Paper laid by Hon. Adan Keynan on 4/5/2016 Clerk.

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NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT– FOURTH SESSION

THE PUBLIC INVESTMENTS COMMITTEE

SPECIAL REPORT ON THE INQUIRY INTO ALLEGATIONS OF FRAUD AND FINANCIAL MISMANAGEMENT AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

MAY, 2016

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LIST OF ABBREVIATIONS AND ACRONYMS

Ag.	-	Acting
AML	-	Anti-Money Laundering
BNI	-	Bearer Negotiable Instruments
CAP	-	Chapter
CEO	-	Chief Executive Officer
CFT	-	Combating the Financing of Terrorism
CS	-	Cabinet Secretary
DCI	-	Directorate of Criminal Investigations
DNFBPs	-	Designated Non-Financial Businesses and Professions
DPP	-	Director of Public Prosecutions
EACC	-	Ethics and Anti-Corruption Commission
ERP	-	Enterprise Resource Planning
FIU	-	Financial Intelligence Unit
Fund	-	Youth Enterprise Development Fund
FRC	-	Financial Reporting Centre
FY	-	Financial Year
GM	-	General Manager
ICT	-	Information, Communication Technology
Kshs.	-	Kenya Shillings
MP	-	Member of Parliament
MFI	-	Micro Finance Organisations
NGOs	-	Non-Governmental Organisations
NYS	-	National Youth Service
PIN	-	Personal Identification Number
PPDA	-	Public Procurement and Disposal Act
PFMA	-	Public Financial Management Act
PS	-	Principal Secretary

POCAMLA	-	Proceeds of Crime and Anti-Money Laundering Act
POEA	-	Public Officers Ethics Act
RTGS	-	Real Time Gross Settlement
SACCO	-	Savings and Credit Cooperative Society
STRs	-	Suspicious Transaction Reports
SAGA	-	Semi Autonomous Government Agency
SCB	-	Standard Chartered Bank
USA	-	United States of America
USD	-	United States Dollars
VAT	-	Value Added Tax
YEDF	-	Youth Enterprise Development Fund

1.0 PREFACE

The Public Investments Committee is a Select Committee established under Standing Order No. 206 and is responsible for the examination of the working of public investments.

1.1 Committee Mandate

The Committee is mandated to-

(a) Examine the reports and accounts of the public investments;

(b) Examine the reports, if any, of the Auditor-General on the public investments;

(c) Examine, in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.

The procedure of a Select Committee and other related matters thereto is covered under Standing Order No. 173–203. The Committee has powers, under Article 125 of the Constitution of Kenya 2010, National Assembly Powers and Privileges Act (Cap. 6), the State Corporations Act, (Cap. 446) and the Public Audit Act, 2003, to summon witnesses, examine them on oath and receive evidence.

1.2 Committee Membership

The Committee is comprised of the following Members-

1. Hon. Adan Wehliye Keynan, CBS, MP - Chairperson
2. Hon. Anthony Kimani Ichung'wah, MP - Vice Chairperson
3. Hon. Francis Mwanzia Nyenze, EGH, MP
4. Hon. (Dr.) Oburu Oginga, MGH, MP
5. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
6. Hon. Adan Mohammed Nooru, MP
7. Hon. Franklin Mithika Linturi, MP
8. Hon. Wafula Wamunyinyi, MP
9. Hon. Elias Bare Shill, MP
10. Hon. Sammy Silas Komen Mwaita, MP
11. Hon. (Dr.) Paul Otuoma Nyongesa, EGH, MP

12. Hon. John Olago Aluoch, MP
13. Hon. (Eng.) John Kiragu, MP
14. Hon. Dorcas Kedogo, MP
15. Hon. Abdullswamad Sheriff Nassir, MP
16. Hon. Beatrice Nkatha Nyaga, HSC, MP
17. Hon. Bernard Munywoki Kitungi, MP
18. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
19. Hon. Cornelly Serem, MP
20. Hon. Ejidius Njogu Barua, MP
21. Hon. Irungu Kang'ata, MP
22. Hon. Johana Kipyegon Ng'eno, MP
23. Hon. John Muchiri Nyaga, MP
24. Hon. John Ogutu Omondi, MP
25. Hon. Korei Ole Lemein, MP
26. Hon. Mary Sally Keraa, MP
27. Hon. Onesmus Muthomi Njuki, MP

1.3 Secretariat

The Committee Secretariat is comprised of the following officers: -

1.	Ms. Susan Maritim	-	First Clerk Assistant
2.	Mr. Philip Lekarkar	-	Third Clerk Assistant
3.	Mr. Mohammed Boru	-	Third Clerk Assistant
4.	Mr. Joash Kosiba	-	Fiscal Analyst I
5.	Ms. Clarah Kimeli	-	Legal Counsel I
6.	Mr. Charles Atamba	-	Research Assistant III

1.4 Committee Proceedings

In its inquiry into the allegations of fraud and financial mismanagement at the Youth Enterprise Development Fund(YEDF), the Committee held a total of twenty sittings in which it closely received oral and written submissions and examined evidence from witnesses. The Committee heard and received both oral and written evidence from-

i. Mr. Emmanuel Odero, Ag. Chief Executive Officer, YEDF;
ii. Mr. Benedict Atavachi, suspended Finance Manager, YEDF;
iii. Ms. Catherine A. Namuye, suspended Ag. Chief Executive Officer, YEDF;
iv. Mr. Bruce Odhiambo, former Chairman, YEDF;
v. Former YEDF Board of Directors;
vi. Mr. Mukuria Ngamau and Ms. Doreen Waithera Ng'ang'a, Quorandum Ltd Directors;
vii. Mr. Joseph Kinyua, Chief of Staff and Head of Public Service;
viii. Ms. Sicily Kariuki, Cabinet Secretary, Ministry of Public Service, Youth and Gender Affairs;
ix. Mr. Titus Muriithi, Ag. Inspector General of State Corporations;
x. Mr. Simon Indimuli, Head of Governance, State Corporations Advisory Committee;
xi. Ms. Anne Waiguru, former Cabinet Secretary, Ministry of Devolution and Planning;
xii. Eng. Peter Mangiti, former Principal Secretary, State Department of Planning, Ministry of Devolution and Planning;
xiii. Chase Bank (K) Ltd Officials;
xiv. The Standard Chartered Bank Ltd Officials;
xv. Some of the beneficiaries of funds from Quorandum Ltd
xvi. Commissioner General, Kenya Revenue Authority;
xvii. Director, Directorate of Criminal Investigations;
xviii. Secretary/Chief Executive Officer, Ethics and Anti-Corruption Commission;
xix. Principal Secretary, State Department for Foreign Affairs, Ministry of Foreign Affairs & International Trade;

xx. Chief Executive Officer, Financial Reporting Centre; and

xxi. Registrar of Societies.

The records of evidence adduced, documents and notes received by the Committee form the basis of the Committee's observations/findings and recommendations as outlined in the Report and can be obtained in the Hansard reports of the Committee available in the Parliament Library.

1.5 Key Findings and Observations

The section below provides a summary of the Committee's Observations on the inquiry into allegations of fraud and financial mismanagement at the Youth Enterprise Development Fund.

These observations and recommendations, if taken into account and implemented, will ensure the recovery of public funds meant for the youth of Kenya and prosecution of those culpable for the fraudulent acts at the YEDF

From the oral and written evidence submitted, the Committee made the following observations and findings-

1. **THAT**, the Board and the Management of YEDF did not obtain approval from the National Treasury to invest Kshs. 400 million into a fixed/call deposit account at Chase Bank (K) Ltd, contrary to the provisions of National Treasury Circular No. 10 of 1992, Circular No.12 of 2002 and Order No. 63 of the Youth Enterprise Development Fund Order, 2007.
2. **THAT**, it is evident that the Youth Enterprise Development Fund Order (63 of 2007) establishing the Fund under Regulation 12(2) allows the Board to deposit funds not immediately required for immediate use with commercial banks as the Board may consider. This provision is however superseded by Section 6(e) of the Public Finance Management Act (PFM), 2012 that states that the PFM Act, 2012 prevails on banking arrangements, including opening of bank accounts and investment of moneys.
3. **THAT**, The PFM Act, 2012 provides for the responsibilities of the National Treasury under Section 12(h) and (k) as monitoring the management of the finances of public enterprises and investments by national government and its agencies and to issue guidelines to national government entities with respect to financial matters and monitoring implementations and

compliance. To this extent, the guidelines issued by the National Treasury by way of circulars were binding to YEDF.

4. **THAT**, the YEDF did not have any surplus funds as per its audited financial statements for the financial year ended 30th June, 2014 and that the Kshs. 400 million that YEDF invested into a fixed/call deposit account at Chase Bank (K) Ltd was part of the funds appropriated by the National Assembly for disbursement to the youth as per the YEDF mandate.

5. **THAT**, the Fund had an existing ICT Strategic Plan 2013-2017 procured from Microflex Kenya Ltd in 2013 at a cost of approximately Kshs. 5.9 million and there was therefore no need to procure another one.

6. **THAT**, the purported consultancy services contract for the development of an Information, Communication and Technology (ICT) Strategic Plan and Enterprise Resource Planning (ERP) System development by Quorandum Ltd for YEDF was jointly planned and executed by Mr. Mukuria Ngamau, Mr. Bruce Odhiambo and Ms. Catherine A. Namuye with the main objective of defrauding the Fund of approximately Ksh. 180,364,789.00.

7. **THAT**, vide letter REF.YEDF/4/ACC/0055/15 dated 4th February 2015, YEDF instructed Chase Bank (K) Ltd to roll over its investment of Kshs. 400 Million in a fixed/call deposit account for a period of two months at an interest rate of 9% p.a with effect from 4th February 2015 to 6th April, 2015.

8. **THAT**, Ms. Namuye in a letter dated 11th February 2015 instructed Chase Bank (K) Ltd to make payments to Quorandum Ltd amounting to Kshs. 115,710,000.00 for alleged consultancy services rendered. However, the Bank did not honour the instructions since they contradicted earlier signing instructions as submitted to the Bank by the Fund which were: Category A (mandatory signatures) Ms. Namuye and Ms. Judy Kimeto and Category B, Mr. Benedict Atavachi, Mr. Robert Mrima and Mr. Benson Munywoki, where it was a requirement that any two could sign, with one being a mandatory signatory.

9. **THAT**, on 4th February, 2016, the suspended Ag. CEO, Ms. Catherine A. Namuye issued instructions to Chase Bank (K) Ltd to transfer funds from YEDF account to roll over the funds in the investment account for another period of two months. These instructions were

suspicious since the investment had not matured as per the roll over period which was to lapse on 6th April, 2015.

10. **THAT**, vide letter dated 17th February, 2015, Mr. Bruce Odhiambo, the former YEDF Chairman instructed Chase Bank (K) Ltd that in the absence of the other mandatory signatories, Ms. Catherine A. Namuye could sign off any instructions to the Bank as a sole signatory. This in turn gave the Ag. CEO, Ms. Namuye a free hand to issue instructions to the Bank as a sole signatory. It is noteworthy that these instructions came shortly after the Bank had rejected an attempt by Ms. Namuye to transfer funds on 11th February, 2015.

11. **THAT**, the Fund's Board approved the change of Chase Bank (K) Ltd account signatories on 26th February, 2015, but did not make Ms. Catherine A. Namuye a sole signatory to the YEDF account at Chase Bank (K) Ltd as alleged by the former Board Chairman, Mr. Bruce Odhiambo. The letter by Mr. Odhiambo on 17th February, 2015 making a Ms. Namuye a sole signatory was therefore an act of forgery as defined in Section 345 of the Penal Code.

12. **THAT**, on 11th of February, 2015 and 27th April, 2015, Ms. Catherine A. Namuye, the suspended Ag. CEO solely, without Board approval nor involvement of YEDF Finance Department, instructed Chase Bank (K) Ltd to pay Quorandum Ltd, a purported supplier, Kshs. 115,710,000.00 and Kshs. 65, 184,946.00. The second amount was revised to Kshs. 64,654,789.00 upon realization that the Fund's account had insufficient balance to transfer the instructed amount. The amounts were to be paid from the Fund's fixed deposit account No. 0017054604027 held with Chase Bank (K) Ltd in which Kshs. 400 million was deposited on 22nd August, 2014.

13. **THAT**, as a result of the actions of the suspended Ag. CEO, Ms. Catherine A. Namuye and Mr. Bruce Odhiambo, former Board Chairman, the **Fund lost a total of Kshs. 180,364,789** through a well orchestrated and dubious non-existent consultancy service scheme.

14. **THAT**, the purported extracts of the Fund's Board Minutes signed by Mr. Bruce Odhiambo and Ms. Catherine A. Namuye sent to Chase Bank (K) Ltd to confirm the change of signatories were a forgery and a collusion between the two officers with an intent to defraud the Fund pursuant to Section 348 of the Penal Code.

15. **THAT**, the suspended Ag. CEO, Ms. Catherine A. Namuye occasioned the withdrawal of funds from the YEDF fixed/call deposit account at Chase Bank (K) Ltd to pay for goods and services while the Fund had an operations accounts held at Equity Bank (K) Ltd and Kenya Commercial Bank (K) Ltd.

16. **THAT**, the suspended Ag. CEO, Ms. Catherine A. Namuye and the former Board Chairman, Mr. Bruce Odhiambo took over the running of the Fund's investment account thereby undermining the financial management procedures and controls at YEDF making the Finance Department of YEDF, headed by Mr. Benedict Atavachi, the suspended Finance Manager, redundant on the matter. The Committee therefore did not find any evidence linking Mr. Atavachi to the loss of Kshs. 180,364,789.

17. **THAT**, from the evidence of other witnesses, no other officer of the YEDF participated in the alleged procurement of consultancy services from Quorandum Ltd except Ms. Catherine A. Namuye, hence breach of Section 26(3)(c) of the Public Procurement and Disposal Act, 2005 which requires the involvement of the user department.

18. **THAT**, the alleged award of the contract for ICT Strategy and ERP System consultancy services to Quorandum Ltd by YEDF did not comply with the provisions of Article 227 of the Constitution Section 27 (4) of the Public Procurement and Disposal Act, (PPDA) 2005; as the service was neither planned for nor authorized by the Board. Further, prequalification of the company was not undertaken, no advertisement was done, no expression of interest advertised, no tendering nor evaluation was done before the award of the contract for competitiveness.

19. **THAT**, further, Ms. Catherine A. Namuye did not present any evidence on her allegation that the Board was involved in the procurement process of the alleged consultancy services by Quorandum Ltd. If indeed there was such involvement, this could not have taken away her responsibilities of an accounting officer of ensuring that the Fund complies with the PPDA. Under section 27(2) of the PPDA, the accounting officer of the Fund has the primary responsibility of ensuring that the Fund fulfils its obligations on compliance of the Act, its regulations and any directive of the Authority.

20. **THAT**, the responsibility of an accounting officer under the Constitution and Section 68(1) (a) (b) of the PFM Act requires that resources ought to be utilized in a legal, authorized and effective way, hence Ms. Namuye should not cry foul when she clearly knew that her role as the accounting officer is to ensure that the resources in YEDF are utilized according to the provisions of the law.

21. **THAT**, Ms. Catherine A. Namuye as the then accounting officer violated the provisions of Section 72 (1) of the PFM Act, 2012 by allowing Mr. Bruce Odhiambo unfettered use of the YEDF facilities including office and purchase of a new vehicle at a cost of Kshs. 12,615,448 despite him being a non-executive Chairman who is only entitled to such facilities when on official duty. Further, Mr. Bruce Odhiambo was irregularly issued with an interest-free loan of Kshs. 500,000 in the form of an imprest contrary to Section 17 of the State Corporations Act, CAP 446 Laws of Kenya. The outstanding balance of the interest free loan is Ksh. 365,600.

22. **THAT**, Ms. Catherine A. Namuye knowingly engaged herself in improper conduct as defined in Section 74(4) of the PFM Act 2012 by making and permitting a transaction that is unlawful and unauthorized expenditure. Further, Ms. Catherine A. Namuye failed to comply with various sections of the PFM Act, 2012 including her accounting responsibilities as defined in the Act; and she totally undermined the financial management procedures and controls at YEDF.

23. **THAT**, on the matter of rejection of the ICT Strategic Plan 2013-2017 by the Board, the sole responsibility under the PFM Act, 2012 rests on the accounting officer. Ms. Catherine A. Namuye never reported to the parent Ministry nor any agency on the said rejection yet public funds had been expended on the same.

24. **THAT**, on the allegations that she was under undue pressure from Mr. Bruce Odhiambo, former Board Chairman and Mr. Nicolas Mwaniki, Board Member to pay Quorandum Ltd; she did not adduce any evidence on the same. However, if there was any undue pressure she should have used her discretion to reject the same and report to the relevant authorities in accordance with Section 25 of the Public Officers Ethics Act, 2003.

25. **THAT**, the contract documents tabled by Quorandum Ltd and Chase Bank (K) Ltd were forged since the same had different signatories; they were fraudulently prepared by Mr. Mukuria Ngamau with his accomplice Ms. Catherine A. Namuye with the sole intention to steal from the Fund.

26. **THAT**, the Committee reviewed Quorandum Ltd.'s bank statements from Chase Bank (K) and Standard Chartered Bank (K) Ltd and found no evidence of payment of a sum of Kshs. 115 million to a Mr. Collins Reeves as was alleged by Mr. Mukuria Ngamau when he appeared before the Committee on 8th March 2016. However, in his second written submission dated 11th March, 2016, Mr. Mukuria Ngamau confirmed that he did not make the payment to Mr. Reeves, as the purported consultant died on 1st April 2015.

27. **THAT**, Mr. Mukuria Ngamau made several suspicious cash withdrawals from Quorandum Ltd accounts at Chase Bank (K) Limited and Standard Chartered (K) Ltd after the Kshs. 180,364,789 had been transferred from YEDF account as evidenced by the summary of bank transactions annexed to this Report. The Quorandum Ltd account in the Standard Chartered Bank (K) Ltd account was dormant and the Chase Bank (K) Ltd account had only a deposit of Ksh. 3,000 in it before the transfers of Ksh. 180,364,789 YEDF funds to it.

28. **THAT**, Mr. Mukuria Ngamau, through Quorandum Ltd.'s Chase Bank (K) Ltd account used the proceeds of the transfers from YEDF account to make several transactions on various dates to several third parties including: -

    (i) Purchase of a duplex apartment in Lavington, Nairobi from Duchess Park Ltd at a cost of Kshs. 48.5 million;

    (ii) Payment of a debt of Kshs. 18 million owed to Great Lakes Ltd through the firm of Ngigi Mbugua & Company Advocates;

    (iii) Payment of Britcom International Ltd, a UK-based company, a sum of Kshs. 9.24million purportedly for purchase of an excavator/grader;

    (iv) Payment to Ms. Doreen Waithera Ng'ang'a, a co-director and spouse, a sum of Kshs. 91,480 purportedly as a repayment of a loan extended to him by Ms. Ng'ang'a;

(v) *Payment of Kshs. 4.5 million to Rock Plant Ltd for an undisclosed purpose;*

(vi) *Payment of Kshs. 2.24 million to Mr. Dilshad Mohammed for an undisclosed purpose;*

(vii) *Payment of Kshs. 880,000 to Mr. Yogesh Kumar Bardwaj for an undisclosed purpose;*

(viii) *Payment of Kshs. 1,000,000 to Simis Engineering and Construction Company Ltd for an undisclosed purpose;*

(ix) *Mr. Mukuria Ngamau made payments to other several third parties on various dates as per the annexed summary of bank statements from Chase Bank (K) Ltd;*

(x) *Mr. Mukuria Ngamau also made several suspicious cash withdrawals and cheque encashment almost on a daily basis as demonstrated by the summary of the bank statements annexed hereto.*

29. **THAT,** Mr. Mukuria Ngamau transferred approximately Kshs. 59,082,835 part of the proceeds of YEDF fraudulent transactions from Quorandum Ltd account at Chase Bank (K) Ltd to Quorandum Ltd account at Standard Chartered (K) Ltd, Yaya Centre Branch and used the funds to make further transactions and payments on various dates to other third parties including: -

(i) *Payment of Kshs. 3.3 million to a Mr. Bruce Dominic Odhiambo account held at Co-operative Bank of Kenya Limited purportedly for payments of supplies and consultancy services;*

(ii) *Payment of Kshs. 8,799,450 to a Mr. Ezekiel Owuor account at Barclays Bank of Kenya Limited purportedly for payments of material supply/loan advance as purported by Mr. Owuor;*

(iii) *Payment of Kshs. 10,254, 500 to Industries D'Amico, an Italian Company, purportedly for equipment supply;*

(iv) *Mr. Mukuria Ngamau also made several cash withdrawals and transfers to his personal account held at Standard Chartered Bank and to personal accounts of persons closely related to him including: his spouse and Co-director, Ms. Doreen Waithera who was paid Kshs. 402,000; and Ms. Tabitha Wanjiku Ngamau, his mother who was paid Kshs. 940,000;*

(v) *Mr. Mukuria Ngamau made payments to other several third parties on various dates as per the annexed summary of bank statements from Standard Chartered Bank (K) Ltd.*

30. **THAT**, following the loss of funds from YEDF Chase Bank (K) Ltd fixed deposit account, the Fund's Board in a special sitting held on 23rd October, 2015 recommended the suspension of Ag. CEO Ms. Catherine A. Namuye, and Mr. Benedict Atavachi, Finance Manager. The Board appointed Mr. Emmanuel Odero as the Fund's acting CEO.

31. **THAT,** vide letter Ref. YEDFB/CEO/377/2015 dated 23rd October, 2015 directed the Ag. CEO Ms. Catherine A. Namuye and the Finance Manager, Mr. Benedict Atavachi to proceed on leave until further notice. He copied the same letter to Ms. Anne Waiguru, former Cabinet Secretary, Ministry of Planning & Devolution and Eng. Peter Mangiti, Principal Secretary, State Department of Planning.

32. **THAT**, the action of Mr. Bruce Odhiambo, former Chairman YEDF of writing a letter of suspension to Ms. Catherine A. Namuye, Ag. CEO was procedural. However, he acted *ultra vires* by signing a letter suspending Mr. Benedict Atavachi, the Finance Manager. The suspension of the Finance Manager ought to have been done by the newly appointed Ag. CEO.

33. **THAT,** the new Ag. CEO regularised the suspension of Mr. Benedict Atavachi, Finance Manager vide letter Ref. YEDFB/CEO/591/2015 dated 17th November, 2015 informing him that he had been suspended with effect from 23rd October, 2015.

34. **THAT,** the actions of Mr. Bruce Odhiambo as the Chairman of the YEDF in particular, his use of YEDF facilities such as office and vehicle were contrary to his terms and conditions of service as spelt out in the Guidelines on Terms and Conditions of Service for State Corporations' CEOs, Chairmen, and Board Members dated 23rd November 2014 and Government policy directive as contained in circular reference no. PMO/CIRC/A (3) of 7th April 2011.

35. **THAT,** the Director, Financial Reporting Centre is mandated to send information received under the POCAML Act 2009 to the appropriate law enforcement authorities, any intelligence agency, or any other appropriate supervisory body for further handling if,

having considered the reports, he has reasonable grounds to suspect that a transaction or activity involves proceeds of crime. In the matter of Quorandum Ltd, the Director, FRC failed to communicate to Chase Bank (K) Ltd of any clearance of the transaction to Quorandum Ltd account. Further, the Director, FRC did not submit to the Committee any information on any reporting made to the investigative agencies as required of him in line with Section 24(b) of the POCAML Act 2009.

36. **THAT**, the Financial Reporting Centre and the Asset Recovery Agency the two crucial institutions established under the POCAML Act 2009 to deal with matters of proceeds of crime and money-laundering are under-funded by the Government and have never been fully operationalized.

37. **THAT**, there are indications that the real estate sector Kenya is used for money laundering especially the proceeds of criminal activities including corruption in contravention of Section 4 of the POCAML Act 2009. Mr. Mukuria Ngamau through Quorandum Ltd used the proceeds of YEDF transfers to purchase a duplex apartment in Lavington, Nairobi at a cost of Ksh. 48.5 million from Duchess Park Limited.

38. **THAT**, His Excellency the President, vide a gazette notice of 15th April, 2016 in accordance with Section 7(3) of the State Corporations Act Cap. 446 revoked the appointment of Mr. Bruce Odhiambo as Chairman of YEDF Board and Ms. Sella Bogonko, Mr. Paul Gathura Ng'ang'a, Mr. Sabra Omar Hussein, Ms. Jane Mutinda, Mr. Michael Wamae, Mr. Clement Ayungo and Mr. Nicholas Mwaniki as Members of the YEDF Board.

39. **THAT,** the Fund's Board in the year 2013, recommended to the Principal Secretary, State Department of Planning, Eng. Peter Mangiti for the appointment of a substantive CEO from a list of four (4) nominees; the appointment was never made and as such, Ms. Catherine A. Namuye was in acting capacity until the time of her suspension on 23rd October, 2015.

40. **THAT**, on several occasions Ms. Namuye purportedly referred herself as the substantive chief executive officer of the Fund despite the fact that the Board or the parent Ministry never confirmed her as such.

41. **THAT**, the Circular dated 18th July, 2007 issued by the former Head of Civil Service and Secretary to the Cabinet, Ambassador Francis Muthaura, barring the Inspectorate of State Corporations from sitting in Board meetings of State Corporations unless invited by the Board was in contravention of Section 18 (2) (c) of the State Corporations Act which gives the Inspectorate the mandate to attend Board meetings as deemed necessary. This exclusion of officers from the Inspectorate may have contributed to the loss of funds and financial mismanagement at YEDF.

42. **THAT,** the Inspectorate of State Corporations is handicapped in the execution of its mandate due to budgetary constraints and staff shortage. The Inspectorate has 15 Inspectors handling more than 300 State Corporations.

43. **THAT,** before the launch of *Mwongozo* Code of Governance for State Corporations, there was no single policy document defining the professional and academic qualifications of Chairpersons and Directors of Boards of State Corporations. The *Mwongozo* code has clearly defined the minimum academic qualification for appointment as Chairman or Board Member of a State Corporation.

44. **THAT,** lack of defined minimum academic qualifications and experience contributed to the ineptitude and ineffectiveness of the disbanded YEDF Board in running the affairs of the Fund.

45. **THAT,** the merger of the Youth Enterprise Development Fund, Women Fund, Uwezo Fund, the Micro and Small Enterprises Authority and the Kenya Industrial Estates to create Biashara Kenya as recommended by the Presidential Taskforce on Parastatal Reforms has taken inordinately long to implement.

46. **THAT**, the YEDF lost approximately Ksh. 44.7 million in a YEDF 8th anniversary event which was to be held in March 2015 at the Kenyatta International Convention Centre (KICC). The venue of the event was later changed to the University of Nairobi grounds but did not materialize as it was verbally cancelled by a phone call purportedly by Ms. Anne Waiguru, former CS, Ministry of Devolution and Planning to Mr. Bruce Odhiambo, former Chairman, YEDF.

47. **THAT,** Mr. Hillary Kiprono Yegon, Director of M/S K-Susu Ltd and Gigtych Ltd, received payment of Kshs. 44.7 million for the aborted YEDF 8th anniversary event.

48. **THAT,** Mr. Hillary Kiprono Yegon breached Section 14(1) and (2) of the National Assembly (Powers and Privileges) Act, Cap. 6, Laws of Kenya by failing to honour the Committee's Summons to appear before it on 21st April, 2016.

49. **THAT**, the circumstances surrounding the death of the Fund's driver, Mr. Simon Mwangi who at the time of his death on 18th October, 2015 was on duty during unofficial hours in Diani, are suspect. The death allegedly occurred at a private party attended by former YEDF Board director Mr. Clement Ayungo on invitation by his friend, Mr. Babu Owino. The Directorate of Criminal Investigations has opened an inquest on the matter.

1.6 Recommendations

From the evidence adduced (oral and written) and the observations made, the Committee recommends as follows-

a) Recommendations to Government Entities and Agencies

1. **THAT**, the National Treasury to constitute a multi-government agency team composed of the responsible State Departments and the Inspectorate of State Corporations to review the corporate governance issues at YEDF, performance of the various projects undertaken by YEDF since its inception and to undertake a value for money audit of the Fund since inception to date. *The Cabinet Secretary for the National Treasury to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

2. **THAT**, there is need to amend Sections 23, 24 and 44 of the Proceeds of Crime and the Anti-Money Laundering Act 2009 to give the Financial Reporting Centre more powers to act on suspicious bank transactions and accounts. *The Committee shall propose an amendment to this section to ensure that the FRC can mitigate on funds especially originating from government institutions.*

3. **THAT**, the Cabinet Secretary, Ministry of Public Service, Youth and Gender Affairs should expedite the appointment of a substantive Chief Executive Officer of the Youth Enterprise Development Fund. The YEDF has operated without a substantive CEO since 2013. *The*

Cabinet Secretary, Ministry of Public Service, Youth and Gender Affairs to report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.

4. **THAT**, there is need to amend Sections 23 and 24 of the POCAML Act 2009 to enable the tracking of proceeds of crime especially to the real estate sector in Kenya. There are indications that the real estate sector in Kenya is used for money laundering especially proceeds of corruption. *The Attorney-General should submit draft legislation to the National Assembly not later than two (2) months after the adoption of this Report as part of the status of implementation of this recommendation.*

5. **THAT**, the Auditor-General to undertake a forensic audit of all the funds that have been appropriated by the National Assembly to YEDF from inception to date. *The Auditor-General should report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*

6. **THAT**, the Financial Reporting Centre (FRC) and the Asset Recovery Agency (ARA), the two crucial institutions established under the POCAML Act 2009 to deal with matters of proceeds of crime and money-laundering are under-funded by the Government and have never been fully operationalized. The National Treasury and the Attorney General should ensure that the FRC and ARA are adequately funded and fully operationalized to enable the two institutions adequately fulfil their legal mandate. *The Attorney-General and the Cabinet Secretary, the National Treasury should report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

7. **THAT,** Chase Bank (K) Ltd did not fully conduct due diligence in accordance with prudential guideline 5.6.6 of the Guidelines on Anti-Money Laundering and Combating the Financing of Terrorism - CBK/PG/08 in acting on instructions of Ms. Catherine A. Namuye, the suspended CEO, YEDF to transfer funds from YEDF account to Quorandum Ltd. The Central Bank of Kenya should investigate Chase Bank (K) Ltd for possible violations of the Banking Act Cap 488, POCAML Act 2009 and the Prudential Guidelines. *The Governor, Central Bank of Kenya should report back to the National Assembly not later than two (2)*

months after the adoption of this report on the status of implementation of this recommendation.

8. **THAT,** the National Treasury enhances budgetary allocation to the Inspectorate of State Corporations to facilitate effective inspection of state corporations. *The Cabinet Secretary, the National Treasury should report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

9. **THAT**, the circumstances surrounding the death of the Fund's driver, Mr. Simon Mwangi who at the time of his death on 18th October, 2015 was on duty during unofficial hours in Diani Beach Mombasa, are suspect. The death allegedly occurred at a private party attended by former YEDF Board director Mr. Clement Ayungo on invitation by his friend, Mr. Babu Owino. The Director, Directorate of Criminal Investigations should extend his investigation to include possible involvement of Mr. Clement Ayungo and Mr. Babu Owino in the death of Mr. Simon Mwangi and establish if his death is linked to the financial mismanagement at the YEDF. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

10. **THAT**, the Circular dated 18th July, 2007 issued by the former Head of Civil Service and Secretary to the Cabinet, Ambassador Francis Muthaura, barring the Inspectorate of State Corporations from sitting in Board meetings of State Corporations unless invited by the Board was in contravention of Section 18 (2) (c) of the State Corporations Act which gives the Inspectorate the mandate to attend Board meetings as deemed necessary. *The Chief of Staff and Head of the Public Service to report back to the National Assembly not later than two (2) months after the adoption of this Report on the action taken to correct the amendment of Act of Parliament through a Circular.*

11. **THAT**, the Chief of Staff and the Head of Public Service should as a matter of priority ensure that the recommendations of the Presidential Taskforce on Parastatal Reforms on the merger of the YEDF, Women Fund, Uwezo Fund, Micro and Small Enterprises Authority (MSEA) and the Kenya Industrial Estates (KIE) to create Biashara Kenya are implemented.

This merger is expected: to pool the scattered financial resources estimated at approximately Kshs. 30 Billion per financial year; harness the potential of youth, women and men; build synergies among the various government agencies; and leverage on economies of scale. Further, there is duplication of roles of some state organs, hence the need to implement the *Mwongozo* so as to remove duplication of duties and create clarity on the same. *The Chief of Staff and Head of the Public Service to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

12. **THAT,** the Chief of Staff and Head of Public Service should ensure that the appointment of persons to serve as Board Chairpersons and Board Members of State Corporations is done in accordance with the *Mwongozo* Code of Governance for State Corporations which requires that appointment of persons to serve as Board Chairpersons and Board Members have the following minimum qualifications:

    (i) Holds a minimum of a degree in the relevant field from a university recognised in Kenya;

    (ii) Proven business management or other relevant professional experience;

    (iii) Served in a position of senior management for at least six years;

    (iv) Has not served in the same entity as employee in the preceding five years;

    (v) Meets the requirements of Chapter Six of the Constitution; and

    (vi) Meets the requirements of the fit and proper test.

13. **THAT,** further, Alternate Directors of respective Ministries seconded to parastatal Boards should be individuals well versed in the affairs and operations of the respective Boards and should have unfettered access to Board meetings and ensure that they submit regular reports to their respective Principal Secretaries on the operations of the Boards in which they sit in.

14. **THAT,** the Director, Directorate of Criminal Investigations should: -

    (i) Engage the services of a forensic examiner to authenticate all YEDF documents used in the fraudulent transfer of funds from YEDF account at Chase Bank (K) Ltd, including Board Minutes and correspondences.

(ii) Engage the services of a graphology expert to analyse signatures on all correspondences that were purportedly signed by the then Ag. CEO Ms. Catherine Namuye and other Fund officials, that may have resulted in the loss of funds at YEDF.

The Director, Directorate of Criminal Investigations to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.

b) Specific Recommendations on Various Persons of Interest

Arising from the oral and written evidence taken, submissions received and findings and observations made, the Committee makes the following specific recommendations on the following persons of interest: -

(i) Ms. Catherine A. Namuye, suspended Ag. CEO, YEDF

1. **THAT,** Ms. Catherine A. Namuye as the former accounting officer of the YEDF should be investigated, charged and prosecuted for **violating Section 27(2) of the PPDA 2005**. She failed to ensure that procurement procedures were followed in the alleged provision of consultancy services for ICT strategy development and ERP System by Quorandum Ltd. *The Secretary, EACC and Director, DCI to report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*

2. **THAT**, Ms. Catherine A. Namuye should be investigated, charged and prosecuted for violating the use of restricted tendering as provided for in the Public Procurement and Disposal Act, 2005 particularly **Section 73(2)** which provides instances where a procuring entity may use restricted tendering. Further, Ms. Catherine A. Namuye used restricted tendering contrary to the maximum threshold provided for in the Public Procurement Regulations 2006 that required procurements for goods and services above Ksh. 6,000,000 to be advertised and competitively procured. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

3. **THAT**, Ms. Catherine A. Namuye should be investigated, charged and prosecuted for violating **Section 72(1) of the PFM Act 2012** which requires an accounting officer of a national government entity to be responsible for management of the entity's assets and liabilities. Ms. Catherine A. Namuye allowed Mr. Bruce Odhiambo unfettered use of YEDF facilities including office and a brand new motor vehicle despite him being a non-executive Chairperson who is not entitled to such facilities. She also failed to implement the State Corporations guidelines issued by SCAC on entitlements of Chairpersons and members of Boards hence occasioned loss of funds including: Kshs. 12,615,448 incurred in buying a motor vehicle for the use of Mr. Bruce Odhiambo; associated repair and maintenance costs incurred for running the vehicle, totalling Ksh. 1,034,014.65 and employment of a driver and a body guard. The EACC should investigate and if found culpable, recommend her for prosecution to the DPP for violation of the Act. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*

4. **THAT,** Ms. Catherine A. Namuye should be investigated, charged and prosecuted for **violating the provisions of Section 68(1) (a)(b) of the PFM Act 2012** that stipulates that the responsibility of an accounting officer is to ensure that public resources are utilized in a legal, authorized and effective ways to ensure the public realises value for its taxes. The EACC should investigate and if found culpable, recommend her for prosecution to the DPP for violation of the Act. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

5. **THAT,** Ms. Catherine A. Namuye should be investigated, charged and prosecuted for **violating the provisions of Section 15 of the Public Officers Ethics Act, 2003** that requires a public officer to take all reasonable steps to ensure that property that is entrusted to her care is adequately protected and not misused or misappropriated. Ms. Catherine A. Namuye failed to comply with various provisions of the Act. In particular, her assertions that she acted under duress from the Board members particularly on the issues of the Board Members rejecting the existing ICT Strategic Plan (2013-2017) and recommending for a new ICT strategic plan should have been reported by her to the relevant authorities as provided for in section 25 of

the POE Act, 2003. The EACC should investigate Ms. Catherine A. Namuye for violating the provisions of the POE Act 2003 and the Code of Conduct and Ethics for Public Officers. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*

6. **THAT,** Ms. Catherine A. Namuye should be investigated, charged and prosecuted for various **acts of omission and commission with the intention to defraud the Fund.** The purported consultancy services contract agreement for ICT Strategic Plan and ERP System development signed by Ms. Catherine A. Namuye on behalf of YEDF and Mr. Mukuria Ngamau for Quorandum Ltd was a well-crafted and jointly executed scheme by Ms. Catherine A. Namuye and Mr. Mukuria Ngamau, with the sole intention of defrauding the YEDF of approximately Kshs. 180 million. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

7. **THAT,** Ms. Catherine A. Namuye, be investigated by EACC for her role in the cancellation of the YEDF 8th anniversary event which was to be held in the year 2015 at the Kenyatta International Conference Centre (KICC) and later venue changed to the University of Nairobi grounds but was eventually verbally cancelled by a phone call purportedly by Ms. Anne Waiguru, the former Cabinet Secretary for Devolution and Planning to Mr. Bruce Odhiambo, the former YEDF Board Chairman. The YEDF fraudulently paid approximately Kshs. 44,741,603 purportedly to various contracted suppliers for the cancelled event. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

8. **THAT,** Ms. Catherine A. Namuye should be investigated, charged and prosecuted for forgery in line with the Penal Code of 1930 Cap 63 laws of Kenya. The purported extracts of the Fund's Board Minutes signed by Mr. Bruce Odhiambo and Ms. Catherine A. Namuye sent to Chase Bank (K) Ltd to confirm the change of signatories were a forgery and a collusion

between the two officers with an intent to defraud the Fund pursuant to Section 348 of the Penal Code of 1930 Cap 63 Laws of Kenya.

9. **THAT**, Ms. Catherine A. Namuye if found culpable by the relevant agencies and convicted by a court of law for the various civil and criminal offences should be barred from holding any public office pursuant to the provisions of Article 75(3) read together with Article 80(c) of the Constitution that stipulates that a person who is dismissed for compromising any public or official interest in favour of a personal interest shall be disqualified from holding any other public office.

