/2016	J.M Nderitu	6,000,000.00
186	Inward clearing 186	21/3/2016	NBK, Huduma Kitchen, Kilifi, Nyari, Marindi, Kilifi South, Kaptaget	1,056,700.00
187	Inward clearing 187	23/3/2016	NBK, Huduma Kitchen	779,750.00
188	Encashed Cheque no. 188;000188;KCMT	24/3/2016	Payment For Gilgil Recruits	10,000,000.00