(ii) Mr. Bruce Dominic Odhiambo, former YEDF Board Chairman

1. **THAT**, Mr. Bruce Odhiambo, former YEDF Board Chairman should be investigated, charged and prosecuted for **conspiracy to defraud the YEDF.** Mr. Bruce Odhiambo working with Mr. Mukuria Ngamau and Ms. Catherine A. Namuye crafted and executed a fraudulent scheme in the name of a consultancy service with the sole intention of defrauding the public of approximately Kshs. 180 million. The Directorate of Criminal Investigations (DCI) should immediately investigate Mr. Bruce Odhiambo and make recommendations for prosecutions to the Director of Public Prosecutions. *The Director of Criminal Investigations to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

2. **THAT,** Mr. Bruce Odhiambo, YEDF Board Chairman should be investigated, charged and prosecuted for **violating the provisions of Section 15 of the POE Act 2003.** He personally selected and instructed YEDF management to acquire for him a vehicle, Toyota Land Cruiser VXL, Registration No. KBZ 753D, which was purchased by YEDF on 28th August, 2014 at a cost of Kshs. 12,615,448. The said vehicle was misused by Mr. Bruce Odhiambo leading to the fund incurring a total of Kshs. 806,014.65 on fuel and general maintenance of the vehicle. On handing over the vehicle back to the Fund, the vehicle was sent to the Government Chief Mechanical Engineer for assessment, who referred the vehicle back to Toyota Kenya for further assessment. Toyota Kenya has quoted Kshs. 228,000 for repairs of the vehicle. The Inspector- General of State Corporations and the Chief Executive Officer of YEDF should surcharge Mr. Bruce Odhiambo a sum of Kshs. 1,034,014.65 for the misuse.

The Inspectorate of State Corporations to liaise with the Asset Recovery Agency to ensure a recovery of this amount and appurtenant costs with immediate effect. *The Inspector-General of State Corporations to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

3. **THAT**, Mr. Bruce Odhiambo, former Chairman YEDF should be investigated, charged and prosecuted for **money laundering under Section 3 and 4 of the POCAML Act, 2009 Cap 59B.** He received a total of Kshs. 3.3 million from Mr. Mukuria Ngamau through Quorandum Ltd as per Quorandum Ltd.'s Standard Chartered Bank (Kenya) Ltd account statements hereto annexed. The Committee from its investigations, believes that the said Mr. Bruce Dominic Odhiambo is the former Chairman of the YEDF. The Directorate of Criminal Investigations (DCI) should immediately investigate Mr. Bruce Dominic Odhiambo for this criminal act of collusion and benefiting from proceeds of crime contrary to provisions of Section 3 and 4 of the POCAML Act 2009 and make recommendations for prosecution to the Director of Public Prosecutions. The Director, Assets Recovery Agency should immediately institute a confiscation order and proceed to recover the amount in question from Mr. Bruce Dominic Odhiambo. *The Attorney-General to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

4. **THAT**, Mr. Bruce Odhiambo, former Chairman YEDF should be investigated, charged and prosecuted for various **acts of omission and commission to defraud the public.** He should be investigated by EACC for his role in the cancellation of the YEDF 8th anniversary event which was to be held in 2015 at the KICC and later changed to the University of Nairobi grounds but was eventually verbally cancelled by a phone call purportedly by Ms. Anne Waiguru to Mr. Bruce Odhiambo. The YEDF fraudulently paid approximately Kshs. 44,741,603 purportedly to various contracted suppliers for the cancelled event. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

5. **THAT,** Mr. Bruce Odhiambo should be investigated, charged and prosecuted for forgery in line with the Penal Code of 1930 Cap 63 Laws of Kenya. The purported extracts of the

Fund's Board Minutes signed by Mr. Bruce Odhiambo and Ms. Catherine A. Namuye sent to Chase Bank (K) Ltd to confirm the change of signatories were a forgery and a collusion between the two officers with an intent to defraud the Fund pursuant to Section 348 of the Penal Code of 1930 Cap 63 laws of Kenya. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

6. **THAT**, Mr. Bruce Odhiambo, if found culpable by the relevant agencies and convicted by a court of law for the various civil and criminal offences should be barred from holding any public office pursuant to the provisions of Article 75(3) read together with Article 80(c) of the Constitution that stipulates that a person who is dismissed for compromising any public or official interest in favour of a personal interest shall be disqualified from holding any other public office.

(iii) Mr. Mukuria Ngamau, Director and Shareholder, Quorandum Ltd

1. **THAT**, Mr. Mukuria Ngamau should be investigated, charged and prosecuted for **conspiracy to defraud the public.** Mr. Mukuria Ngamau working together with Mr. Bruce Odhiambo and Ms. Catherine A. Namuye crafted and executed a fraudulent scheme in the name of a consultancy service with the sole intention of defrauding the public of approximately Kshs. 180 million. The Directorate of Criminal Investigations (DCI) should immediately investigate Mr. Mukuria Ngamau for this criminal act and conspiracy to defraud the public and make recommendations for prosecutions to the Director of Public Prosecution. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*

2. **THAT**, Mr. Mukuria Ngamau should be investigated, charged and prosecuted for **acquisition, possession or use of the proceeds of crime.** Mr. Ngamau used the proceeds from the fraudulent transactions between YEDF and Quorandum Ltd to purchase a house in Lavington, Nairobi. The Director, Assets Recovery Agency should move with utmost speed and obtain an injunction against transfer of duplex apartment number C16 at Duchess Park Apartments located along Hatheru Road, Lavington, Nairobi. The said property was purchased by Quorandum Ltd from Duchess Park Ltd using the proceeds from the YEDF fraud of Kshs.

180,364,789 contrary to the provisions of Section 4 of the POCAML Act 2009. *The Attorney-General to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

3. **THAT**, Mr. Mukuria Ngamau should be investigated, charged and prosecuted for **violation of Section 27(4) of the PPDA 2005** that requires all contractors, suppliers and consultants to comply with all the provisions of the Act. The actions of Mr. Mukuria Ngamau and his company Quorandum Ltd violated the provisions of the Public Procurement and Disposal Act 2005 and Public Procurement and Disposal Regulations 2006 which were in force then. *The Director-General, Public Procurement Regulatory Authority to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

4. **THAT**, Mr. Mukuria Ngamau should be investigated, charged and prosecuted for **giving false evidence under oath to a Committee of the National Assembly contrary to Section 21 of the National Assembly (Powers and Privileges) Act.** Mr. Mukuria Ngamau while appearing before the Committee on 8th March, 2016 gave false information on the particulars of a Mr. Collin Reeves who was purportedly the lead consultant in the alleged contract between YEDF and Quorandum Ltd. He stated that the said Mr. Reeves resided in Michigan, USA and that as at the time he appeared before the Committee, they were in contact. He later changed this position in his written submission dated 11th March, 2016 informing the Committee that Mr. Reeves died on 1st April, 2015 and that he's still trying to trace the deceased's next of kin to transfer Kshs. 115 million owed to him. The Director of Public Prosecution should therefore charge Mr. Mukuria Ngamau with the offence of giving false evidence before the Committee contrary to Section 21 of the National Assembly (Powers and Privileges) Act. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

5. **THAT**, Mr. Mukuria Ngamau should be investigated, charged and prosecuted for **acquisition, possession and the use of proceeds of crime.** An analysis of the various statements of bank accounts held by Quorandum Limited at Chase Bank (K) Ltd and Standard Chartered Bank

(K) Ltd shows that the Ksh. 180, 364,789 which was fraudulently transferred from YEDF account at Chase Bank (K) Limited to Quorandum Limited was used for various suspicious transactions. In particular, a total of approximately Ksh. 91,654,018 was transferred to Quorandum Limited account at Standard Chartered Bank (K) Limited and thereafter used for suspicious payments to various third parties including a Mr. Bruce Dominic Odhiambo. The Director of Criminal Investigations should undertake an investigation of all transactions of the Quorandum Ltd Account No. **0102497392600** held at Standard Chartered Bank Kenya Limited for the period 15th January 2015 to 31st March, 2016. The investigations should extend to all personal bank accounts of Mr. Mukuria Ngamau, Ms. Doreen Waithera Ng'ang'a including their close relatives and friends. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

6. **THAT**, Mr. Mukuria Ngamau should be investigated, charged and prosecuted for several suspicious cash withdrawals and cheques encashment almost on a daily basis from Quorandum Ltd bank accounts at Chase Bank (K) Ltd and Standard Chartered Bank (K) Ltd as demonstrated by the summary of the bank statements annexed hereto. *The Director, DCI and Secretary EACC to report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*

7. **THAT**, the Director-General of the Public Procurement and Regulatory Authority **debars Quorandum Ltd** and any company directly or indirectly associated with Mr. Mukuria Ngamau from participating in any Government's public procurement proceedings, both at the National and County Government levels in accordance with Section 41 the Public Procurement and Asset Disposal Act 2015 and any other relevant provisions of the procurement laws and regulations. *The Director- General, Public Procurement Regulatory Authority to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

c) Other Persons of Interest

An audit trail of the bank statements of Quorandum Ltd account held at Chase Bank (K) Ltd and Standard Chartered Bank (K) Ltd revealed that Mr. Mukuria Ngamau through Quorandum Ltd made various payments to other third parties purportedly for various goods and services offered.

2.2 Composition of the Board

Section 3 of the Act establishes the Board which consists of:

i. A non-executive Chairman appointed by the President;

ii. A chief executive officer of the Board who shall also be the Secretary to the Board;

iii. The Permanent Secretary in the Ministry for the time being responsible for Youth Affairs;

iv. The Permanent Secretary in the Ministry for the time being responsible for Finance;

v. Seven persons (7) appointed by the Minister, of whom—

(a) Four (4) shall be persons who are not public officers who shall, be appointed by virtue of their knowledge or experience in matters relating to financial management venture capital fund management or youth development;

(b) Three (3) shall be public officers;

vi. One (1) person nominated by the National Youth Council and appointed by the Minister.

2.3 Functions of the Board

Under the Act the Board shall:

i. Manage and administer the Fund in such a manner as to realize the objects and purposes for which the Fund is established;

ii. Enter into association with other persons, bodies or organizations within or outside Kenya as the Board may consider appropriate in furtherance of the objects and purposes for which the Fund is established;

iii. Carry out any other activity as, in the Board's opinion, will promote and facilitate the objects and purposes for which the Fund is established as it seeks to meet its objectives; and

iv. The Board shall engage the chief executive of the Board and such other staff as the Board may consider necessary on such terms and conditions of service as the Board may, with the approval of the Minister, determine.

2.4 Role of the Board in Investment of funds

The Act further stipulates functions of the Board in regard to investments as follows:

i. Invest any of the funds of the Board which are not immediately required for its purposes in such securities as the Treasury may, from time to time, approve.

ii. Place on deposit with such bank or banks as it may determine any moneys not immediately required for the purposes of the Board.

2.5 Operations of the Fund

The YEDF disburses loans directly through various loan products using individual and group loan models. The Fund also uses regulated partnerships with financial intermediaries such as Banks and Micro Finance institutions who then lend to the youth.

The intervention of the Fund also provides sector specific financing, direct funding, franchise financing, credit guarantee scheme, access to markets on behalf of the youth, builds partnerships with communities and opens regional offices for better access.

While lending is the core mandate of YEDF, there are other mandates such as training on entrepreneurship and facilitating youth to access markets as well as provision of commercial infrastructure for youth to trade from.

2.6 Components of the Youth Enterprise Development Fund

The main objective of the YEDF is to provide loans to youth enterprises attract and facilitate investment for youth enterprises, market products and services of youth enterprises and provide business development services and employment for the youth. The main beneficiaries are the youth aged between 18-35 years who are in business or who want to be entrepreneurs.

The Fund is meant to address barriers that hinder youth entrepreneurship such as:

i. Inadequate technical skills;

ii. Lack of financial capital;

iii. Lack of labour market information; and

iv. Lack of labour demand.

The Fund operates through the following components: -

i. *Commercial infrastructure*: Under this mandate, the Fund aims to provide trading premises/work sites to young entrepreneurs. The Fund engaged several of the then Local Authorities and other private sector players to partner in establishing commercial infrastructure appropriate for youth enterprise needs.

ii. *Market support and market linkages*: The Fund endeavours to support youth enterprises to market their products locally and abroad, and to form linkages with large enterprises. The Fund organizes youth trade fairs at district, provincial and national levels. Youth who exhibit unique products at the national level are sponsored to exhibit outside the country, thus linking them to the export market.

iii. *Business Development Services/Entrepreneurship Training*: Entrepreneurship training and provision of appropriate Business Development Services are key to the Fund's achievement of its mandate. Besides ensuring that the youth have adequate skills, it also assists them in identifying and tapping into business opportunities, while embracing modern business management techniques.

iv. *Youth Employment Scheme Abroad (YESA):* The Fund is mandated to facilitate young people whose services are not engaged locally but are required abroad to secure temporary employment.

The Government puts emphasis on the micro-enterprise sector as a reliable creator of employment opportunities. The Fund is therefore meant to finance small and micro-enterprises to create jobs for young people.

3.0 EVIDENCE AND SUBMISSIONS BY WITNESSES

Introduction

This Section contains evidence submitted both orally and in writing by key witnesses invited to adduce evidence before the Committee. Committee Observations on each of the witness submission is also recorded.

The Public Investments Committee as mandated by Standing Order 206 commenced Inquiry into Allegations of Fraud and Financial Mismanagement at the YEDF on 30th November, 2015 and has since received oral and written submissions from the following –

i. Mr. Emmanuel Doer, Ag. Chief Executive Officer, YEDF;
ii. Mr. Benedict Atavachi, suspended Finance Manager, YEDF;
iii. Ms. Catherine A. Namuye, suspended Ag. Chief Executive Officer, YEDF;
iv. Mr. Bruce Odhiambo, former Chairman, YEDF;
v. Former YEDF Board of Directors;
vi. Mr. Joseph Kinyua, Head of Public Service and Chief of Staff;
vii. Mr. Mukuria Ngamau and Ms. Doreen Waithera Ng'ang'a, Quorandum Ltd Directors;
viii. Ms. Sicily Kariuki, Cabinet Secretary, Ministry of Public Service, Youth and Gender Affairs;
ix. Mr. Titus Muriithi, Ag. Inspector General of State Corporations;
x. Mr. Simon Indimuli, Head of Governance, State Corporations Advisory Committee;
xi. Ms. Anne Waiguru, former Cabinet Secretary, Ministry of Devolution and Planning;
xii. Eng. Peter Mangiti, former Principal Secretary, State Department of Planning, Ministry of Devolution and Planning;
xiii. Chase Bank (K) Ltd Officials;
xiv. The Standard Chartered Bank Ltd Officials;
xv. Some of the beneficiaries of funds from Quorandum Ltd
xvi. Commissioner General, Kenya Revenue Authority;
xvii. Director of Criminal Investigations;
xviii. Secretary/Chief Executive Officer, Ethics and Anti-Corruption Commission;
xix. Principal Secretary, State Department for Foreign Affairs, Ministry of Foreign Affairs & International Trade;

xx. Chief Executive Officer, Financial Reporting Centre; and

xxi. Registrar of Societies.

3.1 EVIDENCE BY CURRENT AND FORMER YEDF MANAGEMENT

3.1.1 Evidence by Mr. Emmanuel Odero, Ag. CEO, YEDF

Mr. Emmanuel J. Odero, Ag. Chief Executive Officer, Youth Enterprise Development Fund accompanied by Mr. Robert Mrima (Senior Accountant), Ms. Judy Kimeto, (Lending & Investment Manager), and Mr. Benson Muthendi (Recovery Manager) appeared before the Committee on 30th November, 2015 to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

He submitted THAT—

1. The Fund has one fixed deposit account at Chase Bank, Riverside Mews Branch, Account No. 001705460427.
2. The Fund invested Kshs. 400 million in the said fixed deposit account with approval from the Board.
3. At the beginning of the FY 2015/2016, the Fund had a balance of Kshs. 400 million in its fixed deposit held at Chase Bank (K) Ltd Account number 0017054604027.
4. The former Ag. Chief Executive Officer, Ms. Catherine A. Namuye wrote to Chase Bank (K) Ltd vide letters dated 11thFebruary, 2015 and 27th April, 2015 to transfer funds from its Acc. No. 0019054604038 held at Chase Bank (K) Ltd, Riverside Mews Branch. The funds were payment for "consultancy services rendered to YEDF Board". **(Annexure 1)**
5. Ms. Catherine A. Namuye was still in acting capacity contrary to the said letter which she signed off as the substantive office holder.
6. The Fund's policy on transfer of funds dictated that for one to make payments, two signatories must sign for payment to be effected. Two designated class A signatory can sign or a class A and B. But two class B signatories cannot authorize payments.
7. Ms. Judy Kimeto, a Class A signatory, who was present in the meeting informed the Committee that she was neither involved nor consulted in the transfer of the misappropriated funds.

8. On 13th July 2015, the Fund transferred Kshs. 120 million from its Chase Bank (K) Ltd account to its KCB operations account. (**Annexure 2**). This therefore left a balance Kshs. 280 million plus interest earned at Chase Bank (K) Ltd fixed deposit account.

9. The Board of Directors held its 11th Special Committee meeting on 21st October, 2015 and during the meeting, the Chairman of the Board's Audit Committee presented two letters allegedly written by the suspended Ag. Chief Executive Officer (Ms. Catherine A. Namuye) on 11th February, 2015 and 27th April 2015 and which authorized the transfer of Kshs. 115,710,000.00 and 65,184,946.00 to Quorandum Ltd, Ac No. 0052075584001 at Chase Bank, Riverside Mews Branch.

10. The Board then directed the Audit Committee to immediately convene a meeting and review the letters of instructions to Chase Bank (K)Ltd and give their recommendations on the way forward to the full Board.

11. The Audit Committee met on 22nd October, 2015 and recommended to the entire Board to send the former Ag. Chief Executive Officer (Ms. Catherine A. Namuye) and the Finance Manager (Mr. Benedict Atavachi) on compulsory leave to pave way for investigations. **(Annexure 3)**

12. The entire Board held a Special Sitting on 23rd October, 2015 at 2.00pm and sent both the former Ag. Chief Executive Officer and Finance Manager on leave as recommended by the Audit Committee and appointed a new Acting Chief Executive Officer. **(Annexure 4)**

13. On the same date, 23rd October, 2015 the Chairman of the Board wrote to the Directorate of Criminal Investigations (DCI) to move in and undertake forensic investigations into the alleged transfer of funds. **(Annexure 5)**

14. On 3rd November, 2015, the Ag. Chief Executive Officer sent another letter to the Directorate of Criminal Investigations with all bank account details of the Fund and requested for a forensic audit of all the accounts of the Fund. **(Annexure 6)**

15. The former Principal Secretary, State Department of Planning, Eng. Mangiti also invited Ethics and Anti-Corruption Commission (EACC) to undertake forensic investigation on the same. (**Annexure 7**)

16. The Fund also gave instructions on 27th October, 2015 to all its Bankers to delete both Ms. Catherine A. Namuye and Mr. Benedict Atavachi from being signatories to its accounts as a matter of internal control check. **(Annexure 8)**

17. As a practice, the Fund used to receive a statement when a fixed amount is deposited. Once the fixed deposit matured, the Bank would receive further instructions on what to do with the interest earned. Chase Bank (K)Ltd confirmed that the account held Kshs. 104,297,489.45 as at 5th November 2015 while the book balance indicated a balance of Kshs. 280 million plus interest earned.

18. Mr. Robert Mrima, Senior Accountant (class B signatory) informed the Committee that it appears Kshs. 10 million was withdrawn from the fixed deposit account as interest accrued but only Kshs. 2 million returned. The Board then wrote to the Banking Fraud Unit to investigate the matter. **(Annexure 9)**

19. Ms. Jedidiah Kabiru acted as Chase Bank's Relationship Manager for the Fund and was the link between the Bank and the Fund. She misled the Bank by confirming that the Bank's fixed deposit account had Kshs. 104, 297,489.45.

20. The current Fund management, procurement unit and the Tender Committee members do not know Quorandum Ltd, the suppliers of the consultancy services. The firm has never been prequalified by the Fund since the Fund did not advertise for the said consultancy services. The Tender Committee did not approve such a service and the Fund does not have Tender minutes for the same nor any contract with Quorandum Ltd.

21. On 5th November, 2015, the Fund gave instructions to Chase Bank (K) Ltd to provide it with the actual amount in its fixed deposit account as at 5th November, 2015. The bank gave the balance in the account as Kshs. 104,297,489.45. **(Annexure 10)**

22. The Board of Directors was scheduled to meet on 1st December 2015 to pronounce itself on the matter.

23. The Ag. CEO further confirmed to the Committee that it is irregular and unprocedural for the Board to draw funds from a fixed deposit account to pay for goods and services.

24. Regarding the death of the former driver of the Board, he informed the Committee that the deceased was a driver assigned to drive one of the Board Directors, Mr. Clement Ayungo to a training workshop organized by the State Corporations Advisory Committee in the south

coast. He was found dead in the hotel swimming pool. Investigations into the matter are ongoing although preliminary findings indicate that the cause of death is drowning.

Directors and Details of Bank transactions with Quorandum Ltd

25. The Fund wrote to the Registrar of Companies on 18th November, 2015 to furnish it with the details of the Directors of Quorandum Ltd **(Annexure 11)**

26. The Registrar responded on 25th November, 2015 that the Company was registered on 25th October, 2002 as Registration No. C.100827 with the following Directors/shareholders: -

Director	Address	Nationality	Shares
Mukuria Ngamau	P. O. Box 21415 -00505 Nairobi	Kenyan	80001
Doreen Waithera Ng'ang'a	P. O. Box 21415 -00505 Nairobi	Kenyan	Nil
Wanjiru Tabitha Ngamau **(Non-Director Shareholder)**	P. O. Box 21415 -00505 Nairobi	Kenyan	1

Registered Office is:

LR NO 1870/1/1/138, PEPONI ROAD, WESTLANDS

P. O. BOX 14843 – 00800 NAIROBI.

(Annexure 12)

Particulars of Government Vehicle assigned to Mr. Bruce Odhiambo, former Chairman YEDF

28. Mr. Bruce Odhiambo was allocated government vehicle Toyota Land Cruiser VXL, Registration No. KBZ 753D, purchased on 28th August, 2014 at a cost of Kshs. 12,615,448. **(Annexure 13)**

29. The Fund incurred Kshs. 806,014.65 on fuel and general maintenance of the vehicle between the period of purchase and March, 2015 when returned the vehicle to the Fund. **(Annexure 14)**

30. On handing over the vehicles back to the Fund, the vehicle was sent to the Government Chief Mechanical Engineer for Assessment. The Chief Engineer referred the vehicle back to

Toyota Kenya for further assessment. Toyota Kenya has quoted Kshs. 228,000 for repairs. **(Annexure 15)**

31. The Chairman's driver and body guard were paid meal and overtime allowances amounting to Kshs. 757,523,.04 as per the Auditor's report. **(Annexure 16)**

Committee Observations and Findings

The Committee made the following Observations from the submission of the acting Chief Executive Officer, the Committee observed that—

(i) The Fund invested funds in Chase Bank Ltd without following National Treasury Circular No. 10 of 15th July 1992 and National Treasury Circular No. 12 of 2002 which required state corporations to invest surplus funds in Treasury bills and bonds and must obtain specific approval from the National Treasury before investing.

(ii) It is evident that paragraph 12(2) of the Legal Notice No. 63 of 2007 establishing the the YEDF allows the Board to deposit funds not immediately required for immediate use with such banks as the Board may consider. This provision is however superseded by section 6(e) Public Finance Management Act that states that PFM Act prevails on banking arrangements, including opening of bank accounts and investment of moneys.

(iii) The PFM Act in Section provides for the responsibilities of National Treasury which includes: monitoring the management of the finances public enterprises and investments by the national government and its entities; and to issue guidelines to national government entities with respect to financial matters and monitoring implementation and compliance. The guidelines issued by the National Treasury by way of circulars is therefore binding to all public entities including to the YEDF.

(iv) The transfer of funds in the YEDF account at Chase Bank (K)Ltd was occasioned by acts of commission and omission of the former Chairperson of the Board, Mr Bruce Odhiambo and the suspended Ag. CEO Ms. Catherine A. Namuye vide letter dated 17th February, 2015, which gave the banks instructions that the then Ag. CEO Ms. Catherine A. Namuye could sign off any instructions in the absence of the two signatories. This in turn gave Ms. Namuye a free hand to issue instructions to the Bank

as a sole signatory. This position was also corroborated by the Board members of YEDF when they appeared before the Committee.

(v) The Board and the Management of YEDF did not obtain approval from the National Treasury to invest Kshs. 400 million into a fixed/call deposit account at the Chase Bank (K) Ltd contrary to the provisions of National Treasury Circular No. 10 of 1992; National Treasury Circular No. 12 of 2002 and Legal Notice No. 63 of 2007 establishing YEDF.

(vi) The YEDF did not have any surplus as per its audited financial statements for the financial year ended 30th June 2014 and that Kshs. 400 million that YEDF invested into a fixed/call deposit account at Chase Bank (K) Ltd was part of the funds appropriated by National Assembly for disbursement to the youths as per the mandate of YEDF.

(vii) The Fund's Board in its special sitting held on 23rd October, 2015 recommended the suspension of Ms. Catherine A. Namuye, acting CEO and Mr. Benedict Atavachi, Finance Manager. The Board also appointed Mr. Emmanuel Odero as the new acting CEO.

(viii) The former Chairman of the Board, Mr. Bruce Odhiambo wrote to the Directorate of Criminal Investigations (DCI) to move in and undertake forensic investigations into the alleged transfer of funds at YEDF.

(ix) It was irregular for Ms. Catherine A. Namuye, suspended acting CEO to issue instruction to Chase Bank (K) Ltd to transfer money from fixed/call deposit account to pay for goods and services while it had an operations accounts held at Equity Bank Ltd

(x) The YEDF management, procurement unit and the tender committee were not involved in the "procurement" of consultancy services from Quorandum Ltd

(xi) Quorandum Ltd has never been prequalified by the YEDF since the Fund did not advertise for the said consultancy services for ICT Strategy and ERP system.

(xii) The Tender Committee of YEDF did not approve a consultancy services for ICT Strategy and ERP system nor does it have tender minutes for neither the same nor any contract with Quorandum Ltd

(xiii) Eng. Peter Mangiti, the former Principal Secretary, State Department of Planning wrote to EACC inviting them to undertake forensic investigation into the alleged fraud at the Fund.

3.1.2 Evidence by Mr. Benedict Atavachi, suspended YEDF Finance Manager

Mr. Benedict Atavachi, the suspended Finance Manager Youth Enterprise Development Fund appeared before the Committee on 1st March, 2016 to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

He submitted THAT–

Fund's Policy on Bank Signatories, Utilization of Funds and Interest Accruing from Fixed Deposit Accounts

1. Transfer of funds is usually carried out after authorization of the same by the CEO. Based on demand, Finance Department initiates a Memo requesting for transfer clearly stating the reason. No direct transfer from investment is done since the monies are usually recalled back to the collection account and disbursement/payment is made from other operational accounts.

2. Interest accruing from fixed deposit accounts is usually sent directly to the operations account held with Equity Bank since it is budgeted under recurrent revenue. This in turn is used to pay recurrent expenditure.

Matter of Loss of Kshs. 180,364,789 from YEDF Board Chase Bank Account No. 00170540427

3. The Fund received interest for investment made in the months of February – April 2015 in full hence it was initially difficult to detect if the investments had reduced. However, in the course of performing his duties, he noticed that the documents relating to the Fund's

Investments account at Chase Bank were missing. On investigation, he realized that some funds had been withdrawn.

4. He engaged the Bank to find out how the withdrawal was made since this was an investment and not an account where the regular transactions including withdrawals can be handled. Since the investment was a call account, the institution was at liberty to recall the money if need be by terminating the investment and issue new instructions which could have been signed as follows;

Mandatory Signatories

(i) Chief Executive Officer - Ms. Catherine A. Namuye

(ii) Lending & Investment Manager – Ms. Judy Kimeto

Others

(i) Finance Manager – Mr. Benedict Atavachi

(ii) Senior Accountant – Mr. Robert Mrima

(iii) Accountant – Mr. Benson Munywoki

Signing Mandate

Any two can sign with one being a mandatory signatory

5. This means that the Finance Manager is not a mandatory signatory and any transaction could still be completed without his signature.

6. The engagement with Chase Bank (K) Ltd was not easy since the Relationship Manager was neither picking his calls nor responding to his emails. The said Relationship Manager eventually sent an email to him **(Annexure 17)** stating that she was proceeding for her maternity leave and provided the names of the bank officers to be contacted in her absence. These were Ms. Mary Mutate, Mr. Edwin Gachimu and Mr. Abdillahi Adan. Communication with the said officers bore no fruits as they too failed to pick his calls or give appropriate response to the emails he sent them.

7. Mr. Atavachi further engaged the then Ag. CEO, Ms. Namuye seeking to acquire a copy of instructions since she had signed them and sent the last instructions to the Bank for the roll-

over of the investment after maturity. This was done both through telephone and email. **(Annexure 18)**

8. Quorandum Ltd was not in the list of the Fund's pre-qualified companies and had not according to the witness offered any services or delivered goods to the Fund, further the witness was a member of the tender committee and the issue of Quorandum Ltd on provision of ICT strategy plan and ERP designs consultancy services never came up in the tender committee of YEDF hence the payment of Kshs. 180,364,789 from YEDF Board Chase Bank (K) Ltd account was fraudulent.

9. In September 2014, the investment period had long expired and the Fund had not received the full investment amount back. He went to the Bank and met the Relationship Manager Ms. Jedidah Kabiru and Ms. Mary Muteti. He was informed that the signatories authorized to operate the call deposit account held by the Fund at Chase Bank had been changed purportedly by the Board to give the CEO Ms. Catherine A. Namuye, sole responsibility of signing off instructions and in her absence two signatories must sign with one being a mandatory signatory. This was contained in YEDF letter Ref. YEDFB/CEO/1339/2015 dated 17th February 2015 signed by the Chairman, Mr. Bruce Odhiambo and the Ag. CEO Ms. Catherine A. Namuye. **(Annexure 19)**

10. The paragraph on signing mandate differed with the other operation accounts since it had given the CEO the sole responsibility of validating a transaction. Since the Board Chair and the Board Secretary/CEO had signed the instructions, he could not understand what was happening and had no other senior staff member to consult. He used an intermediary to deliver documents relating to the decision of change of signatories and the missing funds to the Chair of the Board's Audit Committee.

11. On Monday 26th October, 2015 he received a letter from the Board Chairman informing him that the Board had been presented with the documents showing questionable payments from investment account held at Chase Bank and that he should vacate the office with immediate effect to pave way for investigations. The letter Ref. YEDFB/CEO/377/2015 was signed by the Board Chair Mr. Bruce Odhiambo and copied to the then Cabinet Secretary Ministry of Devolution and Planning and the then Principal Secretary, State Department of Planning. He

left office without being accorded any fair hearing by the Board.

12. As the Finance Manager and Tender Committee member since 2013, none of the tender committee meetings prequalified Quorandum Ltd for provision of any service or supply of goods to the Fund. No documents were received and processed in the Finance Department for the said Company.

Committee Observations and Findings

The Committee observed that: -

(i) The Fund had invested Kshs.400 million in a fixed deposit account that was to mature in two months' time at an interest rate of 10.5 per cent (10.5 %) with effect from 4th February, 2015 to 6thApril 2015;

(ii) The suspended Ag. CEO, Ms. Catherine A. Namuye and the former Board Chairman, Mr. Bruce Odhiambo took over the running of the investment account of the Fund and left the Finance Department with little input on the matter;

(iii) Upon maturity of the investment, the then Ag. CEO, Ms. Catherine A. Namuye, instructed Chase Bank (K) Ltd to transfer Kshs. 180,364,789 from the Fund's account to Quorandum Ltd account.

(iv) It was unprocedural for the Chairman to write to the Finance Manager sending him on compulsory leave and copying the same to the CS and PS, State Department of Planning. The communication ought to have been done by the newly appointed acting CEO appointed by Board following the suspension of Ms. Namuye.

(v) At the time of the writing of the two letters on 11th February 2015 and 27th April 2015 to instruct Chase Bank (K) Ltd to transfer the funds to Quorandum Ltd, Ms. Catherine A. Namuye was in acting capacity as the CEO of YEDF and not a substantive office holder, contrary to her signing off of the letters as a substantive CEO.

(vi) The call deposit investment continued accruing interest in full even after the principal amount had reduced after withdrawals of Kshs. 115,710,000 and Kshs. 64,654,789.00had been made on 11th February 2015 and on 27th April, 2015 respectively.

(vii) Quorandum Ltd was not in the list of the Fund's pre-qualified companies and had not

according to the witness offered any services or delivered goods to the Fund. Further the witness was a member of the tender committee and the issue of Quorandum Ltd providing consultancy services of an ICT Strategy Plan and ERP System, hence the payment of Kshs. 180,364,789from YEDF Board Chase Bank account was fraudulent.

(viii) The Fund has an elaborate Finance Manual dated September 2008. Item 7.1.2 of the Manual provides for cash and cheque disbursements, internal control procedures and voucher payments. It provides that" Finance *will review and verify requisition, budgets and supporting documents, check that payment is in order, meets all procurement requirements and funds are available".* The suspended Ag. CEO Ms. Catherine A. Namuye who is required the custodian of the Manual blatantly ignored the same to the detriment of the Fund.

(ix) The payment to Quorandum Ltd is inconsistent with the Public Finance Management Act, 2012 section 68(1)(a) and (b) since the same is unlawful and unauthorized.

(x) There was no valid contract signed between YEDF Board and Quorandum Ltd availed to the Finance Department as proof of the consultancy services purported to have been awarded to the said Company.

3.1.3 Evidence by Ms. Catherine A. Namuye, suspended Acting CEO, YEDF Board

Ms. Catherine A. Namuye, the suspended Ag. Chief Executive Officer at the Youth Enterprise Development Fund appeared before the Committee on 17th March, 2016 to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

She submitted THAT—

1. In relation to the matter before the Committee, she was the Ag. C.E.O of YEDF at the time when the fund lost some money in Chase Bank Ltd

2. The decision to make her the sole signatory to the Fund's Chase Bank account was made by the YEDF Board of Directors.

3. The Inspectorate of State Corporations was not represented in the Fund's Board meetings. Letters and agenda of the Fund's Board meetings were not being copied to the Inspectorate of State Corporations.

4. There were specific Board interests with regards to the contract to procure services from Quorandum Ltd. The Board and management colluded in the matter.

5. The Board involved itself in procurement matters despite the existence of a tender committee. The procurement plan for the 2015/16 Financial Year had not been approved as at 20th October, 2015 due to Board interests.

YEDF Policy on Transfer of Funds

6. The Youth Enterprise Development Fund's policy on investment of funds is guided by the Fund's Legal Order and the State Corporations Act (2012).

7. Funds transfer and investment depends on cash flow/needs analysis as presented by departmental heads as two to three-month projection. This is communicated to the office of the CEO through the finance team after intense deliberations. Thereafter, the finance team recommends what amount to re-invest or transfer to the YEDF main account.

8. The balance she left in the Chase Bank account as at 21st October, 2015 was Kshs. 104 Million. At the close of the 2014/15 Financial Year, the balance was Kshs. 219 Million.

9. She alleged that the letter she was provided with by the Fund indicating that she authorized the transfer of funds to Quorandum Ltd had different number of stamps from the one before the Committee. She questioned the validity of the letter notwithstanding the similar content in both letters.

10. She also admitted to authorizing the payment to Quorandum Ltd for payment of ICT consultancy services as outlined in the following paragraphs; -

Procurement of ICT Consultancy Services from Quorandum Ltd

11. There was an existing ICT Strategy (2013-2017) which had been procured from Microflex Kenya Ltd by the previous Board at approximatelyKshs.5.9M.

12. The Board disregarded the existing ICT Strategy 2013-2017 despite the fact that Director Mr. Nicholas Mwaniki who was also a Board member when the previous Board approved it,

the current Board approved the procurement of an ICT strategy which had been budgeted at Kshs. 192M.

13. The Youth Enterprise Development Fund is a financial institution and needed an Enterprise Resource Planning System to manage funds. Quorandum Ltd was to carry out a consultancy on what kind of system would be suitable for use by the Fund but would not be installing such a system.

14. The procurement was done in line with the YEDF Board directive as discussed in the 51st meeting held on 6th August, 2014. Under the 'Annual Budget for the 2014/15 Financial Year', Kshs. 192 million which was indicated as the budget for 'Information System Development and Upgrades.'

15. In the Fund's 'Annual Procurement Plan,' the Board approved Kshs. 192 Million for 'Information System Development and Upgrades' under a restricted tender which was done on short notice. The Board also approved a 'Request for Quotation' for these services. The tender was restricted to avoid raising questions as to why there was a need for an ICT strategy despite the existing strategy done in 2013 expected to be implemented until 2017.

16. Since the Procurement Plan provided for the procurement of the same using the restricted tendering, she went ahead and initiated procurement of the same. She decided the use of restricted tendering since the plan indicated so and further since the Fund required the ICT strategy urgently.

17. The Board did not advertise the request for provision of ICT strategic plan and the designs that were allegedly done by Quorandum Ltd.

18. The minutes of the 51st meeting provided to her by the Fund were not authentic. She noted that by practice, there was initialization of documents at the Fund to prove authenticity and ownership of the document. She further pointed out that there was initialization on the Annual Procurement Plan but not on the Minutes of the 51st meeting hence raising doubts on the latter's authenticity. However, the Committee found out that the Minutes as presented were authentic.

19. Quorandum Ltd carried out the consultancy as per the contract and submitted documentation on the work carried out.

20. The payment to Quorandum Ltd was effected by Ms. Namuye with pressure from the Board Chairman and Director Nicholas Mwaniki. The amount was paid from the Investment account and not the Operations account so as to fast track the payment.

21. The Board also resolved to terminate the services of a Mr. Alumasa who was serving as an ICT officer with the Fund. The matter of the ICT officer was discussed several times at Board level. The Chairperson, Mr. Bruce Odhiambo, the former Board Chairman and Mr. Nicolas Mwaniki, Board Director in particular insisted they were ICT experts and in their opinion, Mr. Alumasa was not qualified for his work. Ms. Namuye in her capacity as CEO vouched for Mr. Alumasa as per his appraisal.

22. There was no Skype meeting between the YEDF and Quorandum Ltd as claimed by Mr. Mukuria Ngamau when he appeared before the Committee.

23. She entered into contracts on behalf of the Board with Quorandum Ltd where she signed on behalf of the Board. The contracts were generated in two sets one being a summarized version of the other.

24. She further stated that she did not have any contact with the Principal Secretary or the Cabinet Secretary of the Fund's parent Ministry, the then Ministry of Devolution and Planning.

25. She also alleged that there was an unofficial meeting between the Chairman and the Board members to consolidate their positions once the matter of the loss of funds came to the attention of Parliament. She made sure the Board's approval was captured when making the payment to Quorandum Ltd by ensuring Board members initialized their names on the payment documents. She however did not have proof of this. She also alleged that there was a connection between the Chairperson of the Fund, Quorandum Ltd and Duchess Park Ltd

26. THAT on the issue of the content of the letter sent to the Bank by Ms. Namuye authorising payment, she did not dispute the contents nor the signatures. In fact, she acknowledged having authorized the Bank. Her dispute was the number of stamps that had been affixed by

various recipients. The Committee found that the stamps were affixed at various levels of receipt.

On her suspension as Ag. CEO

27. During a special Board meeting held on 21st October, 2015, a Board Member circulated documents alleging the existence of fraudulent transactions amounting to Kshs. 180, 894,946 at the Fund's fixed deposit account held at Chase Bank. A series of Board meetings followed days after in the absence of the management.

28. On 23rd October, 2015, some Board Members and the Chairman verbally informed her not to report to the office the following week and that details of the Board decision would be sent to her on 26th October, 2015.

29. On 28th October, 2015, the Board Chairman summoned her to the Fund's offices. The Chairman and the Chair of the Board's Audit Committee instructed her to urgently write and present a report on the allegations, to be submitted by close of business on the same day.

30. She sought the advice of her lawyers who wrote to the Fund's Chairman on 29th October, 2015 decrying the nature of disciplinary action taken against their client and the lack of communication on the particulars of the allegations against her. The lawyer demanded the revocation of the suspension, provision of details on particularity of the alleged offence committed and enough time and access to documents to respond to the accusations levelled.

Death of Youth Enterprise Development Fund Driver, Mr. Simon Mwangi

31. There was a Board meeting held in Mombasa on 19th October, 2015 but she did not attend as she was sitting for her academic examinations in Nairobi.

32. On the morning of 20th October, 2015, Ms. Namuye was called by the Fund Chairman who then informed her that Mr. Mwangi had died and that she should call the Fund's Director Mr. Clement Ayungo. Mr. Ayungo's cell phone was switched off and the Chairman therefore asked her to call a Mr. Babu Owino who was with Mr. Ayungo.

33. She made arrangements to have a lawyer pre-qualified by the Fund to travel to Mombasa. She also arranged to have the body moved to Aga Khan Hospital in Mombasa as per the Fund's Insurance policy.

34. Director Clement Ayungo called the police and had Mr. Mwangi's body moved to Diani Hospital. This happened before a lawyer could take a statement.

35. The post-mortem conducted on Mr. Mwangi's body revealed that he vomited before drowning. The body had a scar on the skull.

36. The late Mwangi's widow suspected that her husband's death was caused by foul play and that the late Mr. Mwangi had allegedly told her that he heard some Board members discussing how to 'fix Madam', in an apparent reference to Ms. Namuye.

37. The Board was accommodated in the North Coast while Mr. Mwangi's death occurred in Diani, South Coast where Mr. Clement Ayungo had booked him, as it was getting late. Mr. Ayungo was the first person to see Mr. Mwangi's body.

YEDF Anniversary Celebrations

38. The YEDF Board was to hold its Anniversary Celebrations at the Kenyatta International Conference Centre (KICC) Tsavo Ball Room but the venue was changed owing to a double booking at that particular venue. An agreement was reached between the Fund and KICC to push forward the payment to cover a future event.

39. The venue of the event was later changed to the University of Nairobi grounds but the event was cancelled at the last minute despite four days of preparation having been done. The management was pressurized to pay for the event by the Board proving the extent to which the Board engaged in procurement matters and forcing management to toe the line.

Further

40. She had recorded a statement with the Ethics and Anti-Corruption Commission on the matter involving loss of funds at Chase Bank (K) Ltd.

41. She didn't know why the immediate Board had not confirmed her as a substantive CEO yet she had been interviewed by the previous Board.

Committee Observations and Findings

From the evidence submitted by Ms. Catherine A. Namuye, the Committee made the following observations and findings: -

(i) As per Minute 03/03/2013 of the Fund, the Board recommended to the Principal Secretary, State Department of Planning in the Ministry of Devolution and Planning, the appointment of MS. Catherine A. Namuye and other four candidates for nomination as the substantive CEO. However, at the time when the Board appeared before the Committee, no confirmation had been received.

(ii) The transfer of funds in the YEDF account at Chase Bank (K)Ltd was occasioned by acts of commission and omission of the former Chairperson of the Board, Mr Bruce Odhiambo and the suspended Ag. CEO Ms. Catherine A. Namuye vide letter dated 17th February, 2015, which gave the banks instructions that the then Ag. CEO Ms. Catherine A. Namuye could sign off any instructions in the absence of the two signatories. This in turn gave Ms. Namuye a free hand to issue instructions to the Bank as a sole signatory. This position was also corroborated by the Board members of YEDF when they appeared before the Committee.

(iii) Ms. Catherine A. Namuye, suspended Ag. CEO and Mr. Bruce Odhiambo, former Board Chairman jointly colluded and purportedly offered non-existent consultancy services contract for development of ICT Strategy and ERP system to Quorandum Ltd

(iv) The purported extracts of the Board's Minutes signed by Mr. Bruce Odhiambo and Ms. Catherine A. Namuye sent to Chase Bank (K) Ltd to confirm the change of signatories were a forgery and a collusion between the two officers.

(v) Ms. Catherine A. Namuye solely signed off two letters dated 11th of February, 2015 and 27th April, 2015 instructing Chase Bank (K) Ltd to pay Quorandum Ltd Kshs. 115,710,000.00 and Kshs. 65, 184,946.00 respectively. The second amount was revised to Kshs. 64,654,789.00 upon realization that the account had insufficient balance to transfer the instructed amount. The amounts were to be paid from the Fund's fixed deposit account held with Chase Bank in which Kshs. 400 Million was deposited on 22nd August, 2014 and rolled on 4th February, 2015.

(vi) The contracts for the consultancy services of the ICT Strategy Plan and ERP system designs between YEDF and Quorandum Ltd as provided by Ms. Namuye differed from that presented to the Committee by Chase Bank and the Contracts that was tabled by Quorandum Ltd were not the same. However, Ms. Namuye confirmed and

acknowledged that both contracts were drafted by the Fund and that version one was a summary of the other and the second version was detailed and more elaborate.

(vii) The Fund invested funds in Chase Bank Ltd without adhering to the National Treasury Circular No. 10 of 15th July 1992 which required state corporations to invest surplus funds in Treasury bills and bonds and must obtain specific approval from the National Treasury before investing.

(viii) The suspended Ag. Chief Executive Officer made irregular payments to Quorandum Ltd from a fixed deposit account at Chase Bank (K) Ltd which was not meant for the day to day operations of the Fund and payment of suppliers.

(ix) There is no evidence submitted by Ms. Catherine A. Namuye on her allegation that the Board involved themselves in the procurement processes of the Fund. If indeed there was such involvement by the Board, it does not take away her responsibility of ensuring that the Act is complied with. Under section 27(2) of the PPDA, the accounting officer of a public entity shall be primary responsible for ensuring that the public entity fulfils its obligations on compliance of the Act, regulations and any directive of the Authority.

(x) Procurement processes were not followed in the alleged provision of service by Quorandum Ltd on the use of restricted tendering; the Public Procurement and Disposal Act(PPDA) provides in section 73(2) instances where a procuring entity may use restricted tendering as—

(a) competition for contract, because of complex or specialized nature of the goods, works or services is limited to prequalified contractors;

(b) the time and costs required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured; and

(c) there is only a few known suppliers of the goods, works or services as may be prescribed in the regulations.

Section 29 of the PPDA provides that all procuring entities shall use open tendering under Part V of the Act or alternative procurement under part VI and further, alternative procurement procedure only if that procedure may be used only if the

procedure is allowed under Part VI of the Act. In this instance, the alternative procurement procedure i.e. restricted tendering could not have been an option of tendering to YEDF since it did not qualify under the provisions of Section 73 of the Act.

Part V of the PPD Act provide for procedure for open tendering which the YEDF ought to have used as—

(a) invitation of tenders (s.51);
(b) tender documents (s.52);
(c) advertisement (s.54);
(d) opening of tenders (s.60);
(e) evaluation of tenders (s.66);
(f) notification of award of contract (s.67) and
(g) creation of the contracts (s.68).

It is important to note that none of the above procedures was adhered to.

(xi) On the allegation that undue pressure was used by the former Board Chairman and Mr. Nicolas Mwaniki, she did not adduce any evidence on the same however if there was any undue pressure she should have used her discretion to reject the same and report to the relevant authorities in line with section 25 of the Public Officers Ethics Act, 2003.

(xii) The responsibility of an accounting officer under the Constitution and Section 68(1)(a)(b) Public Finance Management Act are very clear that resources have to be utilized in a legal, authorized and effective manner, hence Ms. Catherine A. Namuye should not cry foul when she clearly knew that her role as the accounting officer is to ensure that the resources in YEDF are utilized according to the provisions of the law.

(xiii) On the issue of the content of the letter sent to the Bank by Ms. Namuye authorising payment, she did not dispute the contents nor the signatures. In fact, she acknowledged having authorized the Bank. Her dispute was the number of stamps that had been affixed by various recipients. The Committee found out that the stamps

were affixed at various levels of receipt, therefore, the issues of stamp receipt is immaterial.

(xiv) On the issue of rejection of the ICT Strategic Plan (2013-2017) by the Board, the sole responsibility under the PFMA vests on the accounting officer. Ms. Catherine A. Namuye never reported to any authority nor agency on the alleged rejection by the Board yet public funds had been expended on the same. This was in contravention of Section 25 of the Public Officers Ethics Act 2003 which requires a public officer who considers that anything required of him/her contravenes the Code of Conduct and Ethics or is otherwise improper or unethical, should report the matter to an appropriate authority.

(xv) There was loss of other funds by YEDF on unplanned, fraudulent events such as the 8th YEDF Anniversary which was to be held at the Kenyatta International Conference Centre (KICC) but the venue was later changed to the University of Nairobi grounds and the event was eventually cancelled purportedly cancelled by a phone call from Ms. Anne Waiguru, former Cabinet Secretary, Ministry of Devolution and Planning to Mr. Bruce Odhiambo, former Chairman YEDF. The Fund fraudulently spent approximately Kshs. 44 million for the event that did not take place.

(xvi) Further, from evidence of other witnesses, no one else participated in the alleged procurement of services by Quorandum Ltd except Ms. Namuye alone hence breach of section 26(3) (c) of the Public Procurement and Disposal Act, 2005.

(xvii) Ms. Catherine A. Namuye as the then accounting officer violated the provisions of Section 72 (1) of the PFM Act 2012 by allowing Mr. Bruce Odhiambo unfettered use of the YEDF facilities including office and a brand new vehicle despite him being a non-executive Chairman who is not entitled to such facilities.

(xviii) The total amount paid to Quorandum Ltd from the Fund's Fixed Deposit Account held with Chase Bank (K) Ltd was Kshs. 180,364,789 (Kenya shilling one hundred and eighty million, three and sixty-four thousand, seven hundred and eighty-nine only)

(xix) The purported contract agreement signed between YEDF and Quorandum Ltd as provided by Ms. Catherine A. Namuye differed from that which Chase Bank (K) Ltd used to process the payment of Kshs. 180, 364,789 to Quorandum Ltd

(xx) Ms. Catherine A. Namuye knowingly engaged herself in improper conduct as defined in section 74(4) of the PFM Act 2012 which states that an accounting officer engages in improper conduct if he/she makes or permits expenditure that is unlawful or has not been authorised by the entity.

(xxi) The circumstances surrounding the death of the Fund's driver, Mr. Simon Mwangi who at the time of his death on 18th October, 2015 was on duty during unofficial hours in Diani, are suspect. The death allegedly occurred at a private party attended by former YEDF Board director Mr. Clement Ayungo on invitation by his friend, Mr. Babu Owino. The Directorate of Criminal Investigations has opened an inquest on the matter.

3.2 EVIDENCE BY FORMER YEDF BOARD OF DIRECTORS

3.2.1 Evidence by Mr. Bruce Odhiambo, Chairman, former YEDF Board

Mr. Bruce Odhiambo, the former Youth Enterprise Development Fund Board Chairman appeared before the Committee on 1st March, 2016 accompanied by his advocate, Mr. Ken Odera to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

He submitted THAT—

1. He was appointed Chairman of the Youth Enterprise Development Fund Board on 1st March, 2014 by His Excellency the President of the Republic of Kenya **(Annexure 20)**

The Fund's Policy on Appointment of Signatories, Transfer of Funds and Utilization of Interest accruing from Fixed Deposits

2. The appointment of signatories is usually undertaken as a proposal to the Board by the management. The requests can be on the basis of need for additional new signatory or change

of signatory. Changes of signatories is mainly due to exit of staff or changes in staff title/responsibilities between grade 1- 5.

3. The transfer of funds is a managerial function with reports presented to the Board on quarterly basis or upon specific requests by the Board. The Board had also realized the need to review the existing Fund policies, a process that had been received with a lot of resistance.

Circumstances leading to the loss of Kshs. 180,364,789from the Fund's Chase Bank Account

4. The Board had on many occasions emphasized the need to improve and re-strategize operations of the Fund in different departments such as Human Resource, Public Relations and Information, Communication Technology. The Board thus approved this expenditure in the annual budget but the circumstances under which the money is spent or disbursed is totally on the Secretariat who in turn are meant to submit their quarterly spending to the General Purpose Committee.

5. As the Chairman of the Board, he first heard of the missing funds at a Board meeting in which documents were tabled by the Board's Audit Committee Chair in which the Principal Secretary was present.

6. The YEDF Board does not take part in any procurement process whatsoever; the procurement function lies with the Secretariat that makes commitment and purchases and payments on the basis of an approved budget and procurement plan.

Status of investigations into the loss of funds at YEDF

7. The Fund is yet to receive any status report from the Ethics and Anti- Corruption Commission. Investigations are still ongoing.

8. He further informed the Committee that when he was appointed as the Chair of the Board, the Ag. CEO, Ms. Namuye informed him that the Fund was experiencing challenges related to transfer of funds due to infighting and that there was a need to address the challenge.

9. The Fund lost funds from the call deposit account held at Chase Bank (K) Ltd in two instalments of Kshs. 115, 710,00 on 11th February 2015 and Kshs. 65, 184,946 on 27th April 2015 but he could not ascertain whether it was lost or paid for services rendered by a supplier.

Committee Observations and Findings

(i) Mr. Bruce Odhiambo, former Board Chairman and the suspended Ag. CEO, Ms. Catherine A. Namuye jointly colluded and purportedly offered non-existent consultancy services contract for development of ICT Strategy and ERP system to Quorandum Ltd

(ii) The transfer of funds in the YEDF account at Chase Bank (K)Ltd was occasioned by acts of commission and omission of the former Chairperson of the Board, Mr Bruce Odhiambo and the suspended Ag. CEO Ms. Catherine A. Namuye vide letter dated 17th February, 2015, which gave the banks instructions that the then Ag. CEO Ms. Catherine A. Namuye could sign off any instructions in the absence of the two signatories. This in turn gave Ms. Namuye a free hand to issue instructions to the Bank as a sole signatory. This position was also corroborated by the Board members of YEDF when they appeared before the Committee.

(iii) The said letter Ref. YEDFB/CEO/1339/2015 dated 17th February, 2015 addressed to Chase Bank (K) Ltd to change the authorized account signatories was done by the Chairman before the Board meeting held on 26th February, 2015 in which the purported resolution on change of the signatories was alleged to have been arrived at. The Committee observed that the Ag. CEO and the Chairperson made the decision in anticipation that the Board would ratify their decision but the Board did not.

(iv) There is no evidence linking Mr. Benedict Atavachi to the loss of the funds. His department was by-passed by the Chairman and Ms. Namuye. Mr. Atavachi acted as a whistle blower but ended up being a victim.

(v) The suspension of former Ag. CEO, Ms. Catherine A. Namuye by the Board Chairman was procedural. The Chairman however acted outside his powers by suspending the Finance Manager, Mr. Benedict Atavachi. The suspension of the Finance Manager ought to have been done by the Ag. CEO or through the Human Resources Department.

(vi) Mr. Bruce Odhiambo feigned ignorance of the instructions by the then acting CEO to Chase Bank (K) Ltd to transfer two instalments of Kshs. 115, 710,00 on 11th February 2015 and Kshs. 65, 184,946 on 27th April 2015 to Quorandum Ltd The actual total

amount of funds that was transferred from YEDF to Quorandum Ltd was Kshs. 180, 364, 789.However, he acknowledged having signed the alleged resolution to Chase Bank (K) Ltd solely, without a valid resolution of the Board.

(vii) Mr. Bruce Odhiambo's actions as the Chairman of the YEDF were *ultra vires*. In particular, his actions, such as writing a letter of compulsory leave to Mr. Benedict Atavachi and unfettered use of YEDF facilities such as office and vehicle was contrary to his terms and conditions of service as spelt out in the Guidelines on Terms and Conditions of Service for State Corporations' Chairmen, and Board Members dated 23rd November 2014 and Government policy directive as contained in circular reference no. PMO/CIRC/A (3) of 7th April 2011.

3.2.2 Evidence by former Directors of the YEDF Board

The following former Directors of the Youth Enterprise Development Fund appeared before the Committee to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF: Mr. Nicholas Kariuki Mwaniki, Mr. Michael Mwangi Wamae, Ms. Jane Wanza Mutinda, Mr. Clement Ayungo, Mr. Timothy Gakuo (alternate to the Principal Secretary, State Department of Youth Affairs) and Mr. Samuel Macharia (Alternate to the Principal Secretary, the National Treasury). Ms. Sabra Hussein did not attend the meeting since she was indisposed. She however confirmed that she appended her signature to the joint submission by the Board.

Ms. Sella Bogonko excused herself from the meeting owing to the fact that she was appointed to the Board on 2nd October, 2015 long after the funds had been lost and

They submitted THAT–

Board's Approval of the Procurement and Payment of ICT Strategy and ERP System during FY 2014/15

1. The Board did not approve the procurement of an ICT Strategy and ERP System. There was budgetary allocation for an ERP system but not ICT Strategy. All the Board members denied writing their initials on the payment documents to Quorandum Ltd
2. The procurement of an ICT Strategy was done by the previous Board in 2013. This strategy

was still in its second year and had been done by Microflex Ltd and is a good strategy document.

3. On the procurement of an ERP System, the Board had put this on hold due to lack of manpower within the Fund to implement an ERP System. The recruitment of an ICT Manager would require the clearance of Head of Public Service as per circular OB/CAB9/1/5 dated 16th December 2013.

4. The Audit Committee met on 20th January, 2015 and recommended to the Board to implement austerity measures as the Fund was running low on funds for recurrent expenditure.

Circumstances under which the YEDF Board transferred Kshs. 180 Million from the Fund's Investment Account

5. The Board noted that this was theft of public funds as they had not sanctioned it.

6. The Board did not approve the change of signatories at the YEDF account held at Chase Bank. The letter by the Board Chair authorizing the change of signatories was illegal.

7. Mr. Wamae, Board Director first learnt of the loss of funds during the Board meeting held on 21st October, 2015. He sought clarifications from the Ag. CEO who denied signing the letters authorizing transfer of funds to Quorandum Ltd. Mr. Wamae asked this to be minuted. He sent an email to the Board Chairman on 22nd October, 2015 requesting for a special Board meeting to send the Ag. CEO on compulsory leave.

8. The two letters instructing Chase Bank to transfer a total of approximately Kshs. 180 Million were submitted to the Chairman of the Board's Audit Committee, Mr. Nicholas Mwaniki by Board member, Mr. Macharia who said he received the said information from Mr. Atavachi, the then Finance Manager.

9. There was no approval from the YEDF Board or the National Treasury for the deposit of Kshs. 400 Million to the YEDF Chase Bank account.

Role of the Board Chairman in running the affairs of the Fund

10. The role of the Board, including the Chairman, in running the affairs of the YEDF is non-

executive.

11. The Audit and Risk Committee met on 22nd October, 2015 to discuss these fraudulent transactions. The Committee then recommended the suspension of the Ag. CEO and the Finance Manager to allow for investigations. The Committee resolved to invite the Bank Anti-Fraud Unit to investigate the matter.

12. The Board Chairman wrote letters to the Ag. CEO and the Finance Manager asking them to proceed on compulsory leave to allow for investigations into the fraudulent transfer of Kshs. 180 Million from YEDF's investment account held at Chase Bank (K) Ltd to take place.

Measures instituted by the Board to guard against fraudulent transactions at YEDF after the matter was brought to the Board's attention on 21/10/2015

13. After the matter of fraudulent transactions was brought to the attention of the Board, the Board appointed Mr. Emmanuel Odero as the Ag. CEO on 23rd October, 2015. To ensure that no further fraud occurred, Chase Bank (K) Ltd was informed of the changes to Ag. CEO's position and the bank was advised of changes in the account signatories.

14. The Board also directed the management to transfer the amount held in Chase Bank to the Kenya Commercial Bank.

Circumstances leading to the death of Mr. Simon Mwangi, YEDF Driver

Mr. Clement Ayungo, a Board member of the Youth Enterprise Development Fund informed the Committee as follows:

15. That he had been invited to a party hosted by Mr. Babu Owino the current Chairman, Student's Organisation of Nairobi University(SONU)in Diani. The deceased, Mr. Simon Mwangi who was a YEDF driver based in Mombasa dropped him off at the Mtongwe Ferry at around 11:30pm from where he took a taxi to Diani. He was later joined at the party by the deceased at about 12:30am;

16. At the party held by the poolside, he took alcohol and swam in the pool in the company of the other revellers, including the deceased. After a while, the revellers left the swimming pool area and he also left the pool to change clothes. He came back to the pool area to get his phone when he noticed someone in the pool. He dived in and tried to rescue the person

while shouting out for help;

17. Upon rescuing him, they realized it was Mr. Mwangi. They searched the website for Diani Beach Hospital where they rushed him for treatment. Unfortunately, he was declared dead on arrival and the doctor-in-charge called the police;

18. He called the Board Chairman and later spoke to the then Ag. CEO, Ms. Namuye, who sent the YEDF Regional Officer to deal with the matter on behalf of the Fund;

19. Those present including Mr. Ayungo, Mr. Babu Owino and Mr. Steve Mbogo were asked to record statements and were later summoned by the police in Mombasa for further interrogation;

20. Mr. Ayungo further informed the Committee that he was not aware who signed the work ticket that allowed the deceased to drive the Board car outside of office hours.

Further Evidence

THAT–

21. There was a purported attempt by the Board Chairman (vide a letter **REF YEDF/CEO/328/15** dated 8th October, 2015) to transfer Mr. Mwaniki from his position as Audit Committee Chair once he started following up on details of the YEDF Chase Bank letter.

22. Mr. Michael Wamae is a Director at Lukenya Earth Movers, a company under investigations by the Ethics and Anti-Corruption Commission with regards to a National Youth Service (NYS) contract worth Kshs. 147 Million. He applied for an NYS contract in 2012 but wasn't successful until March 2015 when the Company as awarded a contract. His company undertook some of the contracted work and received partial payment but the project was suspended once investigations commenced.

23. The Directors denied any knowledge of a Company by the name Severin Holdings Ltd which was allegedly linked to one of YEDF Directors.

24. The Fund paid Kshs. 44,741,603 for a cancelled event that was to be held at the University of Nairobi grounds. Mr. Ayungo alleged that the Board Chairman indicated that the amount

had to be paid since Ms. Anne Waiguru, the then Cabinet Secretary, Ministry of Devolution & Planning, had directed that payment be effected.

25. Mr. Stephen Jalenga, the Alternate to the Principal Secretary, State Department of Planning, Ministry of Devolution and Planning informed the Committee that he kept reminding the Board members that there were plans to merge the Youth, Women and Uwezo Funds and that a circular from the Head of Public Service noted that approval had to be sought before major strategic decisions were made.

26. The YEDF has two offices: One at Renaissance Park and the other at Lonrho House. The Board made a decision to relocate from National Bank of Kenya building and all staff stationed there were moved to Renaissance Park. A conditional offer of office space at Kenya Industrial Estates was not taken up by the Board.

27. A two-day event was held in Ms. Anne Waiguru's (former Cabinet Secretary, Ministry of Devolution and Planning) house in Kirinyaga County during the 2014/15 financial year. Payment for this event was made by the YEDF.

28. All the Board members present indicated their willingness to resign from their positions as YEDF Directors to allow for investigations to take place.

Committee Observations and Findings

The Committee observed THAT–

(i) The Board did not approve the procurement of an ICT Strategy and ERP System.

(ii) The alleged final report on the Consultancy by Quorandum Ltd was never presented to the Board.

(iii) The Board did not approve the change of signatories at the YEDF account held at Chase Bank (K) Ltd. The letter by Mr. Bruce Odhiambo, former Board Chairman authorizing the change of signatories was illegal and that the alleged resolution was unilaterally done by the Chairman, as confirmed in his oral submission to the Committee.

(iv) The Fund paid Kshs. 44,741,603 for a cancelled event that was to be held at the University of Nairobi grounds but did not take place.

3.3 EVIDENCE BY DIRECTORS OF QUORANDUM LTD

3.3.1 Evidence by Mr. Mukuria Ngamau, Director - Quorandum Ltd

Mr. Mukuria Ngamau, Managing Director of Quorandum Ltd appeared before the Committee on 8th March 2016to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

He submitted THAT—

1. He is a civil engineer by training although he is not registered by the Engineers Registration Board of Kenya. He has worked as an engineer in several companies since 1999 including Safaricom and Zain (formerly Kencell Ltd). He has also been subcontracted by China Roads and Bridge Construction Company and the Judiciary among others.

2. Quorandum Ltd was incorporated in 2002 Registration No. C. 100827 as a private Ltd company originally with three directors namely Mr. Mukuria Ngamau ID No. 11590409, Ms. Doreen Waithera Ng'ang'a ID No. 22513641 (Mr. Ngamau's wife) who is a non-executive director with no responsibilities and Ms. Wanjiku Tabitha Ngamau- now 70 years old and no longer a director as she resigned from directorship on 11th September 2008 (Mr. Ngamau's mother). Currently, the Company has two directors Mr. Mukuria Ngamau and Ms. Doreen Waithera Ng'ang'a.

Engagement with the Youth Enterprise Development Fund

3. He met Ms. Catherine A. Namuye, the Chief Executive Officer of the Youth Enterprise Development Fund sometime in early May 2014at an event of the Youth Enterprise Development Fund, whereupon she informed him that the Youth Enterprise Development Fund through its Board of Directors was looking into getting someone to help them come up with an Information Communication Technology (ICT) strategy plan and Enterprise Resource Planning (ERP) system that will enable them to transform the Youth Enterprise Development Fund into a modern institution able to provide financial services in line with their vision and mission in support of Kenya's Vision 2030.

4. After the meeting, he contacted an Information Communication Technology (ICT) /Enterprise Resource Planning (ERP) specialist from USA, one Mr. Donnie Collins Reeves who was the lead consultant on the project and agreed to put forward a proposal for the work.

5. On 20th May 2014, he held a meeting with YEDF's Ag. CEO, Ms. Catherine A. Namuye and Mr. Donnie Collins Reeves via **Skype** to understand the requirements of the YEDF.

6. On 26th May, 2014 he wrote a letter Ref. No. Q1/YEDF/01 to the YEDF Chief Executive Officer Ms. Catherine A. Namuye containing proposed outline of the project after which Quorandum Ltd was called to collect a letter Ref. No. YEDF/CEO/1408/2014 on 2nd June, 2014 indicating that Quorandum Ltd.'s proposal met the needs of the Fund and they thus requested to submit a quotation for the work as well as sample proforma invoices to YEDF Board of Directors to seek consent and approval for implementation of the proposal. The letter indicated "*that this is a highly sensitive project and utmost confidentiality is expected in regards to any information shared*" (**Annexure 21)**

7. In reply to the letter from the CEO, Quorandum Ltd sent two quotations of Kshs. 65,985,600 for ICT Strategy and Kshs. 114,909,946.20 for design of specification for ERP both totalling to Kshs. 180,895,546.20inclusive of value added tax. (**Annexure 22)**

8. Quorandum Ltd prepared the sample invoices with random figures to show how invoices look and delivered them to the YEDF CEO Ms. Catherine A. Namuye. They were received on 10th June 2014 at the C.E. O's Office. (**Annexure 23)**

9. After a period of three months, vide letter Ref. No. YEDF/CEO/129/2014 dated 2nd September, 2014, Ms. Namuye confirmed to Quorandum Ltd that the Board, during its 51st sitting held on 6th August, 2014 approved and accepted the proposal for consultancy services for the design of a comprehensive ICT Strategy and ERP System for the Fund and that the contract was awarded to the Company. The letter further stated that ''*due to the sensitivity of the undertaking, a contract will be negotiated for the purposes of immediate implementation''. (***Annexure 24)**

10. Quorandum Ltd subsequently entered into an agreement with YEDF to design a comprehensive ICT strategy and ERP design. The contract was made, entered into and signed on 17th November 2014 between Youth Enterprise Development Fund Board and

Quorandum Ltd Ms. Catherine A. Namuye being the CEO YEDF signed on behalf of YEDF Board while Mr. Mukuria Ngamau being the director on behalf of Quorandum Ltd The lead consultant Mr. Donnie Collins Reeves did not sign but had his name appended in place of his signature. **(Annexure 25)**

11. That Quorandum Ltd sent the documents to one Mr. Donnie Collins Reeves to sign and send back to him through international courier service.

12. By a letter dated 26th January 2015 Ref. No. QL/YEDF/06/ICT/2015 and received by YEDF on 28th January 2015, Quorandum Ltd submitted the final report of the ICT Strategy to YEDF. **(Annexure 26)**

13. The final report outlined restructuring and upgrading of the YEDF operations and infrastructure in areas such as: -

    i. Proper business continuity, security and protocol

    ii. Up to date loan monitoring, support and default recovery protocols;

    iii. Modern document handling and storage protocols;

    iv. Areal-time information, asset and finance monitoring platform

    v. Nationwide collection of loan applications, processing and tracking which currently is done manually.

14. With the contractual obligations satisfied, Quorandum Ltd received payment from the Fund in full of a total of **Kshs. 180,895,546.20** in two tranches through their Chase Bank account no. 0052075584001. The Company paid value added tax to Kenya Revenue Authority upon forwarding of invoices to the Fund.

15. **Of the Kshs. 180,895,546.20 received by Quorandum Ltd for the consultancy services, approximately Kshs. 115 million was wired to the lead consultant Mr. Donnie Collins Reeves' accounts in Michigan in USA and a further approximately Kshs. 43 million was paid as value added tax to Kenya Revenue Authority the remaining dues were retained by the Company.**

16. Upon completion of the Project, he did not conduct any training for the YEDF staff to familiarize themselves with the Information Communication Technology strategy plan and Enterprise Resource Planning system since it was not part of his contractual obligations. He was not issued with a completion certificate for the consultancy offered.

17. That he had not transacted any other business with the Fund before this particular transaction and during this transaction he was not dealing with any other officer of the Fund except the CEO Ms. Catherine A. Namuye to whom she addressed all communications. He occasionally interacted with the Chairman of the Fund Mr. Bruce Odhiambo at social events outside the offices of the Fund.

Committee Observations and Findings

The Committee observed that: -

(i) The alleged consultancy contract was discussed and concluded by only two parties: The Fund's Ag. CEO, Ms. Catherine A. Namuye and Mr. Mukuria Ngamau, the Director of Quorandum Ltd. This points to a case of collusion between the two individuals to defraud the Fund of Kshs. 180,895,546.20 through a fictitious and illegal contract.

(ii) The contract entered into by Quorandum Ltd and YEDF did not constitute a valid contract as it lacked important components including signatures of both parties on the right and left hand sides of the document as required and seals of both parties.

(iii) The alleged award of the contract for the consultancy services for the development of ICT Strategy and ERP System to Quorandum Ltd by YEDF did not comply with the provisions of Article 227 of the Constitution, Section 27 (4) of the Public Procurement and Disposal Act 2005; as the service was not planned for nor authorized by the Board of Directors. Further, prequalification of the Company was not undertaken, no advertisement was done, no expression of interest was advertised, no tendering and no evaluation was done before the award of the contract.

(iv) It is doubtful that the said Mr. Donnie Collins Reeves does indeed exist and that he received approximately Kshs. 115 million as alleged by Mr. Ngamau. The witness

failed to provide Mr. Reeve's physical address or phone contacts, Skype extracts and evidence of payment to Mr. Reeves. Further, the Curriculum vitae of one Donnie Collins Reeves was found to be unclear, vague and ambiguous with inconsistent information as evidenced by **Annexure 27.**

(v) Quorandum Ltd did not provide any evidence to suggest that the Company actually paid approximately Kshs. 45 million to the Kenya Revenue Authority as Value Added Tax (VAT) and other taxes as alleged by Mr. Mukuria Ngamau.

(vi) The correspondences between Ag. CEO YEDF and Quorandum Ltd were inconsistent and full or glaring errors as some had apparently been stamped as received at a date earlier than the date of writing.

(vii) The correspondences sent by Quorandum Ltd were meant to be treated with "*utmost confidentiality*" as the purported contract agreement was regarded as "*very sensitive.*"

(viii) Mr. Mukuria Ngamau acting on behalf of Quorandum Ltd while undertaking the consultancy services for the development of ICT Strategy and ERP System for the YEDF, did not at any time interact with any Board Member or staff of the Fund apart from Ms. Catherine A. Namuye. This made the purported service rendered by Quorandum Ltd suspect, since the development of any strategic plan is an elaborate strategic exercise that would necessitate an interaction with the Board which is the organ mandated with policy matters and the ICT departments of YEDF which was to implement such a strategy.

(ix) The purported consultancy services contract for ICT Strategy and ERP System development by Quorandum Ltd for YEDF was jointly planned and executed by Mr. Mukuria Ngamau, Mr. Bruce Odhiambo and Ms. Catherine A. Namuye with the main objective of defrauding YEDF of a sum of Kshs. 180,364,789.

(x) That the contract tabled by Mr. Ngamau as for the consultancy services to YEDF was different from the contract tabled by the Chase Bank (K) Ltd which had been sent to the Bank by Ms. Namuye to support payment.

3.3.2 Evidence by Ms. Doreen Waithera Ng'ang'a, Director - Quorandum Ltd

Ms. Doreen Waithera Ng'ang'a, a Director at Quorandum Ltd appeared before the Committee on 24th March, 2016 to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

She submitted THAT—

1. She is a marketer by profession and is the current CEO of Marketing Society of Kenya since April 2012.
2. She replaced Ms. Tabitha Ngamau as Director when the latter resigned on 11th September, 2008 citing health reasons. As a non-executive Director, she only fulfils statutory requirements with no responsibilities and involvement in the day to day running of the Company.
3. Her role is limited to being a second signatory to Quorandum Ltd's accounts. She does not involve herself in sourcing for projects, securing contracts or running any Quorandum Ltd business. She therefore had no details of the Youth Enterprise Development Fund ICT Strategy Plan and the ERP system and thus she did not participate in securing or executing the contract.
4. She became aware of the project as an alleged scandal when it featured in the newspapers whereupon she requested for more information, documentation and communication between Quorandum Ltd and YEDF from Mr. Ngamau. She was provided with the project documentation and was informed that the Company had carried out the works as requested and delivered as per the contract.
5. She signed a sale agreement for purchase of one company asset (a house). She was informed by her co-Director that the funds for purchasing the house was acquired from the sale of Quorandum Ltd-owned land in Karen.
6. Further, she informed the Committee that she usually pre-signs cheques and then Mr. Mukuria issues them as and when needed to make payments for the Company.
7. She is an authorized second bank signatory for the following Quorandum Ltd accounts:

i. Chase Bank Account Number 0052075584001

ii. Standard Chartered Account Number 0102497392600

8. She had never received any payment from Quorandum Ltd;
9. Her personal accounts have never been used in transit to hold money from Quorandum Ltd;

In addition to the oral submission she made before the Committee, she made the following written submission to the Committee dated, 30th March, 2016;

10. That in the year 2012, she obtained a loan of Kshs. 1,476,545 from the (Kenya Television Network(KTN) SACCO which she advanced to Mr. Mukuria Ngamau, together with a further Kshs. 150,000 which amounts to Kshs. 1,626,545. Mr. Ngamau repaid the loan on 9thMarch 2015 and 10th March, 2015.
11. During her appearance before the Committee she presented that she could not recall the source of funds in her account but having gone through her statements, she now realises that the source of the funds is Quorandum Ltd.'s bank account with Chase Bank (K) Ltd, as repayment of the loan advanced to to Mr. Mukuria. She denied receipt of any other funds from Quorandum Ltd
12. She also holds an account with CFC Stanbic Bank Account No. 010002425372. She however indicated that she was not in a position to avail CFC Stanbic Bank Loan documents, as this file and other correspondences pertaining to the account are in the custody of the EACC.

Committee Observations and Findings

The Committee observed that: -

(i) Ms. Ng'ang'a is a Director of Quorandum Ltd and not a shareholder;

(ii) She could not confirm details of Quorandum Ltd sub-contracts or payments since she pre-signed the cheques.

(iii) She did not actively participate in the affairs of Quorandum Ltd.

3.4 EVIDENCE BY RESPECTIVE GOVERNMENT AGENCIES

3.4.1 Evidence by Ms. Sicily Kariuki, CS, Ministry of Public Service, Youth and Gender Affairs

Ms. Sicily Kariuki, Cabinet Secretary, Ministry of Public Service, Youth and Gender Affairs accompanied by Ms. Lillian Mbogo-Omollo (Principal Secretary, Mr. Kobia Wakamau (Secretary for Administration), Ms. Rosina Mule (Legal Officer), Mr. Mbugua Sammy (Head of Accounts), Ms. Wangari Ndia (Deputy Director), Ms. Carolyne Okello (Senior Youth Development Officer), Nixon Obarah (Finance Officer), Mr. Joram Mbui and Mr. Emmanuel Odero (Acting Chief Executive Officer, YEDF) appeared before the Committee on 9th March, 2016 to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

She submitted THAT —

Investment of Surplus Funds

1. The investment of surplus funds by semi-autonomous government agencies under the Ministry of Public Service, Youth and Gender Affairs is guided by the legal framework establishing each of the agencies. In the case of YEDF, the Youth Enterprise Development Fund Order, 2007 of the State Corporations Act (Revised in 2012) provides guidelines on how funds are to be invested. Section 12(2) states that: "*the Board may place on deposit with such bank or banks as it may determine any moneys not immediately required for the purposes of the Board*".
2. It is this legal provision that the YEDF Board used to place Kshs. 400 million in a call deposit account at Chase Bank.

Oversight of the Fund

3. In light of the requirements that all semi-autonomous government agencies operate under the new *Mwongozo* Code of Governance for State Corporations, the Ministry of Public Service, Youth and Gender Affairs embarked on review of Board composition of all SAGAs under its jurisdiction. The review is ongoing.

4. Section 5 of the Order establishing YEDF bestows on the Fund's Board the duty to manage and administer the Fund. The Order therefore grants the Ministry the opportunity to determine the direction of the Fund through appointment of a majority of board members as well as through actual presence in the Board. In addition to Board representation, the Ministry exercises oversight in YEDF affairs through approvals of expenditure of the Fund as provided for in Section 8 of the Order. In this regard the budgets of the Fund are reviewed and approved by the Ministry together with those of other SAGAS before submission to the National Treasury.

5. Further, the PFM Act,2012 grants the respective Cabinet Secretaries responsible for state corporations' responsibility over financial performance. Section 88 (1) of the Act states that: *The respective Cabinet Secretary responsible for matters relating to a state corporation is responsible for monitoring-*

   (a) The financial performance of that state corporation and government –linked corporations; and

   (b) The performance of that state corporation and the activities affecting its financial performance; and

   (c) *Reporting to the Cabinet on the financial performance of the state corporation.*

Loss of Approximately Kshs. 180.9 Million from the Fund

6. On 17th February, 2015, the Chairman of the YEDF Board Mr. Bruce Odhiambo and the then Acting. Chief Executive Officer Ms. Catherine A. Namuye issued instructions to Chase Bank notifying them about change of signatories to the YEDF call deposit account held at the Bank.

7. One of the instructions was that the Acting CEO Ms. Catherine A. Namuye could sign off any instructions on her own. The instructions to Chase Bank by the Board Chairman and the Acting CEO indicated that the Board had made the resolution to change the signing instructions.

8. On 21st October, 2015, a Special Board Meeting was held during which the Chairman of the Board's Audit Committee presented copies of the two letters allegedly written by the Acting

CEO on 11th February 2015 and 27th April 2015.The letters authorized Chase Bank to transfer Kshs. 115,710,000 and Kshs. 65,184,946 respectively to Quorandum Ltd for consultancy services rendered to YEDF.

9. On 23rd October, 2015, the Board held another Special Meeting and sent the Acting CEO and the Finance Manager, Mr. Benedict Atavachi on suspension as recommended by the Audit Committee to allow for investigations on the alleged loss of funds from Chase Bank. On the same date, the Chairman of the Board wrote to the Directorate of Criminal Investigation to undertake forensic investigation on the alleged transfer of funds to Quorandum Ltd.

10. On 27th October, 2015, the Fund gave instructions to all its bankers asking them to remove Ms. Catherine A. Namuye and Mr. Benedict Atavachi from being signatories to its accounts and not to honour any instructions from the two individuals. The Kenya Commercial Bank confirmed the deletion via letter dated 28th October, 2015. **(Annexure 28)**

11. On 4th November, 2015, the Principal Secretary, State Department of Planning wrote to the Secretary/ CEO of Ethics and Anti- Corruption Commission (EACC), inviting the Commission to investigate the alleged financial malpractice at the Fund. The DCI and EACC commenced investigations at the Fund on 11th December 2015 and the reports of the investigations are still being awaited.

12. Following the suspension of the Ag. CEO and the Finance Manager, the Fund sought bank statements for the accounts held at Chase Bank but the statements were not availed. Eventually the statements that were availed had erroneous cash deposits. The Fund then wrote to the Banking Supervision Unite at the Central Bank of Kenya on 20th November, 2015 protesting against the significant misinformation by Chase Bank and requesting the CBK to compel Chase Bank to furnish it with correct and up to date bank statements. (**Annexure 29**)

13. In order to safeguard the Fund's money, on 1st December 2015, the YEDF Board adopted the recommendation of the Board's Audit Committee to transfer funds amounting to Kshs. 102,297,489.45 held in the call deposit account at Chase Bank to the development account held by the Fund at Kenya Commercial Bank.

14. The Fund had earlier transferred Kshs. 120 million from the call deposit account at Chase Bank to the Funds operational account at Kenya Commercial Bank.

15. Since the suspension of the Acting CEO, the YEDF management reviewed the relevant financial and procurement documentation and confirmed that: -

(a) The payment for the alleged consultancy services rendered by Quorandum Ltd did not comply with the Public Procurement and Disposal Act 2005 and Regulations 2006;

(b) There is no evidence that the Board discussed, tendered or authorized the procurement of the services to develop an ICT strategy and ERP System for the Fund. The alleged consultancy service was not planned for, nor authorized by the Board; and

(c) There was no tender committee meeting and tender minutes which approved such a service.

Measures taken to guard against future loss of funds

16. On 6th January, 2016, the Office of the Auditor General commenced a special audit of YEDF. The audit is still ongoing.

17. The Ministry has instructed the Fund to instruct their bankers that any communication regarding change in bank signatories must be accompanied by certified Board minutes.

18. On 2nd January 2016, the Ministry invited the Inspectorate of State Corporations to carry out a comprehensive management audit of the YEDF Board and recommend the way forward especially in regard to the procedural and governance challenges the Board seemed to be facing.

19. The Inspectorate of State Corporations, from their preliminary inquiries had recommended that the Board Directors were required to step aside to pave way for further investigations. She subsequently directed that the Chairperson and the Board Directors be barred from transacting any business or accessing the Fund facilities to pave way for investigations. The Ag. CEO was further instructed to stop all payments to the Board Chair and its Members. **(Annexure 30)**

20. The CS advised the Ag. CEO Mr. Emmanuel Odero to procedurally suspend the Finance Manager as per the Board resolution of 23rd October 2015. This action nullified the irregular suspension of the Finance Manager.

21. The Committee also heard that the Chairman had tried to unilaterally suspend Mr. Emmanuel Odero as the acting CEO but the CS intervened.

22. The CS also informed the Committee the Fund had an existing ICT Strategy 2013-2017 secured from Microflex Kenya Ltd in 2013 at a cost of approximately Kshs. 5.9 million and there was therefore no need to procure another one.

23. The Cabinet Secretary, Ministry of Public Service, Youth and Gender Affairs wrote to the Chief of Staff and Head of Public Service vide letter Ref. MPYG/3/1/6 dated 15th April, 2016 requesting for revoking of the appointment of YEDF Board Members pursuant to Section 7 (3) for the State Corporations Act.

Committee Observations

The Committee observed that: -

(i) The Board Chairman abused his powers by writing a letter instructing the Fund's Finance Manager, Mr. Benedict Atavachi to take compulsory leave. The suspension was therefore unprocedural.

(ii) The National Treasury did not authorize the opening and operationalization of a bank account in a commercial bank, Chase Bank (K) Ltd in accordance with Public Finance Management Act Section 28 (1) and Treasury Circular No. 10/1992 on investments of surplus funds in Treasury bills and Treasury bonds.

(iii) The Fund has an existing ICT Strategy 2013-2017 secured from Microflex Kenya Ltd in 2013 at a cost of Kshs. 5.9 million and there was therefore no need to procure another one.

(iv) Payment for the consultancy services purportedly rendered to the Fund was blatant theft and abuse of office in breach of the Public Procurement and Disposal Act, the Public Finance Management Act, 2012 and the Public Finance (National Government) Regulations 2015.

(v) The Chairman of the Fund, Mr. Bruce Odhiambo who was a non-executive Board Chairman, was irregularly assigned a Government vehicle by the Fund contrary to State Corporations Regulations on Terms and Conditions for Chairmen and Directors of State Corporations which require that actual transport expenses may be reimbursed

based on actual mileage at prevailing AA rates when they use personal cars on Board business.

(vi) The Cabinet Secretary, Ministry of Public Service, Youth and Gender Affairs wrote to the Chief of Staff and Head of Public Service vide letter Ref. MPYG/3/1/6 dated 15th February, 2016 requesting for revoking of the appointment of YEDF Board Chairman Mr. Bruce Odhiambo pursuant to Section 7 (3) of the State Corporations Act.

(vii) His Excellency the President vide gazette notice dated 15th April 2016 revoked that appointment of Mr. Bruce Odhiambo as the Chairman of YEDF and disbanded the entire Board of YEDF.

(viii) It is evident that the Order establishing the Fund under Regulation 12(2) allows the Board to deposit funds not immediately required for immediate use with such banks as the Board may consider. This provision is however superseded by section 6(e) Public Finance Management Act that states that PFM Act prevails on banking arrangements, including opening of bank accounts and investment of moneys.

3.4.2 Evidence by Mr. Titus Muriithi, Ag. Inspector General of State Corporations

Mr. Titus Muriithi, the Ag. Inspector General of State Corporations accompanied by Mr. David Gichohi, the Senior Assistant Inspector General of State Corporations appeared before the Committee on 10th March, 2016 to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

He submitted THAT—

Adherence of State Corporations to Treasury Circular No. 10 of 1992 on Investment of Funds in Treasury Bills and Bonds

1. The Treasury circular no. 10 of 1992 on Financial Management of State Corporations directed that all surplus funds of State Corporations must, without fail be invested in Treasury Bills and Treasury Bonds. This was necessitated by the deregulation of interest rates in 1991, and the fact that Treasury Bills and Treasury Bonds provide absolute security. All State Corporations are required to comply and also obtain specific approval of their Board of Directors before submitting investment proposals to the National Treasury. (**Annexure 31**)

2. On 29th November 2002, the National Treasury issued circular No. 12/2002 reiterating the requirement on investment of surplus funds in Treasury Bills and Bonds or seeking approval from Treasury to invest such funds in commercial banks. The circular further required State Corporations to submit to the National Treasury returns on all balances held in Treasury Bills and Bonds, commercial banks, financial institutions and all other institutions on a quarterly basis. (**Annexure 32**)

3. Order No. 63 of the Youth Enterprise Development Fund Order 2007 requires that the Fund obtains Treasury approval for investment of surplus funds. With regards to the investment amounting to Kshs. 400 Million, the Fund did not adhere to the requirements of the two aforementioned circulars and its enabling instrument.

Policy on Appointment and Suspension of Officers and Staff of State Corporations and Benefits Payable to Such Officers in Event of Suspension

4. Recruitment of staff should be competitively carried out in State Corporations by the Board of Directors. This is provided for under the *Guidelines on Terms and Conditions of Service for State Corporations' Chief Executive Officers, Chairmen and Board Members, Management Staff and Unionisable Staff* of 23rd November, 2014.

5. With regards to disciplinary matters in State Corporations, the Board is responsible for the suspension of staff. However, the Board may delegate the recruitment and disciplinary matters of low cadre staff to management.

6. The benefits payable to a suspended staff is specified in the suspension clause contained in the *Human Resource Policies and Procedures Manual* of the respective State Corporation. In the case of the Youth Enterprise Development Fund, the suspension clause provides that an employee on suspension is entitled to house allowance and inpatient medical cover.

The Role of the Board Chairman in the running of YEDF Board Affairs

7. The Board is responsible for the appointment and removal of the CEO as per Section 5 (3) of the State Corporations Act. In this regard, the disciplinary process of a CEO is vested in the Board of Directors. In the event that the Board suspends a CEO, an Acting CEO is expected to be appointed to perform the duties of the office.

8. In the case of Ms. Catherine A. Namuye, the immediate suspended Ag. CEO and Mr. Benedict Atavachi, the Finance Manager, the Board vide minute Min.2/SBM/23/10/2015of 23rd October, 2015 resolved that the Ag. CEO and the Finance Manager be suspended to facilitate investigations into the irregular transfer of Kshs. 180 Million from the Youth Enterprise Development Fund Investment account held in Chase Bank to Quorandum Ltd

9. The Chairman vide a letter (REF YEDFB/CEO/377/2015) dated 23rd October, 2015 directed the Ag. CEO Ms. Namuye and the Finance Manager, Mr. Atavachi to proceed on leave until further notice. In the same meeting, the Board appointed a new acting CEO, Mr. Emmanuel Odero.

10. The Chairman unilaterally varied the Board's decision to suspend Ms. Namuye and Mr. Atavachi and instead wrote letters asking the two to proceed on leave. The Chairman had the mandate to write to the Ag. CEO despite the content of the letter, but the letter to the Finance Manager should have been written by the newly appointed Ag. CEO.

11. The new Ag. CEO issued another letter to the Finance Manager (REF YEDFB/CEO/591/2015) dated 17th November, 2015 informing him that he had been suspended with effect from 23rd October, 2015. The action by the Ag. CEO regularized the suspension as per the Board resolution.

Status of the Inspectorate's Investigation into Misappropriation of Funds at the Youth Enterprise Development Fund

12. The Inspector General of Corporations vide letter dated 15th February, 2016 constituted a team of inspectors to conduct a management audit at Youth Enterprise Development Fund. The team's terms of reference included examination of policies and practices relating to human resources, procurement, financial management and any other pertinent issue relating to the affairs of the Fund.

Qualifications of Board Chairman and Members

13. The State Corporations Act does not provide the qualifications required of a Chairman of a State Corporation. However, the *Mwongozo Code of Governance for State Corporations* offers guidelines on the same. The Chairmen are entitled to a monthly honorarium of Kshs 80,000, a

sitting allowance of Kshs. 20,000 per sitting, out-of-station accommodation allowance of Kshs 18,200 per day, accident cover worth Kshs. 2,000,000 and lunch allowance during meetings of Kshs. 2,000 per day. They are also entitled to a telephone(landline), airtime allowance and mileage reimbursement in the event that they are not provided an official vehicle. In the event that a Chairman irregularly allocates himself allowances and/or facilities not provided for, they can be surcharged to recover the cost.

14. The Inspectorate of State Corporations is handicapped in the execution of its mandate due to budgetary constraints and staff shortage. The Inspectorate has 15 Inspectors handling more than 300 State Corporations.

15. The Inspectorate produced reports on the management of the Youth Enterprise Development Fund in 2009, 2013 and 2016. Both reports had glaring issues related to mismanagement of the Fund.

Committee Observations and Findings

The Committee observed that: -

(i) The Youth Enterprise Development Fund did not adhere to the requirements of National Treasury Circulars No. 10 of 1992 and subsequent Circular No. 12/2002 on investment of surplus funds in Treasury Bills and Treasury Bonds.

(ii) The former YEDF Chairman, Mr. Bruce Odhiambo unilaterally varied the Board's decision to suspend the Ag. CEO Ms. Catherine A. Namuye and the Finance Manager, Mr. Benedict Atavachi and instead directed the two to proceed on compulsory leave.

(iii) The letter by Mr. Bruce Odhiambo, former YEDF Chairman directing Mr. Benedict Atavachi, the Fund's Finance Manager to proceed on leave was unprocedural thus he acted in abuse of office. Any such letter should have been written by the newly appointed Ag. CEO.

(iv) The incoming Ag. CEO Mr. Emmanuel Odero issued another letter to the Finance Manager (REF YEDFB/CEO/591/2015) dated 17th November, 2015 informing him that he had been suspended with effect from 23rd October, 2015. The action by the new Ag, CEO regularized the suspension as per the Board resolution.

(v) The suspension clause of the Youth Enterprise Development Fund's *Human Resource Policies and Procedures Manual* provides that an employee on suspension is entitled to house and medical allowances only.

(vi) The State Corporations Act does not provide the qualifications required of a Chairman of a State Corporation. However, the *Mwongozo Code of Governance for State Corporations* offers guidelines on the same.

(vii) The Chairmen of State Corporations are also entitled to a monthly honorarium of Kshs 80,000, a sitting allowance of Kshs. 20,000 per sitting, out-of-station accommodation allowance of Kshs 18,200 per day, accident cover worth Kshs. 2,000,000 and lunch allowance during meetings of Kshs. 2,000 per day. They also get a landline phone, airtime allowance and mileage reimbursement in the event that they are not provided official vehicle. In the event that a Chairman irregularly allocates himself allowances and/or facilities not provided for, he/she can be surcharged to recover the cost.

3.4.3 Evidence by Mr. Simon Indimuli, Head of Governance, SCAC

Mr. Simon Indimuli, the Head of Governance at the State Corporations Advisory Committee accompanied by Mr. Christopher Ombega and Ms. Jane Mugambi, the former Secretary to the Committee, appeared before the Committee on 22nd March, 2016 to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

He submitted THAT—

On Adherence of State Corporations to Treasury Circular No. 10 of 1992 on Investment of Funds in Treasury Bills and Bonds

1. Treasury Circular no. 10 of 1992 on Financial Management of State Corporations directed that all surplus funds of State Corporations must, without fail be invested in Treasury Bills and Treasury Bonds. This was necessitated by the deregulation of interest rates in 1991, and the fact that Treasury Bills and Treasury Bonds provide absolute security. All State Corporations are required to comply and also obtain specific approval of their Board of Directors before submitting investment proposals to Treasury.

2. On 29th November 2002, Treasury issued another Circular No. 12/2002 reiterating the requirement on investment of surplus funds in Treasury Bills and Bonds or seeking approval from Treasury to invest such funds in commercial banks.

3. Section 12 of the Youth Enterprise Development Fund Order 2007 requires that the Fund obtains Treasury approval for investment of surplus funds. With regard to the investment amounting to Kshs. 400 Million, the Fund blatantly ignored the requirements of the two circulars.

Policy on Appointment and Suspension of Officers and Staff of State Corporations and Benefits Payable to Such Officers in Event of Suspension

4. Section 5 (3) of the State Corporations Act provides that a State Corporation may engage and employ such number of staff, on such terms and conditions as the Cabinet Secretary may approve, in consultation with the State Corporations Advisory Committee.

5. With regards to disciplinary matters in State Corporations, the Board is responsible for the suspension of staff. However, the Board may delegate the recruitment and disciplinary matters of low cadre staff to management.

6. The benefits payable to a suspended staff is specified in the suspension clause contained in the *Human Resource Policies and Procedures Manual* of the respective State Corporation. In the case of the Youth Enterprise Development Fund, the suspension clause provides that an employee on suspension is entitled to house and medical allowances but no basic salary.

The Role of the Board Chairman in the running of YEDF Affairs

7. The Board is responsible for the appointment and removal of the CEO as per Section 5 (3) of the State Corporations Act. In this regard, the disciplinary process of a CEO is vested in the Board of Directors, In the event that the Board suspends a CEO, an acting CEO is expected to be appointed to perform the duties of the office.

8. Board Chairmen in State Corporations are non-executive and their role as provided for under Section 8 (1) of the State Corporations Act is to preside over meetings and provide overall leadership of the Board. With regards to signing employment contracts, disciplinary and other Human Resource related matters in respect of the CEO, the Board Chairman is required to execute Board decisions by signing relevant documents.

9. In the case of Ms. Catherine A. Namuye, the suspended Ag. CEO and Mr. Benedict Atavachi, the Finance Manager, the Board vide minute Min.2/SBM/23/10/2015 resolved that the Ag. CEO and the Finance Manager be suspended to facilitate investigations into the irregular transfer of Kshs. 180.0 Million from the Youth Enterprise Development Fund Investment account held in Chase Bank to Quorandum Ltd

10. The Chairman vide a letter (REF YEDFB/CEO/377/2015) dated 23rd October, 2015 directed the Ag. CEO Ms. Namuye and the Finance Manager, Mr. Atavachi to proceed on leave until further notice. At the same meeting, the Board appointed a new acting CEO.

11. The Chairman then wrote letters asking the two officials of the Fund to proceed on leave. The Chairman had the mandate to write to the Ag. CEO but the letter to the Finance Manager should have been written by the newly appointed Ag. CEO.

12. The Presidential Taskforce on Parastatal Reforms recommended the merging of the Youth Fund, Women Fund, Uwezo Fund and the Kenya Industrial Estates to pool their resources together, which amounted to Kshs. 20 Billion in 2014/2015.

Good Governance in State Corporations

13. The State Corporations Advisory Committee has partnered with the Public Service Commission and developed a code of conduct commonly referred to as '*Mwongozo* Code of Governance for State Corporations' that seeks to entrench good corporate governance practices in affairs of State Corporations.

14. Some of the salient features of *Mwongozo* relevant in this matter are:

    i. *Board Operations*: The Board is required to exercise its role collectively and not individually. The Chairman of YEDF was therefore out of order in the matter of bank signing instructions by purporting to exercise his powers without the requisite resolution of the Board.

    ii. *Role of Chairperson*: The YEDF Chairperson is non-executive since *Mwongozo* proscribes any form of executive powers for Board Chairpersons in State Corporations. Instances of the Fund's Chairperson exercising executive powers such as signing of work tickets and disciplinary letters are out rightly in contravention of *Mwongozo*.

iii. *Role of Chief Executive Officer*: The Chief Executive Officer's role is very critical and it is therefore desirable to have a substantive CEO and not an acting one at all times. The YEDF Board however did not bother to have the post filled substantively since 2010.

iv. *Role of Corporation Secretary*: *Mwongozo* requires each Board to hire the services of a Corporation Secretary whose overall duty is to provide guidance to the Board on their duties and responsibilities and on matters of governance. The Board of YEDF has yet to implement this even as glaring malpractices continue to manifest in Board operations.

Committee Observations and Findings

The Committee observed THAT–

(i) The Youth Enterprise Development Fund should not be having any surplus funds given the demand by Kenyan youth for such funds. The amounts should have been disbursed and not kept in a fixed deposit account.

(ii) The YEDF Board Members including the alternate Board Members representing the Principal Secretaries for the National Treasury and the Principal Secretary, State Department responsible for Youth Affairs should be held collectively responsible for the loss of funds and personally responsible for any omission or commission as Board members.

(iii) The recommendation of the Presidential Taskforce on Parastatal Reforms on the merger of the YEDF, Women Fund, Uwezo Fund, Micro and Small Enterprises Authority and the Kenya Industrial Estates into one government agency has taken inordinately long to implement.

3.4.4 Evidence by Mr. Joseph Kinyua, Chief of Staff and Head of Public Service

Mr. Joseph Kinyua, the Chief of Staff and Head of Public Service accompanied by Ms. Lillian Mbogo-Omollo (Principal Secretary, Ministry of Public Service, Youth and Gender Affairs), Mr. Titus Muriithi (Ag. Inspector General of State Corporations), Mr. Stephen

Kirogo (Principal Administrative Secretary in the Presidency) and Mr. Jasper Mbiuki (Legal Advisor to the Head of Public Service) appeared before the Committee on 12th April, 2016 to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

He submitted THAT–

Adherence of State Corporations to Treasury Circular No. 10 of 1992 on Investment of Funds in Treasury Bills and Bonds

1. The National Treasury has from time to time issued circulars directing State Corporations to invest surplus funds in Treasury Bills and Bonds and in case of investment in fixed short term or on-call deposits in commercial banks, to obtain National Treasury's approval for such deposits.
2. Further, in accordance with Section 28 of the Public Finance Management Act, State Corporations should obtain the National Treasury's approval to open and operate bank accounts in commercial banks.
3. The National Treasury receives and considers requests by State Corporations with regards to opening bank accounts and investment of surplus funds and provides guidance to state corporations to ensure adherence to the existing policy as contained in the National Treasury Circulars. On a case by case basis, the National Treasury has granted approval to State Corporations to invest surplus funds or committed funds in fixed/short-term/on-call deposits in commercial banks to meet contractual obligations as they mature in a case where investment in treasury bills/bonds would tie the funds beyond such due dates.
4. With regard to the Youth Enterprise Development Fund (YEDF), the National Treasury has advised that **there were no surplus funds as per the audited financial statements for the Financial Year ended June 30th, 2014**. The only funds available were those appropriated to the Fund for disbursement to the youth as per the mandate of the Fund.
5. In accordance with the enabling Legal Notice 63/2007 Section 12(1) the Board may invest any funds of the Youth Enterprise Development Fund which are not immediately required for its purpose in securities as the National Treasury may from time to time. The National Treasury has advised that there was no request from the Fund and therefore no such approval

by the National Treasury.

6. In accordance with Section 16(2), the State Corporation Act, any surplus money after making provision for renewal of depreciating assets, the surplus monies shall be disposed of in such manner as the Minister responsible for the State Corporation in consultation with the Board may in writing direct. The **Board and management of the Fund did not obtain approval from the responsible Minister with the concurrence of the National Treasury** to invest the YEDF's funds in fixed/short-term/on-call deposits in commercial banks.

Increased Investment of State Corporations' Surplus Funds in Private Banks Contrary to Treasury Circular No. 10 of 1992

7. On a case by case basis, the National Treasury has granted approval for State Corporations to invest surplus funds or committed funds in fixed deposits in commercial banks to meet the maturing contractual obligations in cases where investment in Treasury Bills/Bonds would tie the funds beyond such due dates.
8. In granting such approval, the National Treasury has always advised respective State Corporations to undertake proper due diligence to ensure security of investment in fixed deposit in commercial banks is guaranteed and that the rate of return offered by financial institutions are better than the return on Treasury Bills or Bonds.
9. Not all surplus funds are invested in fixed deposit accounts in commercial banks. Under Section 16 (3) of the State Corporations Act, the National Treasury is empowered to recall surplus funds from State Corporations. Accordingly, the National Treasury has from time to time recalled surplus funds from non-listed State Corporations that do not declare and pay dividend to the National Exchequer. The recalled surplus funds are budgeted annually and appropriated by the National Assembly to finance the national budget.
10. In accordance with Public Finance Management (PFM) Regulations 2015 issued under the PFM Act (2012), Section 219 (2), regulatory authorities are required to remit surplus funds into the audited financial statements after the end of each financial year.
11. On the basis of the above provisions, the Cabinet Secretary to the National Treasury assigned the Kenya Revenue Authority the responsibility of collecting 90% of the surplus funds and any arrears therein held by regulatory authorities.

Procedural and Governance Challenges Facing the Youth Enterprise Development Fund

12. Based on the reports from oversight bodies, there are procedural and governance challenges facing the Youth Enterprise Development Fund such as:

    i. Opening bank accounts and investing in commercial banks without approval of the National Treasury contrary to Section 28 of the Public Finance Management Act 2012;

    ii. Unilateral appointment of the CEO by the Chairman to be the sole signatory to the Fund's fixed deposit account;

    iii. Operating without an approved procurement plan for the 2015/16 Financial Year contrary to Section 20 (5) of Public Procurement and Disposal Regulations 2006.

Interference of the former YEDF Board Chairman in the day-to-day YEDF management affairs

13. According to Section 6 (1) (a) of the State Corporations Act, a chairman of a State Corporation is non-executive. This is reiterated by Circular Ref. No. PMO/CIRC/A (3) of April 2011 clearly stating the role of Chairmen in State Corporations is non-executive and therefore they should not involve themselves in the day to day management of affairs of State Corporations which would amount to interfering and directing the CEO and Senior Managers on operational matters.

14. The duties and responsibilities of the Chairman are provided for by the Guidelines on Terms and Conditions of Service for State Corporations of November 23rd, 2014. The duties and responsibilities include monitoring the implementation of board decisions, acting as an informal link and provide a public relations role between the Board, management and the stakeholder of the Corporation.

15. There was a Board decision to suspend Ms. Catherine A. Namuye, former Ag. CEO and Mr. Benedict Atavachi, the Finance Manager. The Board Chairman communicated the resolution of the Board to the two.

Further, THAT–

16. The delay to implement recommendations by the CS, Ministry of Public Service, Youth and Gender Affairs to remove the Chairman was occasioned by his unavailability as he was out

of the country. He then required medical attention once he got back to the country.

17. There are plans by the Government to surcharge individuals who irregularly spent public funds and recover the lost funds.

18. The Government is in the process of constituting Board of the State Corporations Advisory Committee and Central Bank Kenya, among others. The Head of Public Service acknowledged that the delay in appointing the Boards was not ideal for the operations of State Corporations.

19. He denied any knowledge of Mr. Bruce Odhiambo holding more than one government position, i.e., Chairman of YEDF.

20. The Government will look into the possibility of establishing a Trust Liability Fund that will act as a recourse for the Government in the event public funds are misappropriated by public officials.

21. The Government will compile a report on the number of State Corporations that held accounts at Chase Bank (K) Ltd, Imperial Bank (K) Ltd and Dubai Bank (K) Ltd at the time of receivership. He will submit the information to the Committee.

22. Action will be taken on the Alternates to Principal Secretaries of the State Department of Planning and the National Treasury respectively who sat in the YEDF Board and failed to advise or raise the red flag on issues affecting the Fund.

23. The Head of Public Service was agreeable to a proposal to have law enforcement agencies seconded to the Committee so as to take action when deemed necessary.

24. Before the *Mwongozo* Code of Governance for State Corporations, Directors of various boards, YEDF included, may not have benefited from induction on what is expected of them as Chairpersons and Directors of their respective Boards. Further, qualifications of Directors were not well defined but they have since been defined and that the minimum qualification for appointment as Chairman or Board Member, is a Bachelors Degree.

25. He also undertook to strengthen the office of the Inspectorate of State Corporations to effectively carry out its mandate.

Committee Observations and Findings

The Committee observed THAT–

(i) Mr. Bruce Odhiambo, former Chairman of the Fund, who was a non-executive Board Chairman, was irregularly assigned a Government vehicle by the Fund contrary to State Corporations Regulations on Terms and Conditions for Chairmen and Directors of State Corporations which require that actual transport expenses may be reimbursed based on actual mileage at prevailing Automobile Association (AA) rates when they use personal cars on Board business.

(ii) His Excellency the President revoked the appointment of the Chairperson and the entire Board of the Youth Enterprise Development Fund as per gazette notices dated 15th April, 2016. This was after the Committee made a public pronouncement on the urgent need to revoke the appointment of Mr. Bruce Odhiambo as Chairman of YEDF and to disband the entire Board. (**Annexure 33**)

(iii) The issue of public officers 'stepping aside' is not defined by the Public Service Commission and as such, is not clear on the benefits and remunerations due to such officers;

(iv) The Committee noted that the Circular dated 18th July, 2007 issued by the former Head of Civil Service, Ambassador Francis Muthaura, barring the Inspectorate of State Corporations from sitting in Board meetings of State Corporations unless invited by the Board is in contravention of Section 18 (2) (c) of State Corporations Act which gives the Inspectorate the mandate to attend Board meetings as deemed necessary.

(v) Before the *Mwongozo* Code of Governance for State Corporations, Directors of various boards, YEDF included, may not have benefited from induction on what is expected of them as Chairpersons and Directors of their respective Boards. Further, qualifications of Directors were not well defined but they have since been defined and that the minimum qualification for appointment as Chairman or Board Member, is a Bachelors Degree.

(vi) Lack of defined minimum academic qualifications and experience contributed to the ineptitude and ineffectiveness of the disbanded YEDF Board in running the affairs of the Fund.

3.4.5 Evidence by Mr. Halakhe Waqo, CEO, Ethics and Anti-Corruption Commission

Mr. Halakhe Waqo, Secretary/CEO, Ethics and Anti-Corruption Commission, submitted the position of the Commission in writing, Ref. EACC.6/43(116) dated 5th April, 2016.

He submitted THAT–

1. The Commission received a complaint on the matter through a letter Ref: MDP/1/SEC/9/9 dated 4th November, 2015 from the then Principal Secretary, Ministry of Devolution and Planning, State Department of Planning, Eng. Peter Mangiti.
2. The allegation was that the CEO of the YEDF, Ms. Catherine A. Namuye in collusion with Board Members, schemed to defraud the Fund Kshs. 180.9 million between February and April 2015.
3. The Commission commenced investigations into the above allegations in November, 2015. So far, the investigation team has recorded statements from witnesses, suspects and obtained documents from the YEDF and other organisations involved in subject transaction.
4. The possible offences which the Commission is investigating include: -
   i. Conspiracy to defraud contrary to Section 317 of the Penal Code;
   ii. Abuse of office contrary to Section 46 as read together with Section 48 of the Anti-Corruption and Economic Crimes Act, No.3 of 2003;
   iii. Fraudulent acquisition of Public Property Contrary to Section 45 (1)(a) as read with Section 48 of the Anti-Corruption and Economic Crimes Act, Cap 65 of the Laws of Kenya;
   iv. Forgery contrary to Section 345 as read with Section 349 of the Penal Code;
   v. Making of a forged document;
   vi. Uttering of a forged document contrary to Section 353 as read with Section 349 of the Penal Code.
5. The Commission's investigations are at an advanced stage and once completed, the Inquiry File will be forwarded to the Director of Public Prosecutions for further action.

Committee Observation

The Committee observed that the Commission has taken inordinately long to conclude investigations into the matter of mismanagement of funds at the Youth Enterprise Development Fund, considering that it was seized of the matter in November 2015.

3.4.6 Evidence by the Commissioner General, Kenya Revenue Authority

The Office of the Commissioner General submitted the position of the Kenya Revenue Authority in writing. (**Annexure 34**)

He submitted THAT—

Background

1. Quorandum Ltd was established in 2002 to offer construction, telecommunication and ICT consultancy services as per the information contained in the i-tax portal. The tax obligations registered in the i-tax system include Corporation Tax, Value Added Tax, Pay As You Earn and Withholding Tax.
2. The Company registered for PIN (P051147491T) and VAT (0126104W) in 2002.

Compliance History

3. Quorandum Ltd filing patterns for self-assessments show that they have submitted Income Tax returns for all years from 2002 to 2014 save for the fact that they have either registered losses and have been in credit all through. However, the return for 2015 is due in June 2016The Company is compiling its VAT returns up to February 2016.
4. The payment of VAT from Kshs. 180 million received by them from YEDF in 2015 will be reflected in their 2015 Income Tax Return which is due in June 2016. However, the Company is required by law under Section 12(1) of Income Tax Act to pay instalments taxes which they have failed to remit.
5. According to the information available in the VAT System, the Company has submitted all the VAT Monthly returns for the year 2015 with declarations made for the amounts totalling Kshs. 182 million.
6. KRA is currently carrying out investigations to establish whether correct taxes were remitted, given that they have been in business since 2002 and have been paying minimal taxes.

Committee Observation

The Committee observed that since the payment of VAT from Kshs. 180 million received by Quorandum Ltd from YEDF in 2015 will be reflected in it's 2015 income tax returns due in June 2016, KRA is urged to monitor and take appropriate action.

3.4.7 Evidence by Mr. Ndegwa Muhoro, Director of Criminal Investigations

Mr. Ndegwa Muhoro, Director of Criminal Investigations, in his written submission to the Committee, Ref. CID/SEC/12/4/VOL.XIX dated 6th April, 2016. **(Annexure 35)**

He submitted THAT–

1. The Chairman, Youth Enterprise Development Fund Board through his letter Ref. YEDFB/CEO/378/2015 dated 23rd October, 2015 reported questionable transactions in the Fund's investment account in Chase Bank.
2. He attached two letters allegedly signed by the CEO, Catherine A. Namuye for internal transfer of a total of Kshs. 180,894,984 from the YEDF Account to Quorandum Ltd account in Chase Bank.
3. The YEDF had earlier directed the management to develop a policy for the investment of money which was not required immediately. It further guided that such money should be invested in a call deposit account in one of the top 20 banks accredited by Central Bank of Kenya that would offer the highest interest rate. This was in accordance with Section 12 (2) of State Corporations Act Cap 446 Law of Kenya, which states that "the Board may place on call deposit with such bank or banks as it may determine, any money not immediately required for the purposes of the Board." The YEDF Management invested in Chase Bank, which offered the highest interest rate.
4. Kshs. 400 million was rolled over from a previous investment and placed in a call deposit on 4th February, 2015 in Chase Bank after the audit committee compared quotations from other banks. The signatories to the account were the CEO Catherine A. Namuye, Judy Kimeto – Lending and Investment Manager, Mr. Benedict Atavachi – Finance Manager, Robert Mrima – Senior Accountant and Benson Mutwii – Accountant.

5. Documents obtained from Chase Bank indicates that on 23rd February, 2015 YEDF rolled over Kshs. 402,095,890.40 from a previous call deposit, which had matured, to a new call deposit. This was assigned account No. 0017054604027.

6. The same day, YEDF transferred Kshs. 115, 710,000 to account No. 0052075584001 in the name of Quorandum Ltd in the same bank leaving a balance of Kshs. 286,385,890.55

7. On 20th February, 2015, YEDF made a new deposit booking for Kshs. 219,815,054 and transferred Kshs. 64,654,789 to the account of Quorandum Ltd;

8. On 6th June, 2015, the account received a profit of Kshs. 3,857,302.50 on the deposit upon maturity and the deposit was withdrawn and reflected on the account totalling Kshs. 223,093,851.85.

9. On 17th June 2015, there was a cash deposit of Kshs. 2,687,594, bringing the balance to Kshs. 225, 781,445.85. The following day, cash Kshs. 5,966,301.35 was paid out leaving a balance of Kshs. 99,814,544.50.

10. On 13th July, 2015, Kshs. 120,000,000 was transferred to KCB account of YEDF leaving a balance of Kshs. 99,814,544.50.

11. On 12th August, 2015, Kshs. 99,814,044.50 was placed under call deposit leaving nil balance and on 14th August, 2015, the account received two internal account transfers totalling Kshs. 3,322,388.85.

12. On 16th September 2015, the account was credited with Kshs. 1,365,948.35 as profit for the deposit. The deposit was withdrawn and credited to the account, making a closing balance of Kshs. 104,297,489.45.

Quorandum Ltd transactions

13. Quorandum Ltd account was opened in September 2014. By 23rd February, 2015, it had a balance of Kshs. 571.25 when it received Kshs. 115,710,000 from YEDF. There were several withdrawals and transfers from the account.

14. On 4th May, 2015, the account received another amount of Kshs. 64,654,789 from YEDF and as at 10th November 2015, the account had a balance of Kshs. 1,184,326.75. This amount was preserved through a court order upon DCI application.

15. The following transfers through RTGS were made from the account of Quorandum Ltd in Chase Bank to account no. 0102497392600 in the name of Quorandum Ltd in Standard Chartered Bank: -

	Date	Amount (Kshs.)
i.	26th February, 2015	4,800,000
ii.	5th March, 2015	4,600,000
iii.	12th March, 2015	4,700,000
iv.	24th March, 2015	4,500,000
v.	10th April, 2015	3,500,000
vi.	12th May, 2015	6,800,000
vii.	19th May, 2015	8,000,000
viii.	6th August, 2015	3,000,000
ix.	14th October, 2015	2,000,000
	TOTAL	**41,900,000**

16. On 12th March, 2015, Kshs. 3,000,000 was transferred through RTGS from the account of Quorandum Ltd in Chase Bank to account No. 1250262956474 in Equity Bank in the name of GigSavvy Plus Ltd

17. The following transfers through RTGS were also made from the account of Quorandum Ltd in Chase Bank to Acc. 0030081198210 in the name of **Duchess Park Development Company Ltd in I&M Bank.**

	Date	Amount (Kshs.)
i.	30th March, 2015	8,000,000
ii.	2nd April, 2015	8,100,000
iii.	10th April, 2015	10,000,000
iv.	16th April, 2015	11,200,000

	Date	Amount (Kshs.)
v.	24th April, 2015	11,200,000
	TOTAL	**48,500,000**

18. Other transactions: -

	Date	Amount (Kshs.)	Account No.	Beneficiary	Bank
i.	2nd April, 2015	2,246,000	0500439009	Dilshad S. Mohammed	Diamond Trust Bank
ii.	10th April, 2015	1,500,000	1154048411	GigTych Africa Ltd	Kenya Commercial Bank
iii.	5th May, 2015	880,000	0100193713300	Yogesh Kumar Bhardwaj	Standard Chartered Bank
iv.	5th May, 2015	1,000,000	1134166613	Simis Engineering and Construction Company Ltd	Kenya Commercial Bank
v.	5th May, 2015	1,000,000	112392061	Abdi Mohammed	Kenya Commercial Bank
vi.	5th May, 2015	4,500,000	00400616481211	Rock Plant Kenya Ltd	I & M Bank
vii.	21st May, 2015	8,000,000	070025007332504	Ngigi Mbugua & Advocates	Eco Bank Ltd
viii	25th May, 2015	10,000,000	070025007332504	Ngigi Mbugua & Advocates	Eco Bank Ltd
	TOTAL	**29,126,000**			

19. On 13th May, 2015, GBP 57,000 was transferred to account No. GB31LOYD3000204014907 in the name of BritCom International Ltd in Deutshe Bank Ag. London for purchase of excavator and breaker vide invoice No. 15409.

20. The case is under active investigation and will be escalated to the Office of the Director of Public Prosecutions and the Director, Asset Recovery Agency upon completion.

Investigation Report on the late Simon Mwangi

21. This case was initially investigated by Diani Police Station but has been taken over the DCI upon learning of it from the media. A team of homicide investigators from the DCI headquarters was instructed to take over the investigations as it is turning up to be a case of interest.

22. The deceased who was aged 33 years at the time of his death, was working as a driver with YEDF.

23. On Saturday, 17th October, 2015, the deceased was at Tamarind Hotel, Mombasa where he had driven the YEDF Director, Mr. Clement Ayungo for a seminar that was held at the said hotel.

24. On Sunday, 18th October, 2015, at around 2100hrs, the Director, Mr. Ayungo instructed the deceased to drop him and Director Omar Sabra at Tudor Estate and Likoni respectively. Mr. Sabra was therefore dropped at Tudor at around 2130hrs with Mr. Ayungo being dropped at Likoni.

25. Mr. Ayungo instructed Mr. Mwangi to drive on to Diani Kivulini Cottages promising to join him later. The deceased is alleged to have arrived at the said cottages promising to join him later. The deceased is alleged to have arrived at the said cottage at around 2230hrs driving his employer's motor vehicle Registration No KBQ 009D Toyota Hilux Double Cabin. He is said to have been alone at the time.

26. Later, Mr. Ayungo is said to have arrived at Kivulini Cottages at around midnight in a taxi. At the cottage, there was a meeting that was being attended by officials of the Student's Union of Nairobi University (SONU). Amongst those present was Mr. Babu Owino, SONU Chairman. The guests present were about twenty.

27. The revellers are said to have been partying beside the swimming pool at the cottage. The Director states that the deceased joined them at 2000hrs. He talked to the deceased and informed him that he would spend the night at the cottage and leave the following day.

28. He further stated that he retired to his room at around 0300hrs leaving the deceased and other guests at the poolside. At around 0400hrs, the Director alleged that he realized that his cell phone was missing and he decided to check for it at the poolside. He further avers that he

did not find any guest at the poolside when he got there. However, he states that he saw a dark object inside the swimming pool.

29. Upon getting nearer, he realized that it was a human being. He stated that he tried to pull him out of the pool though his efforts did not bear any fruits. He then raised alarm for assistance. He alleges that the other guests responded to his alarm for assistance. It is stated that they subsequently managed to pull out the now unconscious Mwangi out of the pool. They took him to Diani Beach Hospital where he was pronounced dead on arrival.

30. The deceased is said to have been clad in underwear only. His shoes, socks, trouser, shirt, mobile phone, wallet, belt were recovered in the vehicle's front cabin.

31. The guests were all interviewed but nobody claims to have seen the deceased venturing into the swimming pool.

32. A post mortem examination was performed on the body on 20th October, 2015 at Aga Khan Hospital. The pathologist attributed the death to have been "consistent with asphyxia due to drowning"

33. An inquest file No. 7/2015 has been opened with regard to this sudden death. Upon completion, it will be escalated to the Office of the Director of Public Prosecutions for advise.

34. The outcome of the investigation will be communicated as appropriate.

Committee Observation

The Committee observed that the Director, Directorate of Criminal Investigations took inordinately long to commence investigations into the alleged fraud at YEDF and only did so following extensive media reports on the matter.

3.4.8 Evidence by Mr. Alex Nandi, CEO, Financial Reporting Centre

Mr. Alex Nandi, Chief Executive Officer of the Financial Reporting Centre (FRC) submitted the position of the FRC in writing, Ref. FRC/CORR/62/03/2016 dated 31st March, 2016.

He submitted THAT—

1. The Principal objective of the Centre as Stipulated by Section 23 of the Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), is to assist in the identification of the proceeds of crime and the combating of money laundering and the financing of terrorism.
2. Without prejudice to this, the FRC makes information collected by it available to investigating authorities, supervisory bodies and any other bodies relevant to facilitate the administration and enforcement of the laws of Kenya. The FRC also ensures compliance with international standards and best practice in anti-money laundering measures.
3. The FRC as the country's financial intelligence unit (FIU) is required to serve as a national Centre for the receipt and analysis of: -
    a) Suspicious transaction reports; and
    b) Other information relevant to money laundering, associated predicate offenses and terrorist financing, and for the dissemination of the results of that analysis. The Centre is not an investigatory agency.
4. Information received by the Centre does not necessarily comprise of illegal transactions but they are reported to the FRC by reporting institutions because it is unusual or suspicious from the view point of the reporting institution. To safeguard the interests of innocent parties and to prevent misuse or abuse of information handled by the FRC, both the Proceeds of Crime and Anti-Money Laundering require the safeguarding of information reported to an FIU. On this account, very strict legal and operational safeguards are placed on the information received by the FRC, the handling of that information and the dissemination of reports by FRC.
5. Section 24(b) of the Proceeds of Crime and Anti-Money Laundering Act, 2009 requires the FRC to send information received under the Act to appropriate law enforcement authorities, any intelligence agency or any other appropriate supervisory body for further handling if, having considered the report, the Director has reasonable grounds to suspect that the transaction involves proceeds of crime, money laundering or financing of terrorism.
6. The law places heavy penalties for misuse or wrongful disclosure of information received and handled by the FRC.

7. Further, the Financial Action Taskforce Recommendations (and specifically recommendation No. 29 and its interpretive note) which are the international standards for money laundering, terrorism financing and proliferation of weapons of mass destruction require FIUs to disseminate information and the results of FIUs analysis to relevant competent authorities with designated responsibilities for combating money laundering and/or terrorist financing. In particular, it includes the FIU, the authorities that have the function of investigating and/or prosecuting money laundering, associated predicate offenses and terrorist financing, and seizing/freezing and confiscating criminal assets; authorities receiving reports on cross-border transportation of currency and Bearer Negotiable Instruments (BNIs) and authorities that have AML/CFT supervisory or monitoring responsibilities aimed at ensuring compliance by financial institutions and Designated Non-Financial Business and Professions (DNFBPs) with AML/CFT requirements.
8. Many suspicious transaction reports (STRs) contain highly confidential information and unproven allegations about private citizens and legal entities, both which could damage the interests or reputations of the subjects mentioned in the STRs, if made public. STR confidentiality is central to the AML/CFT system and is one of the cardinal conditions enabling the participation of reporting institutions. The violation of STR confidentiality constitutes a legal and reputational risk to FRC and may put to question the operational independence of the FRC. This may also be construed as a violation of FATF standards, of which Kenya subscribes.

Committee Observations

The Committee observed THAT –

1. The Centre gave very scanty and unwilling information to the Committee in total disregard and appreciation of the functions of the National Assembly under Article 95(4)(c) on the role of National Assembly *inter alia; The National Assembly shall exercise oversight over national revenue and its expenditure,* the role of Parliament being the protector of the Constitution and promoter of good governance.

2. The Centre also is in breach of Article 35 of the Constitution since the matter is a public interest matter that has resulted into substantial loss of funds.
3. Under section 24(a) of the Proceeds of crime and the Anti- Money Laundering, the Centre is obligated to receive, analyse and interpret—
    a) reports of unusual or suspicious transactions made by reporting institutions pursuant to Section 12 of the Act;
    b) all reports made under section 44 of the Act
    c) information disclosed to it pursuant to Section 42 of the Prevention of terrorism Act; and
    d) any other additional or other information disclosed to it and obtained by it in terms of this Act.

    Upon establishing that a transaction is unusual or suspicious, the centre shall report the transaction to the investigative authorities.
4. The Centre did not communicate to the reporting institution- Chase Bank (K) Ltd of any clearance of the transaction on the Quorandum Ltd account; FRC did not also table any information to the Committee on any reporting made to the investigative agencies.
5. The Financial Reporting Centre negligently and through its non-action contributed to the loss of Funds at the YEDF and should be held responsible.

3.4.9 Evidence by the Principal Secretary, Ministry of Foreign Affairs and International Trade

Ms. Lucy Kiruthu on behalf of the Principal Secretary, Ministry of Foreign Affairs and International Trade submitted the position of the Ministry in writing, Ref. MFA/REL.13/28 VOL.89/ (91) dated 12th April, 2016. She submitted THAT—

1. The late Mr. Donnie Collins Reeves was born on 11th February, 1954 and died on 1st April, 2015 at age 61. He could have been having a son by the same names that could be in his 30s.
2. The deceased was an ERP specialist at Enterprise Electronics Corporations (since 1989) and a Data Processing Manager at Enterprise Electronics Corporation which is in the television broadcasting industry.
3. The deceased contacts are as follows: -

Email: donniecreeves@hotmail.com, donniecreeves@address.com, profma42gl@aol.com, dreeves16@aol.com, donni@eecradar.com

Address: Last known address since 1999 is 411, Eton Dr. Dothan, Alabama 36305, prior to that, he lived in 102 Wembley CT Dothan, Alabama 36305 in 1998.

USA business contacts locations are 128 S Industrial Boulevard Enterprise AL 36330 and the phone number is 2233473478.

4. There could not have been contact after 1 April 2015 after Mr. Reeves died.

Committee Observations and Findings

The Committee observed THAT: -

(i) During his appearance before the Committee, Mr. Mukuria Ngamau gave false information on the particulars of Mr. Donnie Collin Reeves; that he resided in Michigan, USA and that he was in contact with Mr. Reeves.

(ii) There is no evidence of communication between Mr. Mukuria Ngamau and the late Mr. Reeves who died on 1st April, 2015, contrary to the evidence adduced by Mr. Ngamau during his appearance before the Committee.

3.4.10 Evidence by the Registrar of Companies

Ms. Alice Mwendwa, on behalf of the Registrar of Companies in the Office of the Attorney General submitted the position of the Registrar General in writing, Ref. CR13.C dated 13 April, 2016.

She submitted THAT—

1. Quorandum Ltd

Names	Address	Nationality	Shares
Mukuria Ngamau	P. O. Box 21415-00505 Nairobi	Kenyan	80,001
Doreen Waithera Ng'ang'a	P. O. Box 21415-00505 Nairobi	Kenyan	NIL
	Non-Director Shareholders		

Wanjiku Ngamau	Tabitha	P. O. Box 21415-00505 Nairobi	1
		TOTAL	**80,002**

The registered office is LR: 1870/1/138 Peponi Road, Westlands, P. O. Box 14843-00800, Nairobi.

2. K-SUSU International Ltd

According to the Company, records as at incorporation (no annual returns filed), the names of the directors/shareholders are as follows:

Names	Description	Address	Nationality	Ordinary Shares
Winny Chepkorir	Director	P.O.BOX 50232-00100, Nairobi	Kenyan	100
Purity Cherotich	Director	P.O.BOX 50232-00100, Nairobi	Kenyan	100
Kiprono Yegon Hillary	Director	P.O.BOX 50232-00100, Nairobi	Kenyan	800
			TOTAL	**1000**

Company was registered on 11 September 2014. The registered office of the Company is situated at LR No. 209/514 Moi Avenue, P. O. Box 50232-00100, Nairobi.

The Company registration number is CPR/2014/160263.

2. Gigsavvy Plus Ltd

According to the Company records as at incorporation (no annual returns filed), the names of the directors/shareholders are as follows: -

Names	Description	Address	Nationality	Ordinary Shares
Winny Chepkorir	Director	P.O.BOX 510-00517, Nairobi	Kenyan	300
Purity Cherotich	Director	P.O.BOX 510-00517, Nairobi	Kenyan	300
			TOTAL	**600**

The Company was registered on 29 August 2014. The registered office of the Company is situated at LR No. 209/4 Langata Road, P. O. Box 510-00517, Uhuru Gardens.

The Company's registration number is CPR/2014/158461.

3. Gigtych Africa Ltd & Industries D'Amico Ltd

The above business names/companies do not appear in the Registrar's database of registered businesses/companies.

3.5 EVIDENCE BY FORMER MINISTRY OF DEVOLUTION AND PLANNING OFFICIALS

3.5.1 Evidence by Ms. Anne Waiguru, former CS, Ministry of Devolution and Planning

Ms. Anne Waiguru, former Cabinet Secretary for Ministry of Devolution and Planning appeared before the Committee on 24th March, 2016 to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

She submitted THAT—

The Role of the Ministry of Devolution in Management and Supervision of the Fund to Realize its Objectives

1. The role of the parent Ministry with regards to State Corporations is defined in the State Corporations Act (1986) and the National Government Coordination Act (2013). The role of the Ministry is general policy formulation and guidance including forwarding the annual budget proposals to Treasury for approval.
2. The Board of the Youth Enterprise Development Fund is responsible for the supervision of the activities of the Fund. The Youth Enterprise Development Order of 2007 mandates the Board to manage and administer the Fund in such a manner as to realize the objects and purposes for which the Fund is established.

3. Section 15 of the State Corporations Act provides that a Board shall be responsible for the proper management of the affairs of a State Corporation and shall be accountable for the monies, the financial business and the management of the State Corporations.

4. The *Mwongozo* Code of Governance for State Corporations provides that the Boards should ensure the development of a policy on risk management which should take into account sustainability, ethics and compliance risks.

5. The Principal Secretary, State Department of Planning represented the Ministry on the Board during the former Cabinet Secretary's tenure in accordance with Section 6 (c) of the State Corporations Act and rule 5 of the Youth Enterprise Development Fund Order, 2007.

6. The Principal Secretary as a member of the Board is under the collective obligation to adhere to the aforementioned mandate. As the accounting officer in the parent Ministry, the Principal Secretary has over and above the other Board members, a fiduciary duty to comply with the principles of public finance as articulated under Article 201 of the Constitution of Kenya.

7. As the link between the Ministry and the State Corporation, the Principal Secretary had a duty to brief the Cabinet Secretary on issues of concern that came to his attention. On the loss funds at YEDF, at no point did the Principal Secretary issue a written brief to the Cabinet Secretary.

8. The Inspectorate of State Corporations did not also raise any flag against the Board of the YEDF during her tenure;

9. The former Cabinet Secretary did not publicize the loss of funds at the YEDF as she did the NYS saga because investigative agencies were already handling the matter when she found out about it, unlike the NYS case that was unknown at the time.

Matter of Fraud at the YEDF Board

10. The Cabinet Secretary indicated that she was not aware of the circumstances under which the alleged fraud took place and as the Cabinet Secretary responsible for Youth Affairs then, she learnt of the fraud following the suspension of the former acting CEO, Ms. Namuye vide

a letter dated 23rd October, 2015 from the Chairman of the Board. On the same letter, she instructed the then Principal Secretary, Eng. Peter Mangiti to follow up on the matter.

11. On the same day, she was copied in a letter written by the Board Chairman inviting the Directorate of Criminal Investigations to carry out investigations on suspicious transactions at the YEDF account.

12. The Principal Secretary wrote to the Board Chairman in a letter dated 26th October, 2015, asking him to invite the Ethics and Anti-Corruption Commission and copied to the Cabinet Secretary. On the same letter, the former Cabinet Secretary asked the Principal Secretary to obtain an administrative report which was meant to provide details on circumstances that led to Ms. Namuye's suspension. This was because the former Cabinet Secretary did not know the details of the suspension at this point.

13. She emphasized the use of the word 'also' in her handwritten note to indicate that the administrative report was in addition to the action by law enforcement agencies investigating the matter.

14. On 4th November, 2015, the former Cabinet Secretary was copied in a letter by the Principal Secretary inviting the Ethics and Anti-Corruption Commission to investigate the matter.

15. She resigned from Cabinet on 21st November, 2015 before she could receive the administrative report.

16. As the Cabinet Secretary, she could not institute separate measures other than those provided under the State Corporations Act, Public Finance Management Act, the Public Audit Act and the *Mwongozo* Code of Governance as she did not have the necessary powers to do so.

Role of Board Chairman in Running Affairs of the Fund

17. The role of the Board Chairperson of the Fund is like any other Chairperson as articulated under section 15 of the State Corporations Act and the *Mwongozo* Code of Governance. The role is non-executive in nature.

Integrity of some of the YEDF Board Members

18. There were investigations against a sitting Member of the YEDF Board with regards to loss of funds at the National Youth Service (NYS). The investigations are separate from the one

involving the loss of Kshs. 791 Million at NYS in which the former Cabinet Secretary is under investigation. The particular YEDF Board Member under investigations by the Ethics and Anti-Corruption Commission was appointed by the former Cabinet Secretary, Ministry of Devolution and Planning, as was the practice with all Board Members in State Corporations.

Appointment of a substantive Board CEO

19. The former Cabinet Secretary further informed the Committee that she did not recall any request from the Board to confirm Ms. Namuye as the substantive CEO of the Fund. She received a letter from the then YEDF Board Chairman, Mr. Gor Semelango dated 20th January, 2014 asking her to advise on who among five (5) listed candidates should be appointed CEO. She did not pronounce herself on the matter owing to pending court cases on the same issue;

Committee Observation

The Committee observed THAT–

(i) The former Cabinet Secretary only learnt of the loss of funds following the letter dated 21st October, 2015 copied to her by the Board Chairman, Mr. Bruce Odhiambo. She instructed the then Principal Secretary, Eng. Peter Mangiti to follow up on the matter.

(ii) She resigned from the Cabinet on 21st November, 2015 before she received a conclusive report on the matter from the Principal Secretary, State Department of Planning.

3.5.2 Evidence by Eng. Peter Mangiti, former PS, State Department of Planning

Eng. Peter Mangiti, former Principal Secretary, State Department of Planning in the Ministry of Devolution and Planning appeared before the Committee on 22nd March, 2016 to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

He submitted THAT–

On the role of the Ministry in Management and Supervision of the Fund

1. The Ministry of Devolution and Planning exercised oversight and supervision of the Fund in several ways including approving the annual budget of the Fund with the National Treasury and determining the composition of the Board by appointing majority of Board members.

2. The Ministry also monitors the financial and general performance of the Fund and reports to the Cabinet on these matters. The Principal Secretary responsible for Youth Affairs is also represented in the YEDF Board.

Circumstances Leading to the Loss of Kshs. 180 Million from the Youth Enterprise Development Fund

3. The former Principal Secretary enquired from the Chairman of the YEDF Board the date of the next Board meeting on or about 19th October 2015. He wished to personally attend the meeting as he wanted to offer advice on the matter of Disposal of Hatcheries by the Fund which was on the agenda.

4. A special meeting had been scheduled for 21st October, 2015 which he attended. The Chair of the Audit Committee presented two letters allegedly signed by the then Acting CEO Ms. Namuye, giving instructions for transfer of funds from the YEDF account at Chase Bank.

5. The Acting CEO upon questioning by Board Members denied having signed the letters and indicated she had no prior notice of the letters' existence. The Board deliberated and resolved to invite investigative agencies in the matter.

Measures initiated by the Principal Secretary as the Ministry's Accounting Officer

6. He gave proper direction with regards to steps to be taken when the matter came up during the special meeting held on 21st October, 2015. He also briefed the Cabinet Secretary on the matter.

7. On 22nd October, 2015, he called Ms. Namuye to his office and further questioned her on the two letters authorizing payment to Quorandum Ltd; she denied knowledge of the letters and stated that no money had left the Fund's account at Chase bank.

8. He then advised the CEO to obtain documentary proof from the Bank, which she undertook to do by the close of that working day. However, no documents were submitted and Ms. Namuye did not respond to his calls thereafter.

9. The Board Chairman then wrote to the Directorate of Criminal Investigations (DCI) on 23rd October, 2015 in line with the Board resolution. The Principal Secretary noted that contrary to his advice, the Ethics and Anti-Corruption Commission (EACC) had not been invited to look into the matter.

10. On 26th October, 2015, the Principal Secretary wrote to the Board Chairman advising him to call the EACC. He also copied his Cabinet Secretary in the letter. The Cabinet Secretary in a comment on the same letter asked him to get an administrative report from the CEO. He did not act on these instructions since the officer had been suspended by an administrative action of the Board and the matter was under investigation by independent agencies.

11. On 4th November, 2015, he wrote to the EACC inviting them to move in and investigate the matter. This was after he realised that the Board Chair had not heeded his advice to call in the Commission. This letter was copied to the Chief of Staff and Head of Public Service and the Chairman of the Fund. **(Annexure 36)**

12. On 5th November, 2015, the EACC acknowledged that it had taken up the matter.

The Suspension of Former Acting CEO and Mr. Benedict Atavachi

13. The Principal Secretary was briefed by his alternate who sits in the YEDF Board that the Audit Committee met on the 22nd October, 2015 to deliberate on the matter and made a recommendation to the Board to suspend Ms. Namuye and Mr. Atavachi pending the outcome of the investigations.

14. The Board in a special meeting held on 23rd October, 2015 accepted this recommendation against the officers after which the Chairman wrote to the two informing them of the Board decision. The Principal Secretary and Cabinet Secretary were copied in the two letters.

Role of the Board Chairman in running the affairs of the Fund

15. In keeping with the provisions of the State Corporations Act and the Youth Enterprise Development Fund Order 2007, the position of the Chairman of YEDF Board is non-

executive. His role is limited to organizing and coordinating Board affairs, calling for and chairing meetings as well as presiding over the evaluation of the performance of management.

Committee Observations

The Committee observed that: -

1. Prior to the Board meeting of 21st October, 2015, the former Principal Secretary was not aware of the loss of Kshs. 180 Million at YEDF. The Board appeared to be equally in the dark on the matter up to that point.
2. That he had not been briefed by his alternate representative in the Board.

3.6 EVIDENCE BY FINANCIAL INSTITUTIONS AND AUDIT TRAIL

3.6.1 Evidence by Chase Bank (K) Ltd Officials

Mr. Patrick Ole Narikae, the Director of External and Regulatory Affairs at Chase Bank accompanied by Ms. Iman Hussein (General Manager, Consumer and Islamic Banking), Mr. Ken Ouko (Former Director of Business Development at Chase Bank) Ms. Jedidah Kabiru (Relationship Manager) Mr. Okalle Makanda (Chase Bank Head of Legal) and Mr. Cecil Miller (the Advocate for Chase Bank) appeared before the Committee on 15th March, 2016 to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

He submitted THAT—

1. The Youth Enterprise Development Fund has been a customer of Chase Bank (K) Ltd for the last four years and has operated a fixed deposit account and current account under the Bank's Islamic Banking window named Chase Iman where Iman means faith.
2. The Youth Enterprise Development Fund has placed various deposits with Chase Bank (K) Ltd over this period and on maturity of the deposits they would either renew the principal amount for a new tenure or transfer profits to their other YEDF accounts in other banks.
3. On this specific deposit of Kshs.400 Million it was placed with the bank in August 2014 and was to mature in October 2014.
4. Upon maturity the principal was rolled over to mature in January 2015.

5. On the 4th February 2015, the Bank received a letter from YEDF instructing the Bank to roll over the deposits so as to mature in two months in April 2015.

6. Shortly after, on 12th February, 2015 the Bank received a letter from YEDF to pay Quorandum Ltd Kshs. 115,710,000.00 out of the fixed deposit which had been rolled over on 4th February, 2015. The letter was addressed to the Director of Business Development Mr. Ken Ouko which came attached with a business card of the Youth Enterprise Development Fund CEO Ms. Catherine A. Namuye. He then forwarded the letter to the General Manager for SME and Islamic banking, Ms. Iman Hussein.

7. Ms. Iman Hussein had discussions with the Relationship Manager for the account Ms. Jedidah Kabiru and she was made aware that the deposit had been rolled over only eight days earlier.

8. Ms. Iman Hussein called the CEO of the Youth Enterprise Development Fund to verify whether the instructions had emanated from her and queried why they wanted to liquidate the deposit yet it had been placed a few days before. The Youth Enterprise Development Fund CEO's response was that they needed to make payments.

9. That evening, the CEO of Youth Enterprise Development Fund contacted Mr. Ken Ouko and complained about other bank officers calling her and expressed her desire to engage directly with a senior person.

10. Ms. Jedidah Kabiru reported to the General Manager SME and Islamic Banking after verifying with the Bank system that the YEDF requires two signatories and the letter only had one signatory which was irregular.

11. Ms. Iman Hussein also confirmed that the beneficiary account, Quorandum Ltd had never received such huge payments before and in fact had only received Kshs. 3,000 during the lifetime of the account.

12. Ms. Iman Hussein and Mr. Ken Ouko then had a discussion and were not comfortable with the transaction due to the above stated issued and agreed not to act on the transaction.

13. They thus jointly wrote a letter to the YEDF CEO advising them that the Bank could not honour their instructions as the mandates and their instructions did not match. **(Annexure 37)**

14. On 20th February, 2015, the Bank received a Board Minutes extract from the YEDF dated 17th February, 2015 signed by the Chairman, Mr. Bruce Odhiambo and the CEO Ms. Catherine A. Namuye giving two categories of signatories.

    Category 1 had the CEO, Ms. Namuye and the Lending and Investment Manager, Ms. Judy Kimeto.

    Category 2 had the Finance Manager, Mr. Benedict Atavachi, the Senior Accountant, Mr. Robert Mrima and another accountant, Mr. Benson Mutwii.

    The Board extract also indicated the CEO could sign off any instructions on her own and in her absence, two signatories could sign, with one being a mandatory signatory.

15. The Board Minutes extract was then followed by the signatures cards which were used to update the signature mandates.

16. The Bank had sufficient documentation to effect the first transfer of Ksh. 115,710,000.00 to the Quorandum Ltd account. This was done on the 23rd of February 2015.

17. Even after payment, the Bank was still uncomfortable with the transaction so in keeping with the Central Bank of Kenya Prudential Guidelines, Proceeds of Crime and Anti-Money Laundering Act and in the interest of protecting public funds, it froze the Quorandum Ltd account and restricted any access to funds on the same day.

18. The customer was thus advised to provide supporting documentation for the payment of Kshs. 115,710,000.00.

19. Quorandum Ltd then delivered invoices to the Bank on 24th of February, 2015. The Bank was still not satisfied with that documentation and then advised the customer that it further required contracts for the same which were received on 25th February, 2015.

20. Further, the YEDF CEO, Ms. Catherine A. Namuye confirmed the contract and the supporting invoices on 25th February 2015 through email. **(Annexure 38).**

21. At this stage and given the fact that the Bank had obtained all supporting comments from both parties in the transactions namely: Youth Enterprise Development Fund and Quorandam Ltd, the Bank had no choice but to allow the customer to access the funds.

22. It is important to note that from the initiation of this transaction, due diligence and access to funds took almost two weeks.

23. Even as the above transaction was done, the Bank was still uncomfortable and on 5th March, 2015 initiated a report under the proceeds of crime and anti-money laundering regulations to the Financial Reporting Centre (FRC) as a suspicious transaction report which was acknowledged on the 11th March 2015. **(Annexure 39)**

24. It is important to note that at the time of reporting to the Financial Reporting Centre (FRC), only a sum of Kshs. 6,402,439.00 out of the Kshs. 115,710,000.00 in the account had left the bank from the Quorandum Ltd account.

25. On 6th April, 2015, the balance of Kshs. 219,815,054.00 was booked in the fixed deposit account and rolled over for two months as per the instructions issued by Youth Enterprise Development Fund.

26. On 27th April, 2015, the Bank received a letter from the Youth Enterprise Development Fund to transfer a further Kshs. 64,654,789.00 to Quorandum Ltd, however, the account did not have sufficient funds. **(Annexure 40)**

27. The Bank then contacted the CEO of Youth Enterprise Development Fund to inform her of the same. She then sent amended instructions to transfer Kshs. 64,654,789.00.

28. Ms. Jedidah Kabiru then received the letter and informed Ms. Iman Hussein. Based on the fact that the account had been flagged earlier, Ms. Hussein instructed Ms. Kabiru to get direction from the Bank's Risk department on the way forward.

29. The bank had conducted due diligence as follows:-

    (i) Received updated mandates for the operation of the Youth Enterprise Development Fund through a Board extract;

    (ii) Obtained a contract and invoices between Youth Enterprise Development Fund and Quorandum Ltd;

    (iii)Reported the transaction to FRC as suspicion transaction.

30. The Bank's Risk department advised that due to the above, the Bank could proceed with the transaction.

31. On 10th July 2015, the Bank received instructions from Youth Enterprise Development Fund to liquidate the deposit of Kshs. 219,815,054.00 and transfer Kshs. 120,000,000.00 to the YEDF account held at Kenya Commercial Bank, which it effected (**Annexure 41**).

32. On 10th August 2015, the Bank received instructions from Youth Enterprise Development Fund to roll over Kshs. 99,815,054.00 for two months. On maturity, the Bank did not receive any instructions from Youth Enterprise Development Fund due to the ongoing investigations, thus funds matured automatically into their current account held by Chase Bank.

33. On 8th December, 2015, the Bank received a one-off signing mandate for operating the YEDF account signed by the Chairman, Mr. Bruce Odhiambo and the acting CEO Mr. Emmanuel Odero to transfer the remaining funds held at Chase Bank (K) Ltd to their account at the Kenya Commercial Bank. (**Annexure 42**)

34. The Bank received a letter from the Acting CEO for the Youth Enterprise Development Fund, Mr. Emmanuel J. Odero dated 11th December,2015 requesting for several documents relating to the operations of the Youth Enterprise Development Fund account.

35. The Bank replied to this letter on 18th December, 2015 reiterating that the Fund had issued a new mandate and this name was not included in the list of mandates. The Bank further indicated that the said letter/latest mandate only related to the specific transaction transfer and was only a one-off sign off mandate and as such the Youth Enterprise Development Fund's account had no mandate at that time and could therefore not oblige the request. (**Annexure 43**)

36. Chase Bank (K) Ltd received a letter dated 25th February, 2016 from the Acting CEO Mr. Emmanuel Odero asking for information regarding the Youth Enterprise Development Fund account. The bank replied on 3rd March 2016 reiterating what had been stated in the earlier letter dated 18th December, 2015. (**Annexure 44**)

Steps taken by the Bank to Prevent Misappropriation and Loss of Public Funds

37. Chase Bank (K) Ltd officials reiterated that Chase Bank (K) Ltd, took every necessary step to prevent the misappropriation of funds and loss of public funds by ensuring that it raised red flags and questioned the following: -

(i) The nature of instructions emanating from the Youth Enterprise Development Fund;

(ii) The type of relationship existing between the Youth Enterprise Development Fund and Quorandum Ltd;

(iii) The nature of transaction that resulted or required the transfer of such huge funds and most importantly the Bank even delayed effecting the Youth Enterprise Development Fund instructions and transfer of funds and further froze the Quorandum Ltd account in its attempts to ensure that no misappropriation or loss of public funds took place.

(iv) On top of this all, the Bank reported the entire transaction to the Financial Reporting Centre as a suspicious transaction.

Committee Observations

The Committee observed THAT–

(i) Chase Bank (K) Ltd acted on instructions by the Chairperson and the CEO of the Youth Enterprise Development Fund dated 20th February, 2015 in which they communicated the two categories of signatories. Category 1 had the CEO Ms. Namuye and the Lending Investment Manager, Ms. Judy Kimeto as the signatories while category 2 had the Finance Manager, Mr. Benedict Atavachi and the Senior Accountant, Mr. Robert Mrima as signatories. The letter made reference to a board extract indicating that the CEO could sign off any instructions on her own and in her absence; two signatories could sign, with one being a mandatory signatory.

(ii) The suspended Ag. CEO Ms. Namuye signed off two letters dated 4th of February, 2015 and 27th April, 2015 instructing Chase Bank to pay Quorandum Ltd Kshs. 115,710,000.00 and Kshs. 65,184,946.00 respectively. The second amount was revised to Kshs. 64,654,789.00 upon realization that the account had insufficient balance to

transfer the instructed amount. The amounts were to be paid from the Fund's Fixed Deposit Account held with Chase Bank in which Kshs. 400 Million was deposited on 22nd August, 2014.

(iii) The Quorandum Ltd account at Chase Bank (K) Ltd, which was the beneficiary account, had only received Kshs. 3,000 during its lifetime before the transaction with the Youth Enterprise Development Fund took place.

(iv) The Bank made attempts to verify the nature of payments by delaying effecting of payments to Quorandum Ltd Payment was effected once all the necessary documentation including invoices and a contract had been provided to prove the nature of the transaction.

(v) The invoices and contracts presented by Quorandum Ltd differed from those presented by Chase Bank.

(vi) Chase Bank (K)Ltd complied with section 44 of the Proceeds of Crime and Anti-Money laundering Act and Regulation 5 of the Proceeds of Crime and Anti-Money Laundering Regulations 2013 by reporting the transaction to the Financial Reporting Centre as a suspicious transaction.

(vii) The Quorandum Ltd account at Chase Bank was opened in September 2014 yet Quorandum Ltd stated the account was opened in 2004.

(viii) The Ag. CEO Mr. Emmanuel Odero wrote to Chase Bank on 11th December, 2015 and 25th February, 2016 requesting for several documents related to the operation of the Fund's account. The Bank did not honour the request and noted that the account was subject of investigation by law enforcement agencies.

(ix) There was no transaction from the Quorandum Ltd account paying a Mr. Donnie Reeves Kshs. 117 Million as claimed by the Directors of the company.

(x) Any transaction by the Quorandum Ltd account required two signatories hence Ms. Doreen Ng'ang'a was involved in all transactions as a signatory. This was contrary to what the Committee heard from Ms. Ng'ang'a when she appeared before it.

3.6.2 Evidence by Standard Chartered Bank (K) Ltd Officials

Mr. David Idoro, the Head of Retail at Standard Chartered, accompanied by Mr. Peter Gitau (Chief Information Officer), Ms. Mary Runana (Head of Financial Crime Compliance) and Mr. Tom Indimuli (Head of External Relations) appeared before the Committee to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

They informed the Committee THAT–

1. Quorandum Ltd holds two accounts at Standard Chartered Bank (SCB) as follows:

   Account No. 0102497392600 KSHS. - *Opened on 13th November, 2002*

   Account No. 8702097392600 USD - *Opened on 23rd September, 2015*

2. **Source of Funds**: From the bank records, the source of funds for Account No. 0102497392600is mainly from the business of construction. The transactions in the account are mainly cash and cheques based and its clients are individuals, companies and other organisations that need construction services. The account is tagged under SME business segment and is currently managed under business clients in the retail client segment. The risk rating of the customer is Low Under Standard Due Diligence.

The Shareholding of Quorandum Ltd

3. The shareholding of Quorandum Ltd is as follows:

   Doreen Waithera 50%

   Mukuria Ngamau 50%

   Mr. Mukuria is the sole signatory of the account.

Transaction Analysis from November 2002 to 31st March 2016

4. Credits in the account are in the form of cash, cheques and a few funds transfers ranging from Kshs. 8,000,000. The total credits during this period amounts to Kshs. 202,706,234.40 and the total debits amount to Kshs. 190,363,399.25. these are summarized below: -

Period	Total Credits (Kshs.)	Total Debits (Kshs.)	Remarks
2002	6,360,000.00	2,625,594.00	All transactions in cash and cheques
2003	13,358,788.10	11,699,471.40	All transactions in cash and cheques
2004	11,559,890.85	17,629,092.80	All transactions in cash and cheques
2005	17,781,682.00	17,577,799.25	All transactions in cash and cheques
2006	3,939,246.00	3,376,103.80	All transactions in cash and cheques
2007	3,852,783.40	4,427,764.90	All transactions in cash and cheques
2008	17,577404.90	16,789,125.45	4 major credits – ITT with ref. Ericsson Kenya amounting to Kshs. 14,904,669.80. the rest in cheques and cash
2009	30,066458.70	29,717,233.75	Several ITTs mainly ref Quorandum/Ericsson Kenya amounting to Kshs. 24,775,781.35. the rest is in cheques and cash.
2010	8,392,105.65	8,381,503.30	Several ITTs with ref East Africa Portland, Ericsson K and Water Project amounting Kshs. 4,354,417.85. the rest in cash and deposits
2011	3,697,811.15	3,694,957.55	All transactions in cash and cheques
2012	6,571,086.00	6,435,610.00	All transactions in cash and cheques
2013	20,905,886.50	20,749,446.00	4 major credits in the account from Economic Housing Group Ltd amounting to Kshs. 15,307,318.50. 99% of debits in cash and cheques
01.01.2014 to 31.03. 2016	79,548,977.65	67,909,143.05	As analysed below

5. Out of the above, total credits in the account for the period 1 January 2014 to 31st March 2016 is Kshs. 79,548,977.65. The narration in most of the credits is projects, operations, equipment and supplies. A further analysis reveals that the main counterparts in the account are as follows:

Counterparty	No of Credits Recorded	Amount	Originating

	and Period	purpose of credit	(Kshs.)	Bank
Netis EA Ltd	6 credits in 2013/2014	Payment for Nakuru works	3,221,824.55	Bank of Africa
Economic Housing Group	5 credits in 2013	Housing Project	15,307,318.50	Chase Bank
Quorandum Ltd	10 credits btw Feb 2015 to October 2015	Operations, equipment, purchase, material supplies and project mobilisation	49,380,000.00	Chase Bank
		TOTAL	**67,909,143.05**	

6. The counterparties above contribute to 85% of the total credits in the account. From the credit narration, the transactions appear to be in line with customer's business.

7. For the period under review, the debits in the account total Kshs. 67,909,143.05 ranging between Kshs. Below 100 to Kshs. 6 million. Significant debits (above Kshs. 1 million) relate to three counterparties as summarised below: -

Counterparty	No of Debits and Period	Recorded purpose of debit	Aggregated amount (Kshs.)	Beneficiary Bank
Bruce Dominic Odhiambo	2 debits in March 2015	Payment supplies/consultancy	3,300,000.00	Cooperative Bank
Ezekiel Owuor	5 debits March 2015 – May 2015	Payment for invoice – material supply	8,799,450.00	Barclays Bank of Kenya
Industries D'Amico	2 debits in may 2015	Equipment Supply	10,254,500.00	Chase Bank (K) Ltd
		TOTAL	**22,353,950.00**	

8. From the analysis above including recorded source of funds and purpose of funds, the transactions appear aligned to the known nature of business. The transaction amounts are also below set thresholds and hence no alerts were generated for this account.

Standard Chartered Bank Kenya (SCB KE) Transaction Monitoring Framework

9. Due to the size of business, products and different business segment, SCB KE deploys a multi-pronged transaction monitoring framework which includes the following: -

i. Dedicated Automated Transaction Monitoring System

Detica V6.1 Transaction Surveillance Solution was deployed in SCB Kenya in December 2012. Currently 13 detection scenarios have been deployed. The detection scenarios engine is fed with data on customers and transaction from the core banking systems (eBBS). The scenarios aid in identifying matches for unusual pattern/typology linked to the Detection Scenarios at various frequencies. The threshold setting framework is based on customer profile and risk categorisation. For example, the individual/personal accounts segments will have various thresholds based on the risk categorisation of the customers within the business segment e.g. the individual/personal accounts will be segmented as low risk or high risk with different thresholds set for each of these risk categorisation. Risk categorisation considers Country/Geography Risk, Industry Risk/Business Type Risk, Customer Risk and Product Risk. Higher risk customers will have lower thresholds to allow for enhanced transactional monitoring than lower risk customers. Business clients, commercial and corporate client segments will also have different thresholds based on their customer profiles and risk categorisation.

ii. Manual Incident Report – "Internal Reports from Business"

This consists of unusual transaction reports reported by business (front line) during customer interaction such as account opening, periodic review and interactions during transactions.

iii. Event-driven reviews

This is a trigger based form of monitoring. In the event-driven model, the Bank reviews customer transactions based on media from credible sources; new trends among other triggers.

On Quorandum Ltd

10. All the transactions appeared to be aligned to customer's nature of business "construction projects". In addition, the transaction narration supports the known profile. The transactions were also within the set thresholds for a low risk (SDD) SME company hence

no alerts were automatically generated.

11. Mid-March 2016, the Bank became aware that the customer was implicated in the YEDF scandal in which they were paid Kshs. 180 million in their other account with Chase Bank (K) Ltd The funds were purportedly for alleged consultancy services for the design of a comprehensive ICT strategy and Enterprise Resource Planning (ERP) design. This triggered an immediate review of the customer's account conduct. The review covered customer transactions from January 2015 to March 2016.

12. The Bank's review identified the following anomalies: -

i. Customer known nature of business in the Bank's records is construction and not ICT consulting;

ii. Between February 2015 to October 2015, the customer had received Kshs. 49.3 million from Chase Bank (K)Ltd account alleged to have received the proceeds of the fraud;

iii. One of the beneficiaries of the funds Mr. Bruce Odhiambo received Kshs. 3,300,000 on account of supplies. It was unusual that the said counterparty was the Chairman of the YEDF.

13. Based on the three facts above, the Bank filed a Suspicious Transaction Report with the Financial Reporting Centre on 16th March, 2016 (Ref.STR-2015-019-SCB). The Bank continues to provide the Centre with the requisite information. The conduct and severity of the adverse media also triggered a relationship review. A fund preservation order was received on 31 March 2016 which the Bank effected immediately.

14. The Bank continues to cooperate with the FRC and other law enforcement agencies in their investigations.

Committee Observations and Findings

The Committee observed THAT–

(i) There were transactions from Quorandum Ltd account at Standard Chartered Bank (K) Ltd to Mr. Bruce Dominic Odhiambo's Cooperative Bank (K) Ltd account amounting to Kshs. 3,300,000/- (Three million, three hundred).

(ii) Quorandum Ltd.'s account was on the verge of dormancy until it received funds from

the YEDF.

(iii) In the year 2015, Quorandum Ltd.'s account at Standard Chartered Bank received nearly 90% of all the credits from its account at Chase Bank (K) Ltd where the Kshs. 180,367,789 million had been transferred to from the YEDF's fixed deposit/call account

3.6.2.1 The Audit Trail of Kshs. 180,367,789 from YEDF Accounts at Chase Bank (K) Ltd to Quorandum Ltd

(a) Movement of Funds from YEDF Fixed/Call Deposit Account at Chase Bank (K) Ltd to Quorandum Ltd

1. Chase Bank (K) Limited when appearing before the committee provided a certified summary of YEDF Fixed Deposit/Call account from 27th February 2012 to 10th December 2015 as shown in the table 3.0:

Table 3.0 YEDF ACCOUNT AT CHASE BANK (K) LTD FROM 27TH FEBRUARY 2012 TO 10TH DECEMBER 2015

DATE	AMOUNT RECEIVED (Kshs.)	REMMITANCES OF PRINCIPAL AMOUNT TO YEDF ACCOUNT (Kshs.)	TRANSFERS TO QUORANDUM LTD (Kshs.)
27th Feb 2012	200,000,000.00		
13th April 2012	50,000,000.00		
16th April 2012	200,000,000.00		
7th June 2012	201,661,000.00		
30th Oct 2012	200,300,000.00		
4th Jan 2013	130,077,680.75		
22nd Feb 2013		200,300,000.00	
25th Oct 2013		403,595,597.09	
25th Oct 2013		381,087,885.68	
11th March 2014	141,000,000.00		
24th April 2014	254,000,000.00		
15th May 2014	7,000,000.00		
23rd June 2014		7,000,000.00	
23rd June 2014		141,000,000.00	
25th June 2014	148,000,000.00		
23rd Feb 2015			115,710,000.00
4th May 2015			64,654,789.00

13th July 2015		120,000,000.00	
10th Dec 2015		104,296,279.45	
Total Amount	**1,532,038,680.75**	**1,357,279,762.22**	**180,364,789.00**

Source: Chase Bank (K) Limited

2. The deposits by YEDF into the Chase Bank (K) Ltd fixed/call deposit account limited for the period 27th February 2012 to 10th December 2015 was Kshs. 1.532 billion as shown in Table 3.0. The total remittances of principal amount to YEDF account was Kshs. 1.357 billion during the period.
3. The first movement of funds from the YEDF fixed/call deposit account at Chase Bank (K) Ltd to Quorandum Ltd account at Chase Bank (K) Ltd was on 23rd February 2015 when Chase Bank (K) Limited transferred Kshs. 115,710,000. This was followed by a transfer of Kshs. 64,654,789 on 4th May 2015 from YEDF Fixed/Call deposit account to Quorandum Ltd account at Chase Bank (K) Ltd.
4. The total amount of money transferred from YEDF fixed/ call deposit account at Chase Bank (K) Ltd to Quorandum Ltd account held at Chase Bank (K) Limited is Kshs. **180,364,789 (Kenya shillings one million three and sixty-four thousand seven hundred and eighty-nine only).**

Committee Observations and Findings

The Committee observed that the total amount of money transferred from YEDF fixed/ call deposit account at Chase Bank (K) Ltd to Quorandum Ltd account held at Chase Bank (K) Limited is Kshs. **180,364,789 (Kenya shillings one million three and sixty-four thousand seven hundred and eighty-nine only).**

(b) Movement of Funds from Quorandum Ltd account at Chase Bank (K) Limited to Other Accounts and Third Parties

1. Quorandum Ltd account at Chase Bank (K) Ltd was inactive and in fact overdrawn before the fraudulent transfer of the Kshs. 180,364,789 from YEDF fixed/ call deposit account. A summary of the bank statement's transactions showing the movement of the funds to various third parties is attached as Annex 49 of this Report.
2. Quorandum Ltd Account Statement at Chase Bank (K) Ltd indicates that there were several

transfers to other third parties purportedly as payments for various services offered to Quorandum Ltd. Some of these transactions involved cheque encashment by Mr. Mukuria Ngamau or transfers to persons closely related to such as transfer to Ms. Doreen Waithera Ng'ang'a.

3. The following are some of the suspect transactions that were recorded in the account statement:
   i. Transfers of Kshs. 48.5 million to Duchess Park Ltd for payments of a duplex apartment.
   ii. Transfers of Kshs. 18 million to Ngigi Mbugua & Advocates for debt owed by Quorandum Ltd.
4. To get a complete audit trail of the rest of the transactions, the Director for the Directorate of Criminal Investigations should undertake an investigation of all transactions of the Quorandum Limited Account No. **0052075584001** held at Chase Bank Kenya Limited. The investigations should extend to all personal bank accounts of Mr. Mukuria Ngamau, Ms. Doreen Waithera Ng'ang'a including their close relatives and friends.

Committee Observations and Findings

The Committee made the following observations on the movement of Funds from Quorandum Ltd account at Chase Bank (K) Ltd to other third parties:-

(i) **THAT**, Mr. Mukuria Ngamau through Quorandum Ltd used the proceeds of the transfers to purchase a duplex apartment in Lavington, Nairobi from Duchess Park Ltd at a cost of Kshs. 48.5 million.

(ii) **THAT**, Mr. Mukuria Ngamau through Quorandum Ltd used the proceeds of the transfer to pay a debt of Kshs. 18 million owed to Great Lakes Ltd through the firm of Ngigi Mbugua & Company Advocates.

(iii) **THAT**, Mr. Mukuria Ngamau through Quorandum Ltd used the proceeds of the transfer to pay Britcom International Ltd, a UK-based company, a sum of Kshs. 9.24million purportedly for purchase of an excavator/grader.

(iv) **THAT**, Mr. Mukuria paid Ms. Doreen Waithera Ng'ang'a, a co-director and spouse, a sum of Kshs. 91,480 purportedly as a repayment of a loan extended to him by Ms.

Ng'ang'a.

(v) **THAT**, Mr. Mukuria Ngamau made several suspicious cash withdrawals and cash encashment almost on a daily basis as demonstrated by the summary of the bank statements annexed hereto.

(vi) **THAT**, Mr. Mukuria Ngamau through Quorandum Ltd used the proceeds of the transfer to pay Rock Plant Ltd a sum of Kshs. 4.5 million.

(vii) **THAT**, Mr. Mukuria Ngamau through Quorandum Ltd used the proceeds of the transfer to pay Mr. Dilshad Mohammed a sum of Kshs. 2.24 million.

(viii) **THAT**, Mr. Mukuria Ngamau through Quorandum Ltd used the proceeds of the transfer to pay Mr. Yogesh Kumar Bardwaj a sum of Kshs. 880,000.

(ix) **THAT**, Mr. Mukuria Ngamau through Quorandum Ltd used the proceeds of the transfer to pay Simis Engineering and Construction Company Ltd a sum of Kshs. 1 million.

(x) **THAT**, Mr. Mukuria Ngamau through Quorandum Ltd used the proceeds of the transfer to pay other several third parties as per the annexed summary of bank statements from Chase Bank (K) Ltd.

(c) Movement of the Funds from Quorandum Ltd account at Standard Chartered Bank (K) Limited to Other Accounts and Third Parties.

1. Quorandum Ltd holds two accounts at Standard Chartered Bank (SCB) namely: **Account No. 0102497392600 (Kenya shillings account)** which was opened on 13th November, 2002 and **Account No. 8702097392600 (US Dollar account)** which was opened on 23rd September, 2015.
2. The account **No. 0102497392600 (Kenya shillings account)** is the main transactions account. The transactions in the account are mainly cash and cheques based and its clients are individuals, companies and other organisations that need construction services. The account is tagged under SME business segment and is currently managed under business clients in the retail client segment.
3. A summary of the transactions of the Quorandum Ltd Account No. **0102497392600** held at Standard Chartered Bank Kenya Limited for the period from 15th January 2015 to 16th March

2016 is attached as **Annex 48.** This provides a trail of movement of funds transferred from Quorandum Limited account at Chase Bank (K) Limited to the Standard Chartered Bank (K) Limited to various third parties on various dates.

4. Analysis of the Quorandum Limited Account No. **0102497392600** held at Standard Chartered Bank Kenya indicates that approximately Kshs. 91,654,018 was transferred from Quorandum Ltd Account at Chase Bank. This amount is part of the Kshs. 180,364,789 which was fraudulently transferred from the YEDF fixed deposit/call deposit account at Chase Bank (K) Ltd to the Quorandum Ltd account at Chase Bank (K) Limited.
5. The Quorandum Ltd Account Statement at Standard Chartered Bank indicates that a total of Kshs. 59,082,835 was transferred to other third parties purportedly as payments for various services offered to Quorandum Ltd. Some of these transactions involved transfers to Mr. Mukuria Ngamau's personal account held at Standard Chartered Bank or to personal accounts of persons closely related to him.
6. The following are some of the suspect transactions that were recorded in the account statement:
   i. Transfers of Kshs. 3.3 million to a Mr. Bruce Dominic Odhiambo account held at Co-operative Bank of Kenya Limited purportedly for payments of supplies and consultancy services.
   ii. Transfers of Kshs. 8,799,450 to a Mr. Ezekiel Owuor account at Barclays Bank of Kenya Limited purportedly for payments of material supply.
   iii. Transfers of Kshs. 10,254, 500 to Industries D'Amico account at Chase Bank Limited purportedly for equipment supply.
7. To get a complete audit trail of the rest of the transactions, the Director, Directorate of Criminal Investigations should undertake an investigation of all transactions of the Quorandum Limited Account No. **0102497392600** held at Standard Chartered Bank (K) Ltd for the period 15th January 2015 to 30th April, 2016. The investigations should extend to all personal bank accounts of Mr. Mukuria Ngamau, Ms. Doreen Waithera Ng'ang'a including their close relatives and friends.

Committee Observations and Findings

The Committee made the following observations on the movement of Funds from Quorandum Ltd account at Standard Chartered (K) Ltd to other third parties: -

(i) **THAT**, the Quorandum Limited account statement at Standard Chartered Bank shows that a total of Kshs. 59,082,835 which was transferred to other third parties purportedly as payments for various services offered to Quorandum Ltd.

(ii) **THAT**, Mr. Mukuria Ngamau through Quorandum Ltd used the proceeds of the YEDF transfer to pay Kshs. 3.3 million to a Mr. Bruce Dominic Odhiambo account held at Co-operative Bank of Kenya Limited purportedly for payments of supplies and consultancy services.

(iii) **THAT**, Mr. Mukuria Ngamau through Quorandum Ltd used the proceeds of the YEDF transfer to pay Kshs. 8,799,450 to a Mr. Ezekiel Owuor account at Barclays Bank of Kenya Limited purportedly for payments of material supply.

(iv) **THAT**, Mr. Mukuria Ngamau through Quorandum Ltd used the proceeds of the YEDF transfer to pay Kshs. 10,254, 500 to Industries D'Amico account at Chase Bank Limited purportedly for equipment supply.

(v) **THAT**, Mr. Mukuria Ngamau also made several cash withdrawals and transfers to his personal account held at Standard Chartered Bank, to personal accounts of persons closely related to him including: his spouse and Co-director, Ms. Doreen Waithera who was paid Kshs. 402,000 and Ms. Tabitha Wanjiku Ngamau, his mother who was paid Kshs. 940,000.

3.7 EVIDENCE BY BENEFICIARIES OF FUNDS FROM QUORANDUM LTD

3.7.1 Evidence by Mr. William Onyango, GM, Duchess Park Development Ltd

Mr. William Onyango, the General Manager of Duchess Park Development Ltd accompanied by Ms. Muthoni Kamau (Company Secretary) and Mr. Stephen Mureithi appeared before the Committee on 23rd March, 2016 to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

He submitted THAT–

1. Duchess Park Development Ltd is a development company that was incorporated solely for the purpose of construction and sale of Duchess Park Apartments located along Hatheru Road, consisting of 62 apartments of 3 bedrooms, 4 bedrooms and 5 bedroom duplexes.

2. The project commenced in 2013 and has been advertised on various platforms. The project is 60% complete and is expected to be fully completed by the end of 2016.

3. The Directorship of Duchess Park Development Ltd is as follows:

   i. Sigimo Enterprises (owned by Mr. Daniel Ojijo and Mentor Group Ltd);

   ii. Nygel Enterprises (owned by Ms. Ritah Abongo Ongendo and Ms. Elly Owuor Obuya);

   iii. Mr. Daniel Ojijo;

   iv. Mr. Eric Opon Nyamunga.

4. At some point between late 2014 and early 2015, Duchess Park Development Ltd received an inquiry from Mr. Mukuria Ngamau showing interest to purchase one unit at Duchess Park. After a few site visits and price negotiation meetings with Mr. Mukuria, an agreement for the sale and purchase of a 5-bedroom duplex apartment Number C 16 at Kshs. 48,500,000 was arrived at.

5. A sale agreement for this was drawn and signed between Duchess Park Development Ltd and Quorandum Ltd on 30th March, 2015. Payments were thereafter received from the purchasing company towards the purchase of the said unit.

6. The nature of business between Duchess Park Development Ltd and Quorandum Ltd is solely limited to the sale and purchase of Duplex Apartment Number C16 at Duchess Park Apartments and nothing else.

Committee Observations

The Committee observed THAT–

1. Quorandum Ltd duly purchased Apartment Number C16 at Duchess Park Apartments in Nairobi without engaging the services of a lawyer as is the practice. Transfer of the property to Quorandum Ltd is yet to be completed

2. The transaction between Quorandum Ltd and Duchess Park Development Ltd has not yet been registered at the Ministry of Lands and therefore Stamp Duty for the transaction is yet to be paid.

3. The mode of payment by Quorandum Ltd varied from the conditions set out in the sale agreement. The full amount of Kshs. 48,500,000 was paid out before the agreed date and the vendor did not raise any objections to being paid in advance of the agreed date;

4. The Committee did not establish any transaction or personal relationship between Duchess Park Development Ltd and the Youth Enterprise Development Fund Chairman, Mr. Bruce Odhiambo.

5. Quorandum Ltd misled Chase Bank that the transfer of funds was for office purchase yet Duchess Park Apartments is a purely residential facility.

3.7.2 Evidence by Mr. Ngigi Mbugua, Partner, Ngigi Mbugua &Company Advocates

Mr. Ngigi Mbugua, an Advocate with Ngigi Mbugua and Company Advocates appeared before the Committee on 23rd March, 2016 to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

He submitted THAT–

1. He is the sole proprietor of a law firm based in Eldoret and has been practicing since 1991.

2. He got to know Quorandum Ltd in 2013 when he was instructed by his client, Great Lakes Ltd to demand and recover sums totalling Kshs. 18,096,653.91 through litigation or otherwise from the firm. He had represented Great Lakes Ltd prior to and subsequent to the Quorandum Ltd brief.

3. Mr. Mbugua began by issuing a demand notice to Quorandum Ltd requiring the creditor to either pay or a suit be instituted against the company. Reminder letters were written to Quorandum Ltd but did not elicit any reaction.

4. The recovery was not successful and in early 2015, the firm instituted a suit on behalf of its client Great Lakes Ltd in the Commercial Division of the High Court at Milimani.

5. On 20th May, 2015, Great Lakes Ltd asked Mr. Mbugua to drop the court case and supply details of their account to Quorandum Ltd The creditor proceeded to pay Kshs. 8,000,000 and Kshs. 10,000,000 on 21st and 25th May respectively which was acknowledged by Mr. Mbugua and disbursed to his client. The case file was then closed by the Advocate.

6. A balance of Kshs 96,653.91 was still owed to Great Lakes Ltd but the firm did not follow up on this amount as the firm was not instructed to do so by the client.

Committee Observation and Findings

The Committee found that Great Lakes Ltd was sub-contracted by Quorandum Ltd to carry out repair works to four Courts based in Bomet, Wanguru, Othaya and Marimanti Law Courts. The firm was later paid after engaging the services of Ngigi Mbugua and Company Advocates who successfully demanded the payment from Quorandum Ltd.

3.7.3 Evidence by Mr. Ezekiel Owuor

Mr. Ezekiel Owuor, one of the beneficiary of funds from Quorandum Ltd's Standard Chartered Bank account submitted to the Committee a sworn affidavit dated 25th April, 2016.

He deponed THAT–

1. Sometime in or about the month of March 2015, he had personal and financial constraints having been between jobs and at the same time had demanding family medical and personal obligations with intensive financial implications.
2. He then approached an old time friend, Mr. Mukuria Ngamau to assist him bridge the financial gap, which he did, through his written request dated 6th March, 2015 with a commitment to make good the financial advance when his circumstances improved.
3. Mr. Mukuria agreed to advance him money in five (5) different tranches between the months of March and May, 2015 as follows: -

Date	*Amount Received (Kshs.)*
6th March, 2015	1,500,000.00
16th March, 2015	1,999,450.00
26th March, 2015	2,000,00.00

Date	*Amount Received (Kshs.)*
15th April, 2015	1,300,000.00
25th May, 2015	2,000,000.00
TOTAL	**8,799,450**

4. The loan was to be repaid in thirty-six (36) equal instalments after the agreed grace period of eighteen (18) months, as per correspondence signed between the two parties, dated 6th March, 2015 and 25th May, 2015.

5. The monies were transferred through his account number 0361022378 held at Barclays Bank Limited Premier Flagship Centre Branch from an account titled Quorandum Ltd with an account shown to be domiciled in Standard Chattered Bank, Yaya Centre Branch.

6. He later learnt through the media that Quorandum Ltd made various other payments to other entities through the same account details.

7. He emphasised that his financial dealings with Mr. Ngamau were purely personal assistance and not in any way from any business dealings, having personally assisted his friend financially in the past and it was more of a return favour from a friend.

8. Further, that he has never had any other financial dealings either as an individual or any other entity with Quorandum Ltd and would not be privy to his other business engagements.

9. He learnt from the media that the said Quorandum Ltd operated an account with his previous employer M/S Chase Bank Ltd but whose specific details he is not aware of and secondly, that he never dealt with the account(s) in any way during his tenure at Chase Bank (K) Ltd.

10. Whilst in Chase Bank (K) Ltd, his portfolio only covered retail business of the Bank and that he has since established that indeed Quorandum Ltd had an account with M/S Chase Bank Ltd which was opened way before he joined the Bank and in any case, the account was opened under Small and Medium Enterprises (SME) Banking unit which was not in his docket at all.

11. Further, he has established that all the Youth Fund accounts and transactions held in Chase Bank (K) Ltd were held under Islamic Banking which again were not in his docket and

therefore had no control or authority over either the Quorandum Ltd or Youth Enterprise Development Fund (YEDF) accounts.

12. He worked at Chase Bank (K) Ltd for a relatively short time from 8th June, 2014 to 13th April, 2015 during which time he was neither a signatory to nor in charge of any departmental or the Bank's financial transactions and could thus not authorize or make any financial dealings or commitments on behalf of the Bank.

Committee Observations and Findings

The Committee observed THAT–

(i) Mr. Ezekiel Owuor and Mr. Mukuria Ngamau are well known to each other as long time friends.

(ii) Mr. Ezekiel Owuor confirmed receipt of Kshs. 8,799,450 from Mr. Mukuria Ngamau on various dates between March and May, 2015 as a loan advanced to him by his friend, Mr. Ngamau for personal reasons. The payments were effected through Quorandum Ltd.'s account at Standard Chartered Bank (K) Ltd to Mr. Owuor's Barclays Bank (K) Ltd personal account.

(iii) Mr. Ezekiel Owuor worked at Chase Bank (K) Ltd.'s Retail Banking Unit between 8th June, 2014 and 13th April, 2015 and thus was not directly involved with Quorandum Ltd account which was domiciled in the SME Banking Unit. The Committee found no evidence linking Mr. Owuor to operations of Quorandum Ltd.'s account at Chase Bank (K) Ltd during his tenure at the Bank.

3.8 EVIDENCE BY MR. TOM OWANDO, MD, LIVE GIGS CORPORATE AUDIO VISUAL LTD

Mr. Tom J. Owando, the Managing Director of Live Gigs Corporate Audio Visual Ltd appeared before the Committee on 24th March, 2016 to adduce evidence on the matter of alleged fraud and financial mismanagement at YEDF.

He submitted THAT —

1. Live Gigs Ltd is a privately owned Ltd liability company incorporated on 13th April, 2006. It is a full-service equipment rental and event consulting company. It also offers event and

venue management consulting services including long range planning, program and policy development, needs assessments and general management assistance.

2. The Directors and shareholders of the Company since inception are as follows:

Names	Address	Nationality	Shares
Tom Owando	P. O. Box 50323-00200, Nairobi	Kenyan	500
Mohamed Shafique Manjothi 500	P. O. Box 50323 -00200, Nairobi	Kenyan	
		Total	**1,000**

3. Live Gigs Ltd has never rendered any service or received any direct payment from YEDF. The Company has however participated in an event organized by YEDF as a sub-contracted supplier.

4. Live Gigs was sub-contracted by M/S K-SUSU International Ltd (the company contracted by the YEDF) in March 2015 to offer professional film production services. The assignment required Live Gigs to produce a short film showcasing YEDF's role in transforming the lives of the youth.

5. There was no contractual agreement between Live Gigs Ltd and M/S K-SUSU Ltd. There was only a verbal agreement to undertake the job after the former was approached by a Mr. Hillary Yegon representing M/S K-SUSU.

6. As per the client's instructions, the Company delivered successfully and received payment of Kshs. 3,493,526 on 19th May, 2015 as per the invoice addressed to K-Susu Ltd and bank statement from Diamond Trust Bank (**Annexure 46)**

7. At the time of the event, Live Gigs was overstretched in its capacity to deliver the service and they further sub-contracted M/S Film Crew in Africa Ltd to carry out the film production.

8. The payment received from M/S K-SUSU was used to pay M/S Film Crew in Africa Ltd **(Annexure 47)**

9. The Company met its tax obligations through filing and payments to the Kenya Revenue

Authority as evidenced by payment slip of Kshs. 981,312 dated 19th June 2015 and Kshs. 490,656 dated 18th September, 2015.

Committee Observations and Findings

The Committee observed THAT–

(i) In March 2015, YEDF awarded the tender to produce a short film showcasing YEDF's role in transforming the lives of the youth to M/S K-SUSU International Ltd. The Company then sub-contracted the works to M/S Live Gigs at a cost of Kshs. 3,493,526 paid on 19th May, 2015. M/S Live Gigs further sub-contracted the works to M/S Film Crew in Africa Ltd

(ii) That the Fund may not have realised value for money through M/S K-SUSU Ltd sub-contracting provision of services to third parties. This also implies that YEDF management may not have undertaken due diligence on the capacity of M/S K-SUSU Ltd to offer the procured services.

4.0 KEY FINDINGS AND OBSERVATIONS

From the oral and written evidence submitted, the Committee made the following observations and findings: -

1. **THAT**, the Board and the Management of YEDF did not obtain approval from the National Treasury to invest Kshs. 400 million into a fixed/call deposit account at Chase Bank (K) Ltd, contrary to the provisions of National Treasury Circular No. 10 of 1992, Circular No.12 of 2002 and Order No. 63 of the Youth Enterprise Development Fund Order, 2007.

2. **THAT**, it is evident that the Youth Enterprise Development Fund Order (63 of 2007) establishing the Fund under Regulation 12(2) allows the Board to deposit funds not immediately required for immediate use with commercial banks as the Board may consider. This provision is however superseded by Section 6(e) of the Public Finance Management Act (PFM), 2012 that states that the PFM Act, 2012 prevails on banking arrangements, including opening of bank accounts and investment of moneys.

3. **THAT**, The PFM Act, 2012 provides for the responsibilities of the National Treasury under Section 12(h) and (k) as monitoring the management of the finances of public enterprises and investments by national government and its agencies and to issue guidelines to national government entities with respect to financial matters and monitoring implementations and compliance. To this extent, the guidelines issued by the National Treasury by way of circulars were binding to YEDF.

4. **THAT**, the YEDF did not have any surplus funds as per its audited financial statements for the financial year ended 30th June, 2014 and that the Kshs. 400 million that YEDF invested into a fixed/call deposit account at Chase Bank (K) Ltd was part of the funds appropriated by the National Assembly for disbursement to the youth as per the YEDF mandate.

5. **THAT**, the Fund had an existing ICT Strategic Plan 2013-2017 procured from Microflex Kenya Ltd in 2013 at a cost of approximately Kshs. 5.9 million and there was therefore no need to procure another one.

6. **THAT**, the purported consultancy services contract for the development of an Information, Communication and Technology (ICT) Strategic Plan and Enterprise Resource Planning

(ERP) System development by Quorandum Ltd for YEDF was jointly planned and executed by Mr. Mukuria Ngamau, Mr. Bruce Odhiambo and Ms. Catherine A. Namuye with the main objective of defrauding the Fund of approximately Ksh. 180,364,789.00.

7. **THAT**, vide letter REF.YEDF/4/ACC/0055/15 dated 4th February 2015, YEDF instructed Chase Bank (K) Ltd to roll over its investment of Kshs. 400 Million in a fixed/call deposit account for a period of two months at an interest rate of 9% p.a with effect from 4th February 2015 to 6th April, 2015.

8. **THAT**, Ms. Namuye in a letter dated 11th February 2015 instructed Chase Bank (K) Ltd to make payments to Quorandum Ltd amounting to Kshs. 115,710,000.00 for alleged consultancy services rendered. However, the Bank did not honour the instructions since they contradicted earlier signing instructions as submitted to the Bank by the Fund which were: Category A (mandatory signatures) Ms. Namuye and Ms. Judy Kimeto and Category B, Mr. Benedict Atavachi, Mr. Robert Mrima and Mr. Benson Munywoki, where it was a requirement that any two could sign, with one being a mandatory signatory.

9. **THAT**, on 4th February, 2016, the suspended Ag. CEO, Ms. Catherine A. Namuye issued instructions to Chase Bank (K) Ltd to transfer funds from YEDF account to roll over the funds in the investment account for another period of two months. These instructions were suspicious since the investment had not matured as per the roll over period which was to lapse on 6th April, 2015.

10. **THAT**, vide letter dated 17th February, 2015, Mr. Bruce Odhiambo, the former YEDF Chairman instructed Chase Bank (K) Ltd that in the absence of the other mandatory signatories, Ms. Catherine A. Namuye could sign off any instructions to the Bank as a sole signatory. This in turn gave the Ag. CEO, Ms. Namuye a free hand to issue instructions to the Bank as a sole signatory. It is noteworthy that these instructions came shortly after the Bank had rejected an attempt by Ms. Namuye to transfer funds on 11th February, 2015.

11. **THAT**, the Fund's Board approved the change of Chase Bank (K) Ltd account signatories on 26th February, 2015, but did not make Ms. Catherine A. Namuye a sole signatory to the YEDF account at Chase Bank (K) Ltd as alleged by the former Board Chairman, Mr. Bruce

Odhiambo. The letter by Mr. Odhiambo on 17th February, 2015 making a Ms. Namuye a sole signatory was therefore an act of forgery as defined in Section 345 of the Penal Code.

12. **THAT**, on 11th of February, 2015 and 27th April, 2015, Ms. Catherine A. Namuye, the suspended Ag. CEO solely, without Board approval nor involvement of YEDF Finance Department, instructed Chase Bank (K) Ltd to pay Quorandum Ltd, a purported supplier, Kshs. 115,710,000.00 and Kshs. 65, 184,946.00. The second amount was revised to Kshs. 64,654,789.00 upon realization that the Fund's account had insufficient balance to transfer the instructed amount. The amounts were to be paid from the Fund's fixed deposit account No. 0017054604027 held with Chase Bank (K) Ltd in which Kshs. 400 million was deposited on 22nd August, 2014.

13. **THAT**, as a result of the actions of the suspended Ag. CEO, Ms. Catherine A. Namuye and Mr. Bruce Odhiambo, former Board Chairman, the **Fund lost a total of Kshs. 180,364,789** through a well orchestrated and dubious non-existent consultancy service scheme.

14. **THAT**, the purported extracts of the Fund's Board Minutes signed by Mr. Bruce Odhiambo and Ms. Catherine A. Namuye sent to Chase Bank (K) Ltd to confirm the change of signatories were a forgery and a collusion between the two officers with an intent to defraud the Fund pursuant to Section 348 of the Penal Code.

15. **THAT**, the suspended Ag. CEO Ms. Catherine A. Namuye occasioned the withdrawal of funds from the YEDF fixed/call deposit account at Chase Bank (K) Ltd to pay for goods and services while the Fund had an operations accounts held at Equity Bank (K) Ltd and Kenya Commercial Bank (K) Ltd.

16. **THAT**, the suspended Ag. CEO, Ms. Catherine A. Namuye and the former Board Chairman, Mr. Bruce Odhiambo took over the running of the Fund's investment account thereby undermining the financial management procedures and controls at YEDF making the Finance Department of YEDF, headed by Mr. Benedict Atavachi, the suspended Finance Manager, redundant on the matter. The Committee therefore did not find any evidence linking Mr. Atavachi to the loss of Kshs. 180,364,789.

17. **THAT**, from the evidence of other witnesses, no other officer of the YEDF participated in the alleged procurement of consultancy services from Quorandum Ltd except Ms. Catherine

A. Namuye, hence breach of Section 26(3)(c) of the Public Procurement and Disposal Act, 2005 which requires the involvement of the user department.

18. **THAT**, the alleged award of the contract for ICT Strategy and ERP System consultancy services to Quorandum Ltd by YEDF did not comply with the provisions of Article 227 of the Constitution Section 27 (4) of the Public Procurement and Disposal Act, (PPDA) 2005; as the service was neither planned for nor authorized by the Board. Further, prequalification of the company was not undertaken, no advertisement was done, no expression of interest advertised, no tendering nor evaluation was done before the award of the contract for competitiveness.

19. **THAT**, further, Ms. Catherine A. Namuye did not present any evidence on her allegation that the Board was involved in the procurement process of the alleged consultancy services by Quorandum Ltd. If indeed there was such involvement, this could not have taken away her responsibilities of an accounting officer of ensuring that the Fund complies with the PPDA. Under section 27(2) of the PPDA, the accounting officer of the Fund has the primary responsibility of ensuring that the Fund fulfils its obligations on compliance of the Act, its regulations and any directive of the Authority.

20. **THAT**, the responsibility of an accounting officer under the Constitution and Section 68(1) (a) (b) of the PFM Act requires that resources ought to be utilized in a legal, authorized and effective way, hence Ms. Namuye should not cry foul when she clearly knew that her role as the accounting officer is to ensure that the resources in YEDF are utilized according to the provisions of the law.

21. **THAT**, Ms. Catherine A. Namuye as the then accounting officer violated the provisions of Section 72 (1) of the PFM Act, 2012 by allowing Mr. Bruce Odhiambo unfettered use of the YEDF facilities including office and purchase of a new vehicle at a cost of Kshs. 12,615,448 despite him being a non-executive Chairman who is only entitled to such facilities when on official duty. Further, Mr. Bruce Odhiambo was irregularly issued with an interest-free loan of Kshs. 500,000 in the form of an imprest contrary to Section 17 of the State Corporations Act, CAP 446 Laws of Kenya. The outstanding balance of the interest free loan is Ksh. 365,600.

22. **THAT**, Ms. Catherine A. Namuye knowingly engaged herself in improper conduct as defined in Section 74(4) of the PFM Act 2012 by making and permitting a transaction that is unlawful and unauthorized expenditure. Further, Ms. Catherine A. Namuye failed to comply with various sections of the PFM Act, 2012 including her accounting responsibilities as defined in the Act; and she totally undermined the financial management procedures and controls at YEDF.

23. **THAT**, on the matter of rejection of the ICT Strategic Plan 2013-2017 by the Board, the sole responsibility under the PFM Act, 2012 rests on the accounting officer. Ms. Catherine A. Namuye never reported to the parent Ministry nor any agency on the said rejection yet public funds had been expended on the same.

24. **THAT**, on the allegations that she was under undue pressure from Mr. Bruce Odhiambo, former Board Chairman and Mr. Nicolas Mwaniki, Board Member to pay Quorandum Ltd; she did not adduce any evidence on the same. However, if there was any undue pressure she should have used her discretion to reject the same and report to the relevant authorities in accordance with Section 25 of the Public Officers Ethics Act, 2003.

25. **THAT**, the contract documents tabled by Quorandum Ltd and Chase Bank (K) Ltd were forged since the same had different signatories; they were fraudulently prepared by Mr. Mukuria Ngamau with his accomplice Ms. Catherine A. Namuye with the sole intention to steal from the Fund.

26. **THAT**, the Committee reviewed Quorandum Ltd.'s bank statements from Chase Bank (K) and Standard Chartered Bank (K) Ltd and found no evidence of payment of a sum of Kshs. 115 million to a Mr. Collins Reeves as was alleged by Mr. Mukuria Ngamau when he appeared before the Committee on 8th March 2016. However, in his second written submission dated 11th March, 2016, Mr. Mukuria Ngamau confirmed that he did not make the payment to Mr. Reeves, as the purported consultant died on 1st April 2015.

27. **THAT**, Mr. Mukuria Ngamau made several suspicious cash withdrawals from Quorandum Ltd accounts at Chase Bank (K) Limited and Standard Chartered (K) Ltd after Kshs. 180,364,789 had been transferred from YEDF account as evidenced by the summary of bank transactions annexed to this Report. The Quorandum Ltd account in the Standard Chartered

Bank (K) Ltd account was dormant and the Chase Bank (K) Ltd account had only a deposit of Ksh. 3,000 in it before the transfers of Ksh. 180,364,789 YEDF funds to it.

28. **THAT**, Mr. Mukuria Ngamau, through Quorandum Ltd.'s Chase Bank (K) Ltd account used the proceeds of the transfers from YEDF account to make several transactions on various dates to several third parties including: -

    (i) *Purchase of a duplex apartment in Lavington, Nairobi from Duchess Park Ltd at a cost of Kshs. 48.5 million;*

    (ii) *Payment of a debt of Kshs. 18 million owed to Great Lakes Ltd through the firm of Ngigi Mbugua & Company Advocates;*

    (iii) *Payment of Britcom International Ltd, a UK-based company, a sum of Kshs. 9.24million purportedly for purchase of an excavator/grader;*

    (iv) *Payment to Ms. Doreen Waithera Ng'ang'a, a co-director and spouse, a sum of Kshs. 91,480 purportedly as a repayment of a loan extended to him by Ms. Ng'ang'a;*

    (v) *Payment of Kshs. 4.5 million to Rock Plant Ltd for an undisclosed purpose;*

    (vi) *Payment of Kshs. 2.24 million to Mr. Dilshad Mohammed for an undisclosed purpose;*

    (vii) *Payment of Kshs. 880,000 to Mr. Yogesh Kumar Bardwaj for an undisclosed purpose;*

    (viii) *Payment of Kshs. 1,000,000 to Simis Engineering and Construction Company Ltd for an undisclosed purpose;*

    (ix) *Mr. Mukuria Ngamau made payments to other several third parties on various dates as per the annexed summary of bank statements from Chase Bank (K) Ltd;*

    (x) *Mr. Mukuria Ngamau also made several suspicious cash withdrawals and cheque encashment almost on a daily basis as demonstrated by the summary of the bank statements annexed hereto.*

29. **THAT,** Mr. Mukuria Ngamau transferred approximately Kshs. 59,082,835 part of the proceeds of YEDF fraudulent transactions from Quorandum Ltd account at Chase Bank (K) Ltd to Quorandum Ltd account at Standard Chartered (K) Ltd, Yaya Centre Branch and used

the funds to make further transactions and payments on various dates to other third parties including: -

(i) *Payment of Kshs. 3.3 million to a Mr. Bruce Dominic Odhiambo account held at Co-operative Bank of Kenya Limited purportedly for payments of supplies and consultancy services;*

(ii) *Payment of Kshs. 8,799,450 to a Mr. Ezekiel Owuor account at Barclays Bank of Kenya Limited purportedly for payments of material supply;*

(iii) *Payment of Kshs. 10,254, 500 to Industries D'Amico, an Italian Company, purportedly for equipment supply;*

(iv) *Mr. Mukuria Ngamau also made several cash withdrawals and transfers to his personal account held at Standard Chartered Bank and to personal accounts of persons closely related to him including: his spouse and Co-director, Ms. Doreen Waithera who was paid Kshs. 402,000; and Ms. Tabitha Wanjiku Ngamau, his mother who was paid Kshs. 940,000;*

(v) *Mr. Mukuria Ngamau made payments to other several third parties on various dates as per the annexed summary of bank statements from Standard Chartered Bank (K) Ltd.*

30. **THAT**, following the loss of funds from YEDF Chase Bank (K) Ltd fixed deposit account, the Fund's Board in a special sitting held on 23rd October, 2015 recommended the suspension of Ag. CEO Ms. Catherine A. Namuye, and Mr. Benedict Atavachi, Finance Manager. The Board appointed Mr. Emmanuel Odero as the Fund's acting CEO.

31. **THAT,** vide letter Ref. YEDFB/CEO/377/2015 dated 23rd October, 2015 directed the Ag. CEO Ms. Catherine A. Namuye and the Finance Manager, Mr. Benedict Atavachi to proceed on leave until further notice. He copied the same letter to Ms. Anne Waiguru, former Cabinet Secretary, Ministry of Planning & Devolution and Eng. Peter Mangiti, Principal Secretary, State Department of Planning.

32. **THAT**, the action of Mr. Bruce Odhiambo, former Chairman YEDF of writing a letter of suspension to Ms. Catherine A. Namuye, Ag. CEO was procedural. However, he acted *ultra vires* by signing a letter suspending Mr. Benedict Atavachi, the Finance Manager. The

suspension of the Finance Manager ought to have been done by the newly appointed Ag. CEO.

33. **THAT,** the new Ag. CEO regularised the suspension of Mr. Benedict Atavachi, Finance Manager vide letter Ref. YEDFB/CEO/591/2015 dated 17th November, 2015 informing him that he had been suspended with effect from 23rd October, 2015.

34. **THAT,** the actions of Mr. Bruce Odhiambo as the Chairman of the YEDF in particular, his use of YEDF facilities such as office and vehicle were contrary to his terms and conditions of service as spelt out in the Guidelines on Terms and Conditions of Service for State Corporations' CEOs, Chairmen, and Board Members dated 23rd November 2014 and Government policy directive as contained in circular reference no. PMO/CIRC/A (3) of 7th April 2011.

35. **THAT,** the Director, Financial Reporting Centre is mandated to send information received under the POCAML Act 2009 to the appropriate law enforcement authorities, any intelligence agency, or any other appropriate supervisory body for further handling if, having considered the reports, he has reasonable grounds to suspect that a transaction or activity involves proceeds of crime. In the matter of Quorandum Ltd, the Director, FRC failed to communicate to Chase Bank (K) Ltd of any clearance of the transaction to Quorandum Ltd account. Further, the Director, FRC did not submit to the Committee any information on any reporting made to the investigative agencies as required of him in line with Section 24(b) of the POCAML Act 2009.

36. THAT, the Financial Reporting Centre and the Asset Recovery Agency the two crucial institutions established under the POCAML Act 2009 to deal with matters of proceeds of crime and money-laundering are under-funded by the Government and have never been fully operationalized.

37. **THAT**, there are indications that the real estate sector Kenya is used for money laundering especially the proceeds of criminal activities including corruption in contravention of Section 4 of the POCAML Act 2009. Mr. Mukuria Ngamau through Quorandum Ltd used the proceeds of YEDF transfers to purchase a duplex apartment in Lavington, Nairobi at a cost of Ksh. 48.5 million from Duchess Park Limited.

38. **THAT**, His Excellency the President, vide a gazette notice of 15th April, 2016 in accordance with Section 7(3) of the State Corporations Act Cap. 446 revoked the appointment of Mr. Bruce Odhiambo as Chairman of YEDF Board and Ms. Sella Bogonko, Mr. Paul Gathura Ng'ang'a, Mr. Sabra Omar Hussein, Ms. Jane Mutinda, Mr. Michael Wamae, Mr. Clement Ayungo and Mr. Nicholas Mwaniki as Members of the YEDF Board.

39. **THAT,** the Fund's Board in the year 2013, recommended to the Principal Secretary, State Department of Planning, Eng. Peter Mangiti for the appointment of a substantive CEO from a list of four (4) nominees; the appointment was never made and as such, Ms. Catherine A. Namuye was in acting capacity until the time of her suspension on 23rd October, 2015.

40. **THAT**, on several occasions Ms. Namuye purportedly referred herself as the substantive chief executive officer of the Fund despite the fact that the Board or the parent Ministry never confirmed her as such.

41. **THAT**, the Circular dated 18th July, 2007 issued by the former Head of Civil Service and Secretary to the Cabinet, Ambassador Francis Muthaura, barring the Inspectorate of State Corporations from sitting in Board meetings of State Corporations unless invited by the Board was in contravention of Section 18 (2) (c) of the State Corporations Act which gives the Inspectorate the mandate to attend Board meetings as deemed necessary. This exclusion of officers from the Inspectorate may have contributed to the loss of funds and financial mismanagement at YEDF.

42. **THAT,** the Inspectorate of State Corporations is handicapped in the execution of its mandate due to budgetary constraints and staff shortage. The Inspectorate has 15 Inspectors handling more than 300 State Corporations.

43. **THAT,** before the launch of *Mwongozo* Code of Governance for State Corporations, there was no single policy document defining the professional and academic qualifications of Chairpersons and Directors of Boards of State Corporations. The *Mwongozo* code has clearly defined the minimum academic qualification for appointment as Chairman or Board Member of a State Corporation.

44. **THAT,** lack of defined minimum academic qualifications and experience contributed to the ineptitude and ineffectiveness of the disbanded YEDF Board in running the affairs of the Fund.

45. **THAT**, the YEDF lost approximately Ksh. 44.7 million in a YEDF 8th anniversary event which was to be held in March 2015 at the Kenyatta International Convention Centre (KICC). The venue of the event was later changed to the University of Nairobi grounds but did not materialize as it was verbally cancelled by a phone call purportedly by Ms. Anne Waiguru, former CS, Ministry of Devolution and Planning to Mr. Bruce Odhiambo, former Chairman, YEDF.

46. **THAT,** Mr. Hillary Kiprono Yegon, Director of M/S K-Susu Ltd and Gigtych Ltd, received payment of Kshs. 44.7 million for the aborted YEDF 8th anniversary event.

47. **THAT,** Mr. Hillary Kiprono Yegon breached Section 14(1) and (2) of the National Assembly (Powers and Privileges) Act, Cap. 6, Laws of Kenya by failing to honour the Committee's Summons to appear before it on 21st April, 2016.

48. **THAT**, the circumstances surrounding the death of the Fund's driver, Mr. Simon Mwangi who at the time of his death on 18th October, 2015 was on duty during unofficial hours in Diani, are suspect. The death allegedly occurred at a private party attended by former YEDF Board director Mr. Clement Ayungo on invitation by his friend, Mr. Babu Owino. The Directorate of Criminal Investigations has opened an inquest on the matter.

5.0 RECOMMENDATIONS

Arising from the oral and written evidence taken, submissions received and observations, the Committee makes the following recommendations for consideration of implementation by the various government entities and agencies: -

5.1 Recommendations to Government Entities and Agencies

1. **THAT**, the National Treasury to constitute a multi-government agency team composed of the responsible State Departments and the Inspectorate of State Corporations to review the corporate governance issues at YEDF, performance of the various projects undertaken by YEDF since its inception and to undertake a value for money audit of the Fund since inception to date. *The Cabinet Secretary for the National Treasury to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

2. **THAT**, there is need to amend Sections 23, 24 and 44 of the Proceeds of Crime and the Anti-Money Laundering Act 2009 to give the Financial Reporting Centre more powers to act on suspicious bank transactions and accounts. *The Committee shall propose an amendment to this section to ensure that the FRC can mitigate on funds especially originating from government institutions.*

3. **THAT**, the Cabinet Secretary, Ministry of Public Service, Youth and Gender Affairs should expedite the appointment of a substantive Chief Executive Officer of the Youth Enterprise Development Fund. The YEDF has operated without a substantive CEO since 2013. *The Cabinet Secretary, Ministry of Public Service, Youth and Gender Affairs to report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*

4. **THAT**, there is need to amend Sections 23 and 24 of the POCAML Act 2009 to enable the tracking of proceeds of crime especially to the real estate sector in Kenya. There are indications that the real estate sector in Kenya is used for money laundering especially proceeds of corruption. *The Attorney-General should submit draft legislation to the National*

Assembly not later than two (2) months after the adoption of this Report as part of the status of implementation of this recommendation.

5. **THAT**, the Auditor-General to undertake a forensic audit of all the funds that have been appropriated by the National Assembly to YEDF from inception to date. *The Auditor-General should report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*

6. **THAT**, the Financial Reporting Centre (FRC) and the Asset Recovery Agency (ARA), the two crucial institutions established under the POCAML Act 2009 to deal with matters of proceeds of crime and money-laundering are under-funded by the Government and have never been fully operationalized. The National Treasury and the Attorney General should ensure that the FRC and ARA are adequately funded and fully operationalized to enable the two institutions adequately fulfil their legal mandate. *The Attorney-General and the Cabinet Secretary, the National Treasury should report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

7. **THAT,** Chase Bank (K) Ltd did not fully conduct due diligence in accordance with prudential guideline 5.6.6 of the Guidelines on Anti-Money Laundering and Combating the Financing of Terrorism - CBK/PG/08 in acting on instructions of Ms. Catherine A. Namuye, the suspended CEO, YEDF to transfer funds from YEDF account to Quorandum Ltd. The Central Bank of Kenya should investigate Chase Bank (K) Ltd for possible violations of the Banking Act Cap 488, POCAML Act 2009 and the Prudential Guidelines. *The Governor, Central Bank of Kenya should report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*

8. **THAT,** the National Treasury enhances budgetary allocation to the Inspectorate of State Corporations to facilitate effective inspection of state corporations. *The Cabinet Secretary, the National Treasury should report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

9. **THAT**, the circumstances surrounding the death of the Fund's driver, Mr. Simon Mwangi who at the time of his death on 18th October, 2015 was on duty during unofficial hours in Diani Beach Mombasa, are suspect. The death allegedly occurred at a private party attended by former YEDF Board director Mr. Clement Ayungo on invitation by his friend, Mr. Babu Owino. The Director, Directorate of Criminal Investigations should extend his investigation to include possible involvement of Mr. Clement Ayungo and Mr. Babu Owino in the death of Mr. Simon Mwangi and establish if his death is linked to the financial mismanagement at the YEDF. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

10. **THAT**, the Circular dated 18th July, 2007 issued by the former Head of Civil Service and Secretary to the Cabinet, Ambassador Francis Muthaura, barring the Inspectorate of State Corporations from sitting in Board meetings of State Corporations unless invited by the Board was in contravention of Section 18 (2) (c) of the State Corporations Act which gives the Inspectorate the mandate to attend Board meetings as deemed necessary. *The Chief of Staff and Head of the Public Service to report back to the National Assembly not later than two (2) months after the adoption of this Report on the action taken to correct the amendment of Act of Parliament through a Circular.*

11. **THAT**, the Chief of Staff and the Head of Public Service should as a matter of priority ensure that the recommendations of the Presidential Taskforce on Parastatal Reforms on the merger of the YEDF, Women Fund, Uwezo Fund, Micro and Small Enterprises Authority (MSEA) and the Kenya Industrial Estates (KIE) to create Biashara Kenya are implemented. This merger is expected: to pool the scattered financial resources estimated at approximately Kshs. 30 Billion per financial year; harness the potential of youth, women and men; build synergies among the various government agencies; and leverage on economies of scale. Further there is duplication of roles of some state organs, hence the need to implement the *Mwongozo* so as to remove duplication of duties and create clarity on the same. *The Chief of Staff and Head of the Public Service to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

12. **THAT,** the Chief of Staff and Head of Public Service should ensure that the appointment of persons to serve as Board Chairpersons and Board Members of State Corporations is done in accordance with the *Mwongozo* Code of Governance for State Corporations which requires that appointment of persons to serve as Board Chairpersons and Board Members have the following minimum qualifications:

    (i) Holds a minimum of a degree in the relevant field from a university recognised in Kenya;

    (ii) Proven business management or other relevant professional experience;

    (iii)Served in a position of senior management for at least six years;

    (iv)Has not served in the same entity as employee in the preceding five years;

    (v) Meets the requirements of Chapter Six of the Constitution; and

    (vi)Meets the requirements of the fit and proper test.

13. **THAT,** further, Alternate Directors of respective Ministries seconded to parastatal Boards should be individuals well versed in the affairs and operations of the respective Boards and should have unfettered access to Board meetings and ensure that they submit regular reports to their respective Principal Secretaries on the operations of the Boards in which they sit in.

14. **THAT,** the Director, Directorate of Criminal Investigations should: -

    (i) Engage the services of a forensic examiner to authenticate all YEDF documents used in the fraudulent transfer of funds from YEDF account at Chase Bank (K) Ltd, including Board Minutes and correspondences.

    (ii) Engage the services of a graphology expert to analyse signatures on all correspondences that were purportedly signed by the then Ag. CEO Ms. Catherine Namuye and other Fund officials, that may have resulted in the loss of funds at YEDF.

The Director, Directorate of Criminal Investigations to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.

5.2 Specific Recommendations on Various Persons of Interest

Arising from the oral and written evidence taken, submissions received and findings and observations made, the Committee makes the following specific recommendations on the following persons of interest: -

5.2.1 Ms. Catherine A. Namuye, suspended Ag. CEO, YEDF

1. **THAT,** Ms. Catherine A. Namuye as the former accounting officer of the YEDF should be investigated, charged and prosecuted for **violating Section 27(2) of the PPDA 2005**. She failed to ensure that procurement procedures were followed in the alleged provision of consultancy services for ICT strategy development and ERP System by Quorandum Ltd. *The Secretary, EACC and Director, DCI to report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*
2. **THAT**, Ms. Catherine A. Namuye should be investigated, charged and prosecuted for violating the use of restricted tendering as provided for in the Public Procurement and Disposal Act, 2005 particularly **Section 73(2)** which provides instances where a procuring entity may use restricted tendering. Further, Ms. Catherine A. Namuye used restricted tendering contrary to the maximum threshold provided for in the Public Procurement Regulations 2006 that required procurements for goods and services above Ksh. 6,000,000 to be advertised and competitively procured. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*
3. **THAT**, Ms. Catherine A. Namuye should be investigated, charged and prosecuted for violating **Section 72(1) of the PFM Act 2012** which requires an accounting officer of a national government entity to be responsible for management of the entity's assets and liabilities. Ms. Catherine A. Namuye allowed Mr. Bruce Odhiambo unfettered use of YEDF facilities including office and a brand new motor vehicle despite him being a non-executive Chairperson who is not entitled to such facilities. She also failed to implement the State Corporations guidelines issued by SCAC on entitlements of Chairpersons and members of

Boards hence occasioned loss of funds including: Kshs. 12,615,448 incurred in buying a motor vehicle for the use of Mr. Bruce Odhiambo; associated repair and maintenance costs incurred for running the vehicle, totalling Ksh. 1,034,014.65 and employment of a driver and a body guard. The EACC should investigate and if found culpable, recommend her for prosecution to the DPP for violation of the Act. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*

4. **THAT,** Ms. Catherine A. Namuye should be investigated, charged and prosecuted for **violating the provisions of Section 68(1) (a)(b) of the PFM Act 2012** that stipulates that the responsibility of an accounting officer is to ensure that public resources are utilized in a legal, authorized and effective ways to ensure the public realises value for its taxes. The EACC should investigate and if found culpable, recommend her for prosecution to the DPP for violation of the Act. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

5. **THAT,** Ms. Catherine A. Namuye should be investigated, charged and prosecuted for **violating the provisions of Section 15 of the Public Officers Ethics Act, 2003** that requires a public officer to take all reasonable steps to ensure that property that is entrusted to her care is adequately protected and not misused or misappropriated. Ms. Catherine A. Namuye failed to comply with various provisions of the Act. In particular, her assertions that she acted under duress from the Board members particularly on the issues of the Board Members rejecting the existing ICT Strategic Plan (2013-2017) and recommending for a new ICT strategic plan should have been reported by her to the relevant authorities as provided for in section 25 of the POE Act, 2003. The EACC should investigate Ms. Catherine A. Namuye for violating the provisions of the POE Act 2003 and the Code of Conduct and Ethics for Public Officers. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*

6. **THAT,** Ms. Catherine A. Namuye should be investigated, charged and prosecuted for various **acts of omission and commission with the intention to defraud the Fund.** The purported consultancy services contract agreement for ICT Strategic Plan and ERP System development signed by Ms. Catherine A. Namuye on behalf of YEDF and Mr. Mukuria Ngamau for Quorandum Ltd was a well-crafted and jointly executed scheme by Ms. Catherine A. Namuye and Mr. Mukuria Ngamau, with the sole intention of defrauding the YEDF of approximately Kshs. 180 million. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

7. **THAT,** Ms. Catherine A. Namuye, be investigated by EACC for her role in the cancellation of the YEDF 8th anniversary event which was to be held in the year 2015 at the Kenyatta International Conference Centre (KICC) and later venue changed to the University of Nairobi grounds but was eventually verbally cancelled by a phone call purportedly by Ms. Anne Waiguru, the former Cabinet Secretary for Devolution and Planning to Mr. Bruce Odhiambo, the former YEDF Board Chairman. The YEDF fraudulently paid approximately Kshs. 44,741,603 purportedly to various contracted suppliers for the cancelled event. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

8. **THAT,** Ms. Catherine A. Namuye should be investigated, charged and prosecuted for forgery in line with the Penal Code of 1930 Cap 63 laws of Kenya. The purported extracts of the Fund's Board Minutes signed by Mr. Bruce Odhiambo and Ms. Catherine A. Namuye sent to Chase Bank (K) Ltd to confirm the change of signatories were a forgery and a collusion between the two officers with an intent to defraud the Fund pursuant to Section 348 of the Penal Code of 1930 Cap 63 Laws of Kenya.

9. **THAT**, Ms. Catherine A. Namuye if found culpable by the relevant agencies and convicted by a court of law for the various civil and criminal offences should be barred from holding any public office pursuant to the provisions of Article 75(3) read together with Article 80(c) of the Constitution that stipulates that a person who is dismissed for compromising any public

or official interest in favour of a personal interest shall be disqualified from holding any other public office.

5.2.2 Mr. Bruce Dominic Odhiambo, former YEDF Board Chairman

1. **THAT**, Mr. Bruce Odhiambo, former YEDF Board Chairman should be investigated, charged and prosecuted for **conspiracy to defraud the YEDF.** Mr. Bruce Odhiambo working with Mr. Mukuria Ngamau and Ms. Catherine A. Namuye crafted and executed a fraudulent scheme in the name of a consultancy service with the sole intention of defrauding the public of approximately Kshs. 180 million. The Directorate of Criminal Investigations (DCI) should immediately investigate Mr. Bruce Odhiambo and make recommendations for prosecutions to the Director of Public Prosecutions. *The Director of Criminal Investigations to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

2. **THAT,** Mr. Bruce Odhiambo, YEDF Board Chairman should be investigated, charged and prosecuted for **violating the provisions of Section 15 of the POE Act 2003.** He personally selected and instructed YEDF management to acquire for him a vehicle, Toyota Land Cruiser VXL, Registration No. KBZ 753D, which was purchased by YEDF on 28th August, 2014 at a cost of Kshs. 12,615,448. The said vehicle was misused by Mr. Bruce Odhiambo leading to the fund incurring a total of Kshs. 806,014.65 on fuel and general maintenance of the vehicle. On handing over the vehicle back to the Fund, the vehicle was sent to the Government Chief Mechanical Engineer for assessment, who referred the vehicle back to Toyota Kenya for further assessment. Toyota Kenya has quoted Kshs. 228,000 for repairs of the vehicle. The Inspector- General of State Corporations and the Chief Executive Officer of YEDF should surcharge Mr. Bruce Odhiambo a sum of Kshs. 1,034,014.65 for the misuse. The Inspectorate of State Corporations to liaise with the Asset Recovery Agency to ensure a recovery of this amount and appurtenant costs with immediate effect. *The Inspector-General of State Corporations to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

3. **THAT**, Mr. Bruce Odhiambo, former Chairman YEDF should be investigated, charged and prosecuted for **money laundering under Section 3 and 4 of the POCAML Act, 2009 Cap**

59B. He received a total of Kshs. 3.3 million from Mr. Mukuria Ngamau through Quorandum Ltd as per Quorandum Ltd.'s Standard Chartered Bank (Kenya) Ltd account statements hereto annexed. The Committee from its investigations, believes that the said Mr. Bruce Dominic Odhiambo is the former Chairman of the YEDF. The Directorate of Criminal Investigations (DCI) should immediately investigate Mr. Bruce Dominic Odhiambo for this criminal act of collusion and benefiting from proceeds of crime contrary to provisions of Section 3 and 4 of the POCAML Act 2009 and make recommendations for prosecution to the Director of Public Prosecutions. The Director, Assets Recovery Agency should immediately institute a confiscation order and proceed to recover the amount in question from Mr. Bruce Dominic Odhiambo. *The Attorney-General to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

4. **THAT**, Mr. Bruce Odhiambo, former Chairman YEDF should be investigated, charged and prosecuted for various **acts of omission and commission to defraud the public.** He should be investigated by EACC for his role in the cancellation of the YEDF 8th anniversary event which was to be held in 2015 at the KICC and later changed to the University of Nairobi grounds but was eventually verbally cancelled by a phone call purportedly by Ms. Anne Waiguru to Mr. Bruce Odhiambo. The YEDF fraudulently paid approximately Kshs. 44,741,603 purportedly to various contracted suppliers for the cancelled event. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

5. **THAT,** Mr. Bruce Odhiambo should be investigated, charged and prosecuted for forgery in line with the Penal Code of 1930 Cap 63 Laws of Kenya. The purported extracts of the Fund's Board Minutes signed by Mr. Bruce Odhiambo and Ms. Catherine A. Namuye sent to Chase Bank (K) Ltd to confirm the change of signatories were a forgery and a collusion between the two officers with an intent to defraud the Fund pursuant to Section 348 of the Penal Code of 1930 Cap 63 Laws of Kenya.

6. **THAT**, Mr. Bruce Odhiambo, if found culpable by the relevant agencies and convicted by a court of law for the various civil and criminal offences should be barred from holding any

public office pursuant to the provisions of Article 75(3) read together with Article 80(c) of the Constitution that stipulates that a person who is dismissed for compromising any public or official interest in favour of a personal interest shall be disqualified from holding any other public office.

5.2.3 Mr. Mukuria Ngamau, Director and Shareholder, Quorandum Ltd

1. **THAT**, Mr. Mukuria Ngamau should be investigated, charged and prosecuted for **conspiracy to defraud the public.** Mr. Mukuria Ngamau working together with Mr. Bruce Odhiambo and Ms. Catherine A. Namuye crafted and executed a fraudulent scheme in the name of a consultancy service with the sole intention of defrauding the public of approximately Kshs. 180 million. The Directorate of Criminal Investigations (DCI) should immediately investigate Mr. Mukuria Ngamau for this criminal act and conspiracy to defraud the public and make recommendations for prosecutions to the Director of Public Prosecution. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*

2. **THAT**, Mr. Mukuria Ngamau should be investigated, charged and prosecuted for **acquisition, possession or use of the proceeds of crime.** Mr. Ngamau used the proceeds from the fraudulent transactions between YEDF and Quorandum Ltd to purchase a house in Lavington, Nairobi. The Director, Assets Recovery Agency should move with utmost speed and obtain an injunction against transfer of duplex apartment number C16 at Duchess Park Apartments located along Hatheru Road, Lavington, Nairobi. The said property was purchased by Quorandum Ltd from Duchess Park Ltd using the proceeds from the YEDF fraud of Kshs. 180,364,789 contrary to the provisions of Section 4 of the POCAML Act 2009. *The Attorney-General to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

3. **THAT**, Mr. Mukuria Ngamau should be investigated, charged and prosecuted for **violation of Section 27(4) of the PPDA 2005** that requires all contractors, suppliers and consultants to comply with all the provisions of the Act. The actions of Mr. Mukuria Ngamau and his company Quorandum Ltd violated the provisions of the Public Procurement and Disposal Act 2005 and Public Procurement and Disposal Regulations 2006 which were in force then. *The*

Director-General, Public Procurement Regulatory Authority to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.

4. **THAT**, Mr. Mukuria Ngamau should be investigated, charged and prosecuted for giving **false evidence under oath to a Committee of the National Assembly contrary to Section 21 of the National Assembly (Powers and Privileges) Act.** Mr. Mukuria Ngamau while appearing before the Committee on 8th March, 2016 gave false information on the particulars of a Mr. Collin Reeves who was purportedly the lead consultant in the alleged contract between YEDF and Quorandum Ltd. He stated that the said Mr. Reeves resided in Michigan, USA and that as at the time he appeared before the Committee, they were in contact. He later changed this position in his written submission dated 11th March, 2016 informing the Committee that Mr. Reeves died on 1st April, 2015 and that he's still trying to trace the deceased's next of kin to transfer Kshs. 115 million owed to him. The Director of Public Prosecution should therefore charge Mr. Mukuria Ngamau with the offence of giving false evidence before the Committee contrary to Section 21 of the National Assembly (Powers and Privileges) Act. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

5. **THAT**, Mr. Mukuria Ngamau should be investigated, charged and prosecuted for **acquisition, possession and the use of proceeds of crime.** An analysis of the various statements of bank accounts held by Quorandum Limited at Chase Bank (K) Ltd and Standard Chartered Bank (K) Ltd shows that the Ksh. 180, 364,789 which was fraudulently transferred from YEDF account at Chase Bank (K) Limited to Quorandum Limited was used for various suspicious transactions. In particular, a total of approximately Ksh. 91,654,018 was transferred to Quorandum Limited account at Standard Chartered Bank (K) Limited and thereafter used for suspicious payments to various third parties including a Mr. Bruce Dominic Odhiambo. The Director of Criminal Investigations should undertake an investigation of all transactions of the Quorandum Ltd Account No. **0102497392600** held at Standard Chartered Bank Kenya Limited for the period 15th January 2015 to 31st March, 2016. The investigations should extend to all personal bank accounts of Mr. Mukuria Ngamau, Ms. Doreen Waithera Ng'ang'a including

their close relatives and friends. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

6. **THAT**, Mr. Mukuria Ngamau should be investigated, charged and prosecuted for several suspicious cash withdrawals and cheques encashment almost on a daily basis from Quorandum Ltd bank accounts at Chase Bank (K) Ltd and Standard Chartered Bank (K) Ltd as demonstrated by the summary of the bank statements annexed hereto. *The Director, DCI and Secretary EACC to report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*
7. **THAT**, the Director-General of the Public Procurement and Regulatory Authority debars Quorandum Ltd and any company directly or indirectly associated with Mr. Mukuria Ngamau from participating in any Government's public procurement proceedings, both at the National and County Government levels in accordance with Section 41 the Public Procurement and Asset Disposal Act 2015 and any other relevant provisions of the procurement laws and regulations. *The Director- General, Public Procurement Regulatory Authority to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

5.2.4 Other Persons of Interest

An audit trail of the bank statements of Quorandum Ltd account held at Chase Bank (K) Ltd and Standard Chartered Bank (K) Ltd revealed that Mr. Mukuria Ngamau through Quorandum Ltd made various payments to other third parties purportedly for various goods and services offered.

The Committee therefore makes the following recommendations on the following other persons of interest: -

1. **THAT**, the Director of Criminal Investigations and the Ethics and Anti-Corruption Commission should in accordance with Section 4 of POCAML Act 2009 investigate **Mr. Ezekiel Owuor** who received from Mr. Mukuria Ngamau through Quorandum Ltd a sum of Ksh. 8,799,450 purportedly for material supplies. Mr. Ezekiel Owuor in his written submission to the Committee acknowledged receipt of the money but indicated in writing that

the amount was a loan advanced to him by Mr. Ngamau. If found culpable, he should be recommended for prosecution for benefitting from the proceeds of crime. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

2. **THAT**, Mr. Ezekiel Owuor should surrender the outstanding balance of payment owed to Mr. Mukuria Ngamau to the Asset Recovery Agency, even as the various investigative agencies conduct investigations into the matter. *The Director, Asset Recovery Agency to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

3. **THAT**, the Director of Criminal Investigations and the Ethics and Anti-Corruption Commission should in accordance with Section 4 of POCAML Act 2009 investigate the Directors and the local representatives of **Industries D'Amico Ltd** which received a sum of Kshs. 10,254,500 from Quorandum Ltd. *The Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

4. **THAT**, the Director of Criminal Investigations and the Ethics and Anti-Corruption Commission should in accordance with Section 4 of POCAML Act 2009 investigate **Mr. Yogesh Kumar Bhadwarj** who received from Quorandum Ltd a sum of Ksh. 880,000. If found culpable, he should be recommended for prosecution for benefitting from the proceeds of crime. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

5. **THAT**, the Director of Criminal Investigations and the Ethics and Anti-Corruption Commission should in accordance with Section 4 of POCAML Act 2009 investigate **Mr. Dilshad S. Mohammed** who received from Quorandum Ltd a sum of Kshs. 2,246,000 on 10th April 2015. If found culpable, he should be recommended for prosecution for benefitting from the proceeds of crime. *The Director DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*

6. **THAT**, the Director of Criminal Investigations and the Ethics and Anti-Corruption Commission should in accordance with Section 4 of POCAML Act 2009 investigate **Ms. Doreen Waithera Ng'ang'a,** spouse to Mr. Mukuria Ngamau and Co-Director, Quorandum Ltd, who received a sum of Ksh. 91,480 from Mr. Mukuria Ngamau through Quorandum Ltd purportedly as a repayment of a loan extended to Mr. Mukuria Ngamau. *The Director, DCI and the Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this report on the status of implementation of this recommendation.*

7. **THAT**, the Director of Criminal Investigations and the Ethics and Anti-Corruption Commission should in accordance with Section 4 of POCAML Act 2009 investigate the **Directors of Rock Plant Ltd** for receipt of a sum of Ksh. 4.5 million by Mukuria Ngamau through Quorandum Ltd. *The Director, DCI and the Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

8. **THAT,** the Director of Criminal Investigations and the Ethics and Anti-Corruption Commission should in accordance with Section 4 of POCAML Act 2009 investigate the **Directors of Simis Engineering and Construction Company Ltd** for receipt of a sum of Kshs. 1,000,000 from Mukuria Ngamau through Quorandum Ltd. *The Director, DCI and the Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

9. **THAT**, the Director of Criminal Investigations and the Ethics and Anti-Corruption Commission should investigate **Mr. Hillary Kiprono Yegon** and other **Directors of M/S K-Susu Ltd, Gigtych Ltd** and any other supplier for any sum of money received from YEDF for the YEDF 8th anniversary event and any other event undertaken for YEDF since inception to date. *The Director, DCI and Secretary, EACC to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

10. **THAT, Mr. Hillary Kiprono Yegon** failed to honour the Committee's Summons to appear before on 21st April, 2016 in breach of Section 14(1) and (2) of the National Assembly

(Powers and Privileges) Act, Cap. 6, Laws of Kenya. The Director of Public Prosecutions should therefore charge Mr. Yegon with the offence of failing to honour the Committee's Summons. *The Director of Public Prosecutions to report back to the National Assembly not later than two (2) months after the adoption of this Report on the status of implementation of this recommendation.*

CONCLUSION

The Committee concluded that YEDF lost a total of Kshs. Kshs. 180,364,789(Kenya shillings one million three and sixty-four thousand seven hundred and eighty-nine only) through a well orchestrated and dubious non-existent consultancy service scheme that was crafted and jointly executed by Mr. Bruce Odhiambo, Ms. Catherine A. Namuye and Mr. Mukuria Ngamau.

Further, the Committee concludes that YEDF lost approximately Kshs. 44.7 million in a botched YEDF 8th anniversary event. The event which was to be held at the KICC was later changed to the University of Nairobi grounds but did not materialize as it was verbally cancelled by a phone call purportedly by Ms. Anne Waiguru to Mr. Bruce Odhiambo.

The relevant government agencies must move with speed in line with the Committee's recommendations and take the necessary steps to return the stolen money to the youth of this Republic. The Committee directs that the Clerk of the National Assembly provide the necessary support including availing the various documents submitted to this Committee to the relevant government agencies implementing the recommendations of this report.

7.0 ANNEXURES

Annexure 1: Letters from YEDF CEO dated 11th February, 2015 and 27th April, 2015 to Chase Bank to transfer funds from Acc. No. 0019054604038 held at Chase Bank, Riverside Mews Branch.

Annexure 2: Letter dated 10th July, 2015 from YEDF Ag. CEO Ms. Catherine Namuye to Chase Bank to recall Kshs. 120 million from its Chase Bank account to its KCB operations account.

Annexure 3: Minutes of Audit Committee Meeting of 22nd October, 2015 recommending suspension of the former Ag. Chief Executive Officer (Ms. Catherine A. Namuye) and the Finance Manager (Mr. Benedict Atavachi) to pave way for investigations.

Annexure 4: Minutes of Board Special Sitting on 23rd October, 2015 that resolved to send both the former Ag. Chief Executive Officer and Finance Manager on compulsory leave.

Annexure 5: Letter Ref. YEDFB/CEO/378/2015 dated 23rd October, 2015 from Chairman of the Board to the Directorate of Criminal Investigations (DCI) to undertake forensic investigations into the alleged transfer of funds.

Annexure 6: Letter Ref. YEDF/CEO/403/2015 dated 3rd November, 2015, from the Ag. Chief Executive Officer to the Directorate of Criminal Investigations requesting for a forensic audit of all the accounts of the Fund.

Annexure 7: Letter Ref. MDP/1/SEC/9/9 from the former Principal Secretary, State Department of Planning, Eng. Peter Mangiti to Ethics and Anti-Corruption Commission (EACC) requesting for forensic investigations on financial malpractice at YEDF.

Annexure 8: Letters Ref: YEDF/ACC/158/15, YEDF/ACC/159/15 and YEDF/ACC/172/15 dated 27th October, 2015 to all its Bankers to delete both Ms. Catherine A. Namuye and Mr. Benedict Atavachi from being signatories to its accounts as a matter of internal control check.

Annexure 9: Letter Ref. YEDFB/CEO/486/15 dated 20th November 2015 to the Director of Banking Supervision to investigate the Fund's account at Chase Bank and compel the Bank to furnish the Fund with correct and updated bank statements.

Annexure 10: Letter dated 10th November, 2015 from Chase Bank to YEDF confirming that the balance of Kshs. 104,297,489.45 as at 5th November, 2015.

Annexure 11: Letter Ref. YEDF/CEO/460/2015 dated 18th November, 2015 from the Fund to the Registrar of Companies to furnish it with the details of the Directors of Quorandum Ltd ()

Annexure 12: Directors of Quorandum Ltd

Annexure 13: Allocation of Toyota Land Cruiser VXL, Registration No. KBZ 753D, purchased on 28th August, 2014 at a cost of Kshs. 12,615,448 to the former Chair Mr. Bruce Odhiambo.

Annexure 14: Expenditure of Kshs. 806,014.65 incurred by the Fund on fuel and general maintenance of the vehicle between the period of purchase and March, 2015 when returned the vehicle to the Fund.

Annexure 15: Assessment Report by the Government Chief Mechanical Engineer and Toyota Kenya on the vehicle allocated to the former Chair Mr. Bruce Odhiambo on returning the vehicle.

Annexure 16: Auditor's report on expenditure incurred on the former Chairman's driver and body guard on meals and overtime allowances.

Annexure 17: Extract of emails exchanged between Chase Bank Relationship Managers Ms. Mary Muteti, Mr. Edwin Gachimu and Mr. Abdillahi Adan. Mr. Benedict Atavachi on the status of Kshs. 400 million deposited in the Bank.

Annexure 18: Extract of email dated 8th May, 2015, Internal Memos dated 7th July, 2015 and 6th August, 2015 respectively, sent by suspended YEDF Finance Manager to Ag. CEO Ms. Catherine Namuye to seek copy of instructions to Chase Bank for the placement of Kshs. 400 million.

Annexure 19: YEDF letter Ref. YEDFB/CEO/1339/2015 dated 17th February, 2015 signed by the Chairman, Mr. Bruce Odhiambo and the Ag. CEO Ms. Catherine Namuye changing the authorized Chase Bank account signatories.

Annexure 20: Kenya Gazette Notices dated 7th April, 2014 on appointment of Mr. Bruce Odhiambo as the Chairman of the YEDF Board and others dated 28th August, 2015 on appointment of Mr. Nicholas Mwaniki, 6th May, 2014 on appointment of Ms. Sabra Omar Hussein, Ms. Jane Mutinda, Mr. Michael Wamae and Mr. Clement Ayungo as Board Members. Mr. Samuel Macharia

was appointed by CS, National Treasury, vide letter dated 14th October, 2015. Mr. Jalenga's appointment to YEDF Board was revoked by PS, Eng. Mangiti on 22nd October, 2015.

Annexure 21: Letter Ref. No. Q1/YEDF/01 from Quorandum Ltd dated 26th May, 2014 to the YEDF Chief Executive Officer Ms. Catherine Namuye containing proposed outline of ICT Strategy and ERP System.

Annexure 22: YEDF letter Ref. No. YEDF/CEO/1408/2014 dated 2nd June, 2014 indicating that Quorandum Ltd.'s proposal met the needs of the Fund, Quorandum letters to YEDF dated 9th June, 2014 containing quotations for ICT Strategic Plan and ERP System.

Annexure 23: Quorandum Ltd sample invoices to the YEDF CEO Ms. Catherine Namuye.

Annexure 24: YEDF letter Ref. No. YEDF/CEO/129/2014 dated 2nd September, 2014, to Quorandum confirming that the Board approved and accepted the proposal for consultancy services for the design of a comprehensive ICT Strategy and ERP System.

Annexure 25: Quorandum Ltd Agreement with YEDF dated 17th November, 2014 for a comprehensive ICT strategy and ERP design.

Annexure 26: Quorandum Letter Ref. No. QL/YEDF/06/ICT/2015 dated 26th January 2015 submitting the final report of the ICT Strategy to YEDF.

Annexure 27: Curriculum vitae of Mr. Donnie Collins Reeves

Annexure 28: Letter Ref. MDP/1/SEC/9/9 from the former Principal Secretary, State Department of Planning, Eng. Peter Mangiti to Ethics and Anti-Corruption Commission (EACC) requesting for forensic investigations on financial malpractice at YEDF.

Annexure 29: Letter by Ag. CEO Mr. Emmanuel Odero Ref. YEDFB/CEO/486/15 dated 20th November, 2015 to Director of Banking Supervision to investigate the the Fund's account as Chase Bank and compel the Bank to furnish the Fund with correct and updated bank statements. Also annexed is response to YEDF Complaint dated 14th December, 2015 from Mr. Daniel Muguima, Manager, Banking Supervision.

Annexure 30: Letters by CS, Ministry of Public Service, Youth and Gender Affairs dated 1st March, 2016 barring the YEDF Chairperson and the Board Directors from transacting any business or accessing the Fund facilities to pave way for investigations.

Annexure 31: National Treasury Circular No. 10/1992.

Annexure 32: National Treasury Circular No. 12/2002.

Annexure 33: Gazette Notice dated 15th April, 2016 revoking the appointment of the Board Chairman and Board Members.

Annexure 34: Submission by Kenya Revenue Authority

Annexure 35: Submission by the Director of Criminal Investigations dated 6th April, 2016.

Annexure 36: Letter by Eng. Mangiti to EACC dated 4th November, 2015

Annexure 37: Chase Bank letter to YEDF Ag. CEO advising the Fund that the Bank could not honour their instructions as the mandates and their instructions did not match.

Annexure 38: Email by Ms. C. Namuye confirming that the contract and the supporting invoices on 25th February 2015 were in order.

Annexure 39: Chase Bank STR to the Financial Reporting Centre (FRC) dated 11th March, 2015.

Annexure 40: Letter from YEDF dated on 27th April, 201 to transfer a further Kshs. 64,654,789.00 to Quorandum Ltd.

Annexure 41: Letter dated 10th July, 2015 instructing the Bank to liquidate the deposit of Kshs. 219,815,054.00 and transfer Kshs. 120,000,000.00 to the YEDF account held at Kenya Commercial Bank.

Annexure 42: Letter dated 8th December, 2015 by the Chairman, Mr. Bruce Odhiambo and the acting CEO Mr. Emmanuel Odero instructing Chase Bank to transfer the remaining funds held at Chase Bank (K) Ltd to the Fund's Kenya Commercial Bank account.

Annexure 43: Chase Bank letter to YEDF dated 18th December, 2015 reiterating that the Fund had issued a new mandate and this name was not included in the list of mandates.

Annexure 44: dated 25th February, 2016 from the Acting CEO Mr. Emmanuel Odero asking for information regarding the Youth Enterprise Development Fund account. The bank replied on 3rd March 2016 reiterating what had been stated in the earlier letter dated 18th December, 2015.

Annexure 45: Submission by Mr. Ezekiel Owuor

Annexure 46: Payment of Kshs. 3,493,526 dated 19th May, 2015 as per the invoice addressed to K-Susu Ltd and bank statement from Diamond Trust Bank

Annexure 47: Payment to M/S Film Crew in Africa Ltd

Annexure 48: Summary of Quorandum Ltd Standard Chartered (K) Ltd Account Statement

Period: 15th January, 2015 to 16th March, 2016

DATE	NAME	DEBIT (KSHS.)	CREDIT (KSHS.)
15-Jan-15	NSSF	1,200.00	-
26-Feb-15	Waithera Ng'ang'a	402,000.00	-
27-Feb-15	Mukuria Ngamau	2,200,000.00	-
02-Mar-15	Standard Chartered Bank	240,000.00	-
05-Mar-15	RTGS Quorandum Ltd	-	4,600,000.00
05-Mar-15	Bruce D. Odhiambo	1,800,000.00	-
05-Mar-15	Ezekiel Owuor	1,500,000.00	-
05-Mar-15	Ganatra Plant & Equipment	199,000.00	-
10-Mar-15	NSSF	1,200.00	-
12-Mar-15	RTGS Quorandum Ltd	-	4,700,000.00
12-Mar-15	Standard Chartered Bank	570,000.00	-
16-Mar-15	Mukuria Ngamau	300,000.00	-
16-Mar-15	Ezekiel Owuor	2,000,000.00	-
16-Mar-15	Bruce D. Odhiambo	1,500,000.00	-
17-Mar-15	Mukuria Ngamau	700,000.00	-
24-Mar-15	RTGS Quorandum Ltd	-	4,500,000.00
25-Mar-15	Ezekiel Owuor	2,000,000.00	-
08-Apr-15	Mukuria Ngamau	200,000.00	-
08-Apr-15	Mukuria Ngamau	800,000.00	-
10-Apr-15	RTGS Quorandum Ltd	3,500,000.00	-
15-Apr-15	Ezekiel Owuor	1,300,000.00	-
21-Apr-15	Mukuria Ngamau	100,000.00	-
24-Apr-15	Mukuria Ngamau	120,000.00	-
29-Apr-15	Mukuria Ngamau	150,000.00	-
29-Apr-15	Mukuria Ngamau	200,000.00	-
05-May-15	RTGS Quorandum Ltd	-	7,480,000.00
05-May-15	Industrie D 'Amico	4,232,000.00	-
07-May-15	NHIF	3,100.00	-
09-May-15	Mukuria Ngamau	900,000.00	-
09-May-15	Mukuria Ngamau	700,000.00	-
12-May-15	RTGS Quorandum Ltd	-	6,800,000.00
13-May-15	Mukuria Ngamau	950,000.00	-
13-May-15	Mukuria Ngamau	550,000.00	-

DATE	NAME	DEBIT (KSHS.)	CREDIT (KSHS.)
13-May-15	Industrie D 'Amico (transferred to Banco Di Napoli, Italy)	6,022,500.00	-
13-May-15	Quorandum Ltd	1,437.00	-
14-May-15	Martha Wangari Kungu	35,000.00	-
15-May-15	Mukuria Ngamau	800,000.00	-
15-May-15	Mukuria Ngamau	800,000.00	-
16-May-15	Mukuria Ngamau	700,000.00	-
19-May-15	Mukuria Ngamau	250,000.00	-
19-May-15	RTGS Quorandum Ltd	-	8,000,000.00
22-May-15	Mukuria Ngamau	200,000.00	-
22-May-15	Ezekiel Owuor	3,000,000.00	-
25-May-15	Wanjiku Tabitha Ngamau	480,000.00	-
25-May-15	Boniface Mutisya Ngwili	35,000.00	-
26-May-15	Mukuria Ngamau	380,000.00	-
27-May-15	NHIF	3,100.00	-
27-May-15	Kingsway Tyres Ltd	648,440.00	-
27-May-15	Mukuria Ngamau	220,000	-
30-May-15	Mukuria Ngamau	230,000.00	-
02-Jun-15	Salary Upload	-	611,807.80
03-Jun-15	Mukuria Ngamau	150,000.00	-
03-Jun-15	Simon Maina Mwangi	60,000.00	-
04-Jun-15	Mukuria Ngamau	455,000.00	-
08-Jun-15	Mukuria Ngamau	200,000.00	-
08-Jun-15	Standard Chartered Bank	39,295.00	-
10-Jun-15	Mukuria Ngamau	480,000.00	-
12-Jun-15	Mukuria Ngamau	200,000.00	-
16-Jun-15	Standard Chartered Bank	224,368.00	-
16-Jun-15	Molo Freight Ltd	345,218.00	-
18-Jun-15	Mukuria Ngamau	350,000.00	-
18-Jun-15	Mukuria Ngamau	220,000.00	-
18-Jun-15	Standard Chartered Bank	254,000.00	-
19-Jun-15	Standard Chartered Bank	647,826.00	-
22-Jun-15	Boniface Mutisya Ngwili	60,000.00	-
22-Jun-15	Stephen Muchai Kago	40,000.00	-
24-Jun-15	Mukuria Ngamau	250,000.00	-
25-Jun-15	Mukuria Ngamau	120,000.00	-
26-Jun-15	Molo Freight Ltd	241,290.00	-
26-Jun-15	William Wachira	17,000.00	-

DATE	NAME	DEBIT (KSHS.)	CREDIT (KSHS.)
29-Jun-15	Mukuria Ngamau	100,000.00	-
02-Jul-15	Mukuria Ngamau	70,000.00	-
02-Jul-15	Mukoola Godfrey Oloo	20,000.00	-
02-Jul-15	Simon Maina Mwangi	59,000.00	-
02-Jul-15	Martha Wangari Kungu	49,000.00	-
02-Jul-15	Mukuria Ngamau	150,000.00	-
08-Jul-15	Standard Chartered Bank	39,368.00	-
08-Jul-15	Britam General Insurance	109,699.00	-
09-Jul-15	Steelstone Kenya Ltd	63,260.00	-
13-Jul-15	Joseph Kamau	34,800.00	-
15-Jul-15	Mukuria Ngamau	120,000.00	-
17-Jul-15	Mukuria Ngamau	90,000.00	-
17-Jul-15	Quorandum Ltd	28,422.00	-
22-Jul-15	Mantrac Kenya	200,000.00	-
30-Jul-15	Mukuria Ngamau	185,000.00	-
30-Jul-15	Simon Maina Mwangi	60,000.00	-
30-Jul-15	Mukoola Godfrey Oloo	20,000.00	-
30-Jul-15	Mukuria Ngamau	150,000.00	-
30-Jul-15	Martha Wangari Kungu	13,650.00	-
30-Jul-15	NHIF	3,600.00	-
31-Jul-15	Mantrac Kenya	195,000.00	-
31-Jul-15	Mukuria Ngamau	252,000.00	-
05-Aug-15	KRA(PAYE)	39,368.00	-
06-Aug-15	RTGS Quorandum Ltd	-	30,000,000.00
13-Aug-15	Mukuria Ngamau	100,000.00	-
14-Aug-15	Mukuria Ngamau	50,000.00	-
19-Aug-15	Mukuria Ngamau	410,000.00	-
31-Aug-15	Mukuria Ngamau	300,000.00	-
07-Sep-15	Mukuria Ngamau	100,000.00	-
07-Sep-15	Simon Maina Mwangi	60,000.00	-
07-Sep-15	Mukuria Ngamau	150,000.00	-
07-Sep-15	Mukoola Godfrey Oloo	20,000.00	-
07-Sep-15	Standard Chartered Bank	39,368.00	-
07-Sep-15	Steelstone Kenya Ltd	120,000.00	-
07-Sep-15	NHIF	3,600.00	-
14-Sep-15	Standard Chartered Bank	900,000.00	-
18-Sep-15	Mukuria Ngamau	70,000.00	-

DATE	NAME	DEBIT (KSHS.)	CREDIT (KSHS.)
28-Sep-15	Mukuria Ngamau	200,000.00	-
30-Sep-15	Mukoola Godfrey Oloo	20,000.00	-
30-Sep-15	Standard Chartered Bank	39,368.00	-
30-Sep-15	Simon Maina Mwangi	60,000.00	-
30-Sep-15	NHIF	3,600.00	-
30-Sep-15	Martha Wangari Kungu	13,650.00	-
30-Sep-15	Joseph Kamau	29,200.00	-
30-Sep-15	Mukuria Ngamau	20,000.00	-
30-Sep-15	NSSF	400.00	-
30-Sep-15	Mukuria Ngamau	150,000.00	-
30-Sep-15	NSSF	1,200.00	-
03-Oct-15	A.H. Adam Investments	-	15,458.00
07-Oct-15	Mukuria Ngamau	125,000.00	-
08-Oct-15	Rock Plant K Ltd	40,995.00	-
09-Oct-15	KRA (VAT)	100,000.00	-
14-Oct-15	Standard Chartered Bank	596,009.00	-
14-Oct-15	Quorandum Ltd	-	20,000,000.00
15-Oct-15	Mukuria Ngamau	160,000.00	-
19-Oct-15	Steelstone Kenya Ltd	29,367.00	-
19-Oct-15	Reime K Ltd	-	774,018.00
20-Oct-15	Mukuria Ngamau	230,000.00	-
30-Oct-15	Martha Wangari Kungu	13,650.00	-
30-Oct-15	Mukuria Ngamau	150,000.00	-
30-Oct-15	Simon Maina Mwangi	60,000.00	-
30-Oct-15	APA Insurance	100,000.00	-
30-Oct-15	Mukoola Godfrey Oloo	20,000.00	-
30-Oct-15	Standard Chartered Bank	39,368.00	-
30-Oct-15	NHIF	3,600.00	-
30-Oct-15	NSSF	1,200.00	-
30-Oct-15	Mukuria Ngamau	150,000.00	-
30-Oct-15	Mukoola Godfrey Oloo	20,000.00	-
31-Oct-15	Mukuria Ngamau	20,000.00	-
07-Nov-15	Mukuria Ngamau	100,000.00	-
11-Nov-15	Innovative General Suppliers	35,000.00	-
19-Nov-15	Mukuria Ngamau	70,000.00	-
23-Nov-15	Mohammed Muigai Advocates	185,000.00	-
25-Nov-15	Mukuria Ngamau	100,000.00	-

DATE	NAME	DEBIT (KSHS.)	CREDIT (KSHS.)
30-Nov-15	Standard Chartered Bank	400,000.00	-
30-Nov-15	Standard Chartered Bank	39,368.00	-
30-Nov-15	APA Insurance	150,000.00	-
30-Nov-15	NHIF	3,600.00	-
30-Nov-15	Standard Chartered Bank	39,368.00	-
03-Dec-15	Standard Chartered Bank	400,000.00	-
07-Dec-15	Mukuria Ngamau	130,000.00	-
08-Dec-15	APA Insurance	150,000.00	-
08-Dec-15	NHIF	3,600.00	-
08-Dec-15	Mukoola Godfrey Oloo	20,000.00	-
09-Dec-15	Simon Maina Mwangi	60,000.00	-
10-Dec-15	Martha Wangari Kungu	13,650.00	-
13-Dec-15	Mukuria Ngamau	500,000.00	-
14-Dec-15	Standard Chartered Bank	500,000.00	-
15-Dec-15	Anthony Mogere Guto	200,000.00	-
16-Dec-15	Mukuria Ngamau	150,000.00	-
17-Dec-15	NSSF	1,200.00	-
17-Dec-15	Mukuria Ngamau	105,000.00	-
30-Dec-15	Simon Maina Mwangi	60,000.00	-
31-Dec-15	Mukoola Godfrey Oloo	20,000.00	-
31-Dec-15	Martha Wangari Kungu	13,650.00	-
07-Jan-16	Standard Chartered Bank	39,368.00	-
11-Jan-16	NHIF	3,600.00	-
12-Jan-16	Quorandum Ltd	220,000.00	-
15-Jan-16	Incoming EFT	-	774,018.00
22-Jan-16	Mukuria Ngamau	435,000.00	-
25-Jan-16	Boniface Mutisya	40,000.00	-
25-Jan-16	Steel stone Kenya Ltd	42,600.00	-
26-Jan-16	APA Insurance	140,799.00	-
28-Jan-16	CTL Tractor & Spare Parts	12,800.00	-
28-Jan-16	Steel stone Kenya Ltd	10,648.00	-
28-Jan-16	Mukuria Ngamau	170,000.00	-
28-Jan-16	Standard Chartered Bank/KRA	39,368	-
01-Feb-16	Mukoola Godfrey Oloo	20,000.00	-
01-Feb-16	Simon Maina Mwangi	60,000.00	-
01-Feb-16	Martha Wangari Kungu	13,650.00	-
01-Feb-16	Mukuria Ngamau	-	350,000.00

DATE	NAME	DEBIT (KSHS.)	CREDIT (KSHS.)
03-Feb-16	Wanjiku Tabitha Ngamau	460,000.00	-
05-Feb-16	NHIF	3,600.00	-
06-Feb-16	Mukuria Ngamau	115,000.00	-
09-Feb-16	NSSF	1,200.00	-
26-Feb-16	Quorandum Ltd	-	4,800,000.00
03-Mar-16	Quorandum Ltd (Cash Deposit)	-	138,000.00
03-Mar-16	Quorandum Ltd(Cash deposit)	-	138,000.00
05-Mar-16	Mukuria Ngamau	900,000.00	-
07-Mar-16	Mukoola Godfrey Oloo	20,000.00	-
07-Mar-16	Simon Maina Mwangi	60,000.00	-
07-Mar-16	Martha Wangari Kungu	13,650.00	-
08-Mar-16	NHIF	3,600.00	-
07-Mar-16	Simon Maina Mwangi	60,000.00	-
16-Mar-16	Mukuria Ngamau	700,000.00	-
Totals		**59,082,835.00**	**93,681,301.80**

Annexure 49: Summary of Quorandum Ltd Chase Bank (K) Ltd Account Statement

Period: 26th January 2015 - 14th March, 2016

DATE	DESCRIPTION	DEBIT (Kshs.)	CREDIT (Kshs.)
31-Jan-15	Opening Balance 571.25		
23-Feb-15	Internal Account Transfer (YEDF)	-	115,710,000.00
25-Feb-15	Cash	800,000.00	-
02-Mar-15	Cheque	800,000.00	-
04-Mar-15	E. Gachomba & Co Advocates	190,000.00	-
04-Mar-15	Real Insurance	91,480.00	-
04-Mar-15	Cheque-Mukuria	700,000.00	-
05-Mar-15	Outward Remittance	4,600,000.00	-
06-Mar-15	Cheque	900,000.00	-
06-Mar-15	Cheque	190,000.00	-
06-Mar-15	Cheque	900,000.00	-
06-Mar-15	Cheque-Mukuria	400,000.00	-
09-Mar-15	Cheque-Waithera Ng'ang'a	91,480.00	-
09-Mar-15	Cheque	100,000.00	-
09-Mar-15	Cheque	950,000.00	-
09-Mar-15	Cheque	750,000.00	-
10-Mar-15	Cheque	900,000.00	-
10-Mar-15	Cheque	682,580.00	-
10-Mar-15	Cheque	259,900.00	-
11-Mar-15	Cheque	380,000.00	-
11-Mar-15	Cheque	680,000.00	-
11-Mar-15	Cheque	381,000.00	-
12-Mar-15	Cheque	261,000.00	-
12-Mar-15	Cheque	700,000.00	-
12-Mar-15	Outward Remittance	3,000,000.00	-
12-Mar-15	Outward Remittance	4,700,000.00	-
13-Mar-15	Cheque	720,000.00	-
17-Mar-15	Cheque	60,000.00	-
18-Mar-15	Cheque	96,030.00	-
18-Mar-15	Cheque	106,000.00	-
23-Mar-15	Cheque-Mukuria	120,000.00	-
23-Mar-15	Cheque	600,000.00	-
24-Mar-15	Cheque-Mukuria	134,000.00	-

DATE	DESCRIPTION	DEBIT (Kshs.)	CREDIT (Kshs.)
24-Mar-15	Outward Remittance	4,500,000.00	-
30-Mar-15	Outward Remittance	8,000,000.00	-
31-Mar-15	Cheque	69,157.00	-
01-Apr-15	Cheque	208,426.00	-
01-Apr-15	Cheque	800,000.00	-
01-Apr-15	Returned inward cancelled Cheque	-	800,000.00
01-Apr-15	Cheque	640,000.00	-
01-Apr-15	returned inward cancelled Cheque	640,000.00	-
01-Apr-15	Cheque	800,000.00	-
02-Apr-15	Outward Remittance	8,100,000.00	-
02-Apr-15	Outward Remittance	2,246,000.00	-
04-Apr-15	Cheque encashment	600,000.00	-
07-Apr-15	Cheque-Mukuria	450,000.00	-
10-Apr-15	Cheque encashment	850,000.00	-
10-Apr-15	Outward Remittance-Mukuria	3,500,000.00	-
10-Apr-15	Outward Remittance	1,500,000.00	-
10-Apr-15	Outward Remittance	10,000,000.00	-
16-Apr-15	Cheque	73,680.00	-
16-Apr-15	Outward Remittance	11,200,000.00	-
19-Apr-15	Outward Remittance	8,000,000.00	-
20-Apr-15	Cheque encashment	800,000.00	-
24-Apr-15	Outward Remittance-Mukuria	11,200,000.00	-
04-May-15	Internal Account Transfer (YEDF)	-	64,654,789.00
05-May-15	Outward Remittance	880,000.00	-
05-May-15	Outward Remittance	7,480,000.00	-
05-May-15	Outward Remittance	1,000,000.00	-
05-May-15	Outward Remittance	1,000,000.00	-
06-May-15	Cheque encashment	800,000.00	-
08-May-15	Cheque-Mukuria	73,653.50	-
09-May-15	Cheque encashment	900,000.00	-
09-May-15	Cheque-Mukuria	700,000.00	-
12-May-15	Cheque-Mukuria	900,000.00	-
12-May-15	Outward Remittance-Mukuria	6,800,000.00	-
13-May-15	Outward Remittance-Excavator/Grader Purchase	8,598,450.00	-
13-May-15	Outward Remittance-Excavator/Grader Purchase	650,000.00	-
13-May-15	Cheque encashment-Mukuria	950,000.00	-

DATE	DESCRIPTION	DEBIT (Kshs.)	CREDIT (Kshs.)
13-May-15	Cheque encashment-Excavator & Breaker Purchase	650,000.00	-
13-May-15	Cheque encashment-Mukuria	950,000.00	-
14-May-15	Cheque encashment	950,000.00	-
14-May-15	Cheque encashment-Mukuria	950,000.00	-
14-May-15	Cheque encashment	950,000.00	-
14-May-15	Cheque encashment-Mukuria	950,000.00	-
19-May-15	Outward Remittance	8,000,000.00	-
21-May-15	Cheque encashment	700,000.00	-
21-May-15	Cheque encashment-Mukuria	600,000.00	-
21-May-15	Cheque encashment	700,000.00	-
21-May-15	Outward Remittance-Mukuria	8,000,000.00	-
21-May-15	Cheque encashment	700,000.00	-
21-May-15	Cheque encashment-Mukuria	600,000.00	-
21-May-15	Cheque encashment	700,000.00	-
21-May-15	Outward Remittance-Mukuria	8,000,000.00	-
25-May-15	Outward Remittance	10,000,000.00	-
25-May-15	Outward Remittance	4,500,000.00	-
25-May-15	Outward Remittance	10,000,000.00	-
25-May-15	Outward Remittance	4,500,000.00	-
26-May-15	Cheque encashment	900,000.00	-
26-May-15	Cheque encashment	900,000.00	-
27-May-15	Cash Withdrawal	600,000.00	-
10-Jun-15	Cheque encashment	900,000.00	-
10-Jun-15	Cheque encashment-Mukuria	400,000.00	-
16-Jun-15	Cash Withdrawal	900,000.00	-
17-Jun-15	Cheque encashment-Mukuria	950,000.00	-
17-Jun-15	Cheque encashment-Mukuria	950,000.00	-
17-Jun-15	Cheque encashment-Mukuria	950,000.00	-
17-Jun-15	Cheque encashment-Mukuria	950,000.00	-
17-Jun-15	Cheque encashment-Mukuria	950,000.00	-
17-Jun-15	Cheque encashment-Mukuria	950,000.00	-
27-Jun-15	Cheque encashment-Mukuria	980,000.00	-
01-Jul-15	Cheque encashment	550,000.00	-
03-Jul-15	Funds transfer - Mukuria	-	200,000.00
11-Jul-15	Cheque encashment	500,000.00	-
06-Aug-15	Outward Remittance	3,000,000.00	-
21-Aug-15	Cheque encashment	300,000.00	-

DATE	DESCRIPTION	DEBIT (Kshs.)	CREDIT (Kshs.)
28-Sep-15	Cheque encashment	400,000.00	-
14-Oct-15	Outward Remittance	2,000,000.00	-
03-Nov-15	Cheque encashment	960,000.00	-
04-Nov-15	Cheque-Mukuria	400,000.00	-
10-Nov-15	Cheque encashment	970,000.00	-
26-Feb-16	Outward Remittance	4,800,000.00	-
17-Mar-16	Cheque	880,000.00	-
20-Mar-16	Cheque	800,000.00	-
TOTAL		**219,392,836.50**	**181,364,789.00**

Annexure 50: Summary of Cheques debit transactions at Quorandum Ltd Chase Bank (K) Ltd Account

Period: 4th March, 2015 to 2nd November, 2015

Date	Name	Amount in Ksh.
04-Mar-15	Mukuria Ngamau	900,000.00
04-Mar-15	E.W. Gachomba & Co. Advocates	190,000.00
04-Mar-15	Real Insurance	91,480.00
04-Mar-15	Kenya Orient Insurance	750,000.00
06-Mar-15	Quorandum Ltd	100,000.00
06-Mar-15	Quorandum Ltd	950,000.00
06-Mar-15	UAP Insurance	682,580.00
06-Mar-15	Safaricom Ltd	259,900.00
06-Mar-15	Bathawab Investments Ltd	381,000.00
09-Mar-15	Waithera Ng'ang'a	900,000.00
09-Mar-15	Richard Kimani Kongo	380,000.00
09-Mar-15	Waithera Ng'ang'a	680,000.00
10-Mar-15	Central Supplies Hardware	201,000.00
10-Mar-15	Navnit Patel	720,000.00
13-Mar-15	Andrew Muchemi Wangombe	60,000.00
13-Mar-15	Real Insurance	96,030.00
13-Mar-15	Reuben Mutua Kavai	106,000.00
13-Mar-15	Jonathan Wambua Mulwa	120,000.00
16-Mar-15	LIC Ltd	880,000.00
19-Mar-15	Sarah Waiyego Kariuki	134,000.00
19-Mar-15	Mantrac K Ltd	208,426.00
27-Mar-15	CMC Motors	69,157.00
28-Mar-15	Mukuria Ngamau	450,000.00
31-Mar-15	Dilshad Mohammed	800,000.00
31-Mar-15	Dilshad Mohammed	800,000.00
31-Mar-15	Dilshad Mohammed	640,000.00
15-Apr-15	RMA Motors K Ltd	73,680.00
27-Apr-15	Bathawab Investments Ltd	73,653.50
02-Nov-15	Murgor & Murgor Advocates	400,000.00
	TOTAL	**12,096,906.50**

Annex 51: Committee Minutes

ANNEX 1

ENTERPRISE DEVELOPMENT FUND
Catherine Namuye
Chief Executive Officer

or,
Bank of Kenya Bldg.,
Avenue,
8610 - 00100,
Kenya.

+254-020 -2211671/2,
+254 - 020 - 2211675,
Cell: +254-722 - 642608
Fax:+254 - 020 - 2211677/8,
cnamuye@youthfund.go.ke
www.youthfund.go.ke

YOUTH ENTERPRISE DEVELOPMENT FUND
Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref: YEDFB/CEO/1316/2015

11th February 2015

Mr. Ken Ouko
Director – Business Development
Chase Bank, Central Office
P.O. Box 66015 – 00800
Nairobi

Dear Sir,

RE: FIXED DEPOSIT MATURITY

The subject above refers;

Following the maturity of fixed deposit held with your bank, please take this as instruction to debit our account with Kshs.115, 710,000.00 Million (Kenya Shillings One Hundred and Fifteen Million Seven Hundred and Ten Thousand Only) and make payment to our supplier Quorandum Limited for consultancy services rendered. The account details are as follows:

Quorandum Limited
Ac No. 0052075584001
Chase Bank, Riverside Mews Branch

The remaining funds should be rolled over for a further period of three months.
Please contact the undersigned should you have any queries or seek clarification.

Yours faithfully,

CATHERINE NAMUYE
CHIEF EXECUTIVE OFFICER

12 FEB 2015

I certify that this is a true Copy of the Original

ALFRED OLOYA - ADVOCATE
P.O. Box 45707-00100, Nairobi-Kenya

ARCHIVE

YOUTH ENTERPRISE DEVELOPMENT FUND

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref: YEDF/ CEO/ 1554/ 2015 **27th April, 2015**

Ms. Iman Hussein
General Manager – Islamic and SME Banking
Chase Bank, Central Office
P.O. Box 66015 – 00800
Nairobi

RECEIVED
30 APR 2015
CHASE BANK (K) LTD
ISLAMIC BANKING

Dear Madam,

RE: PAYMENT TO QUORANDUM LIMITED

The subject above refers;
Following the maturity of fixed deposit held with your bank, please take this as instruction to debit our account with **Kshs 64,654,789 Million (Kenya Shillings Sixty Four Million, Six Hundred and Fifty Four Thousand, Seven Hundred and Eighty Nine Only)** and make payment to our supplier Quorandum Limited for consultancy services rendered. The account details are as follows:

Quorandum Limited
Ac No. 0052075584001
Chase Bank, Riverside Mews Branch

The remaining funds should be rolled over for a further period of two months.

Please contact the undersigned should you have any queries or seek clarification.

Yours Sincerely

CHASE BANK (KENYA) LTD. SIGNATURE VERIFIED Officer Initialed Date NAIROBI

I certify that this is a true Copy of the Original
ALFRED DIYA - ADVOCATE
P.O. Box 45707-00100, Nairobi-Kenya

CATHERINE A. NAMUYE
CHIEF EXECUTIVE OFFICER

Certified True Copy of the Original
For CHASE BANK (KENYA) LTD.
LEGAL DEPT.
Authorised Signatory

National Bank of Kenya Building, 8th Floor, Harambee Avenue
P.O. box 48610 - 00100, Nairobi - Kenya, Tel: +254 020 2211671 - 2/5, Fax: +254 020 2211677/8
E-mail: info@youthfund.go.ke, Website: www.youthfund.go.ke

A-3

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref: YEDF/ CEO/ 1504/ 2015 **27th April 2015**

Ms. Iman Hussein
General Manager – Islamic and SME Banking
Chase Bank, Central Office
P.O. Box 66015 – 00800
Nairobi



Dear Madam,

RE: PAYMENT TO QUORANDUM LIMITED

The subject above refers;

Following the maturity of fixed deposit held with your bank, please take this as instruction to debit our account with **Kshs. 65,184,946 Million (Kenya Shillings Sixty Five Million, One Hundred and Eighty Four Thousand, Nine Hundred and Forty Six Only)** and make payment to our supplier Quorandum Limited for consultancy services rendered. The account details are as follows:

Quorandum Limited
Ac No. 0052075584001
Chase Bank, Riverside Mews Branch

The remaining funds should be rolled over for a further period of two months.

Please contact the undersigned should you have any queries or seek clarification.

Yours Sincerely,

CATHERINE A. NAMUYE
CHIEF EXECUTIVE OFFICER

I certify that this is a true Copy of the Original

.....
ALFRED NDEYA - ADVOCATE
P.O. Box 45707-00100, Nairobi-Kenya

National Bank of Kenya Building, 8th Floor, Harambee Avenue
P.O. box 48610 - 00100, Nairobi - Kenya, Tel: +254 020 2211671 - 2/5, Fax: +254 020 2211677/8
E-mail: info@youthfund.go.ke, Website: www.youthfund.go.ke

I certify that this is a true Copy of the Original

ALFRED DERA - ADVOCATE
P.O. Box 45707-00100, Nairobi-Kenya

YOUTH ENTERPRISE DEVELOPMENT FUND

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref. YEDF/4/ACC/125/15 **10th July 2015**

The Relationship Manager
Chase Bank Kenya Ltd
Delta House Westland's,
P.O BOX 66049 – 00800,
NAIROBI.

Certified True Copy of the Original
For CHASE BANK (KENYA) LTD.
LEGAL DEPT.

Authorised Signatory

Attn: Mary Muteti

RE: RECALL OF CALL DEPOSIT INVESTMENT OF KSHS 120,000,000.00

Reference is made to our Letter **Ref. YEDF/4/ACC/0099/15** dated 13/04/2015 in which we had given instructions for investment of Kshs 219,815,054 Million in a call investment for 2 Months @ 10.50% p.a with effect from 13/04/2015.

Kindly liquidate 120 Million (One hundred and twenty Million) back into our bank account details as given below;

Bank Name:	**Kenya Commercial Bank Limited**
Bank Branch:	**Kencomm House**
Account No.	**1107-099-390**
Account Name:	**Youth Enterprise Development Fund**

Any interest that has accrued for the days the call was invested kindly deposit it into our bank account details as given below;

ANNEX 3

MINUTES OF SPECIAL BOARD AUDIT COMMITTEE MEETING OF YOUTH ENTERPRISE DEVELOPMENT FUND HELD ON THURSDAY 22ND OCTOBER 2015 AT THE FUNDS BOARDROOM REINAISSANCE PARK AT 6.00 AM.

PRESENT

1. Dir Nicholas Mwaniki - Chairperson
2. Dir clement Ayungo
3. Dir jane Mutinda
4. Stephen Jalenga - Alternate to PS Ministry of Devolution and Planning.

ABSENT WITH APOLOGY.

1. Samuel Macharia - Alternate to PS The National Treasury.

IN ATTENDANCE

1. Peter Mwangi - A.g Audit Monitoring and Evaluation Manager.

MINUTE ARM&E 10/48/15	**CONSTITUTION OF THE MEETING AND ADOPTION OF THE AGENDA.** Due notice of the meeting having been given and there being a quorum the chairperson declared the meeting dully constituted and called it to order at 6.15 am. The following agenda was presented. 1. Examination of statements of the calls deposit and alleged irregular transfer of funds from chase bank on calls on deposit.
MINUTE ARM&E 10/49/15	**Examination of documents on the alleged transfer of funds from chase bank.** a) The documents on the alleged instructions to fraudulently transfer funds from YEDF fixed deposit account to Quorandum limited ac No.0052075584001, Chase bank, riverside Mews Branch amounting to kshs 115,710,000.00 dated 11 February 2015 and kshs 65,184,946.00 to the same said consultant and account on 27th April 2015 were tabled by the chair of the committee. The A.g audit manager informed the committee that the statement which the committee had

Chairman signature..... Date 26/11/2015

Secretary signature..... Date 18/11/2015

	requested during the last audit committee held in July had not been provided to the audit team. He brought to the attention of the committee of a internal memo from the finance manager to A.G CEO dated 28/09/2015 stating that the finance manager has requested the statement from the CEO since February but the A.G CEO had not provided the statement to him. b) Some members of the committee informed the meeting that the A.G CEO had sent an sms at night promising that she could avail the statement by 9.00am, however members felt that this was long overdue as the statement were requested in July and three months had elapsed. c) The committee deliberated on the allegations and proposed the following to the board for adoption and action; i. All the monies held at chase bank be transferred to a government owed bank immediately to allow completion of investigation ii. The board chairman to write to the Anti – Fraud banking unit to carry out investigation on the alleged irregular transfer and all the other bank accounts. iii. The chairman of the board writes to the A.g CEO and Finance Manager requesting them to step aside to allow for investigation. iv. The investment committee be grilled to shed more light on the operations of the committee.
MINUTE ARM&E 10/50/15	A.0 B. There being no other business the meeting was adjourned at 7:30 A.M.

Chairman signature.....

Date 20/11/2015

Secretary signature.....

Date 13/11/2015

Minutes Approved for Circulation

This ....18.....Day of ....11....2015

.....

Mr. Nicholas Mwaniki

Chairman, Audit, Risk, Monitoring and Evaluation Committee

.....

Mr. Peter M Kanyari

Secretary

Chairman signature..... Date.....

Secretary signature..... Date.....

MINUTES OF THE SPECIAL BOARD MEETING HELD ON 23RD OCTOBER, 2015 AT THE FUND'S BOARDROOM, RENAISSANCE CORPORATE PARK 4TH FLOOR, UPPER HILL AT 2 P.M.

PRESENT:

1. Bruce Odhiambo - Chairperson
2. Michael Wamae
3. Jane Mutinda
4. Sabra Hussein Omar
5. Clement Ayungo
6. Nicholas Mwaniki - Secretary



AGENDA:

1. To consider the Audit Committee Report on the Fund's transfer from our Investment accounts at Chase Bank.

MIN. 1/SBM/23/10/2015: PRELIMINARIES

All members being present, the Chairperson called the meeting to order at 2.30 P.m. and welcomed members to the meeting.

MIN. 2/SBM/23/10/2015: CONFIRMATION OF THE PREVIOUS MINUTES OF 21ST OCTOBER 2015 AND MATTERS ARISING

The chair started the meeting by taking members through the Audit committee report. Having no other Agenda the Committee made recommendations as follows

I) The Board to send the Acting CEO and Finance Manager on leave to facilitate Investigations on the Improper Fund's Transfer from the YEDF Investment accounts to a third party

ii) The Board Invites the Bank Anti –Fraud unit to carry out a forensic audit of all the YEDF bank accounts.

iii) The Board reconsiders to have the YEDF accounts

IV) The investment committee to be interrogated to give more information on the state of the Funds Investment accounts.

v) The Board deliberated on the report and adapted the recommendation to suspend the Acting CEO and Finance Manager.

vi) The Board also appointed the Acting General Manager (Emmanuel J. Odero) to act as Chief Executive Officer of the Fund with immediate effect.

vii) The Board adopted the recommendations to invite the Bank Anti-fraud unit to audit the Funds accounts.

Approved

..... 5/11/2015 .....

SECRETARY Date

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD
Certified as a true
09 MAR 2016
Copy of the original
P.O Box 46510-00100 NAIROBI

SIGN HERE

Confirmed by:

..... 5/11/2015 .....

CHAIRMAN Date

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref: YEDFB/CEO/377/2015 Date: 23rd October, 2015

Ms. Catherine Namuye
Chief Executive Officer
Youth Enterprise Development Fund
P.O Box 48610-00100
NAIROBI.

Dear Madam,

RE: INVESTIGATION OF YEDF INVESTMENT ACCOUNTS

During the last board meeting held on 21st October, 2015, there were documents presented to the board showing questionable payments from the investment accounts held at Chase Bank.

To facilitate investigations, the board has decided to send you on leave with immediate effect until further notice. Please note that you shall not carry out any business on behalf of Youth Enterprise Development Fund Board.

Yours Sincerely,

BRUCE ODHIAMBO
CHAIRMAN

Copy to: **Ms. Anne Waiguru**
Cabinet Secretary
Ministry of Devolution and Planning

ENG Peter Mangiti
Principal Secretary
Ministry of Devolution and Planning

National Bank of Kenya Building, 8th Floor, Harambee Avenue
P.O. box 48610 - 00100, Nairobi - Kenya, Tel: +254 020 2211671 - 2/5, Fax: +254 020 2211677/8
E-mail: info@youthfund.go.ke, Website: www.youthfund.go.ke

YOUTH ENTERPRISE DEVELOPMENT FUND

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref: YEDFB/CEO/377/2015

Date: 23rd October, 2015

Mr. Benedict Atavachi
Finance Manager
Youth Enterprise Development Fund
P.O Box 48610-00100
NAIROBI.

File

Dear Sir,

RE: INVESTIGATION OF YEDF INVESTMENT ACCOUNTS

During the last board meeting held on 21st October, 2015, there were documents presented to the board showing questionable payments from the investment accounts held at Chase Bank.

To facilitate investigations, the board has decided to send you on leave with immediate effect until further notice. Please note that you shall not carry out any business on behalf of Youth Enterprise Development Fund Board.

Yours Sincerely

BRUCE ODHIAMBO
CHAIRMAN

Copy to: Ms. Anne Waiguru
Cabinet Secretary
Ministry of Devolution and Planning

ENG Peter Mangiti
Principal Secretary
Ministry of Devolution and Planning

ANNEX 3

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref: YEDFB/CEO/378/2015 Date: 23rd October, 2015

Directorate of Criminal Investigation
Banking Fraud Investigations Unit
P.O Box 30036- 00100
NAIROBI.

file

Dear Sir/Madam

RE: INVESTIGATION OF YOUTH ENTERPRISE DEVELOPMENT FUND

We have come across documents showing questionable transactions in our investment accounts held at Chase Bank.

The board audit committee has recommended that we immediately invite you to carry out a forensic audit of our bank accounts from January 2015 to date. We have sent our Acting CEO and Finance Manager on leave to facilitate investigations. Kindly reply with when at your earliest opportunity we can meet to do this.

Yours Sincerely

BRUCE ODHIAMBO
CHAIRMAN

Copy to: **Ms. Anne Waiguru**
Cabinet Secretary
Ministry of Devolution and Planning

ENG Peter Mangiti
Principal Secretary
Ministry of Devolution and Planning

National Bank of Kenya Building, 8th Floor, Harambee Avenue
P.O. box 48610 - 00100, Nairobi - Kenya, Tel: +254 020 2211671 - 2/5, Fax: +254 020 2211677/8
E-mail: info@youthfund.go.ke, Website: www.youthfund.go.ke

ANNEX 6

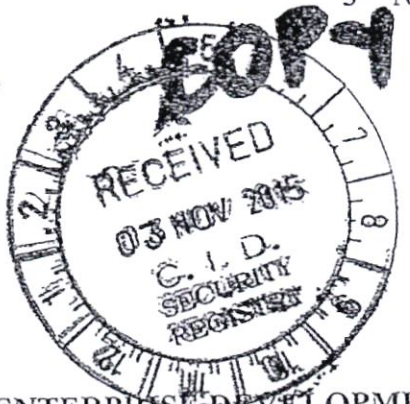
YOUTH ENTERPRISE DEVELOPMENT FUND

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref: YEDF/CEO/403/15

3rd November, 2015



The Directorate of Criminal Investigation,
Anti-Banking Fraud Unit,
Criminal Investigation Department,
Along Kiambu Road
P.O Box 30086
NAIROBI

Dear Sir/Madam,

RE: FORENSIC AUDIT ON YOUTH ENTERPRISE DEVELOPMENT FUND'S ACCOUNTS

Reference is made to the above matter and our letter Ref YEDFB/CEO/378/2015 dated 23rd October 2015 (copy attached).

Kindly but urgently carry out a forensic audit of all Youth Enterprise Development Fund's bank accounts; specifically establish the actual balances of each account, all the transaction movements from 1st February 2015 to 31st July 2015 and obtain all bank statements. In addition, establish the state of the Fund's Investment accounts.

No.	Bank	A/C Name	Branch	A/C No. / PAYBILL No.	COMMENT
1	CHASE BANK	YOUTH ENTERPRISE DEVELOPMENT FUND	CITY CENTRE	0017054604027	Call Deposits
2	KCB	YOUTH ENTERPRISE DEVELOPMENT FUND- COLLECTION	MOI AVENUE	1107099544	Loan Repayment
3	KCB	YOUTH ENTERPRISE DEVELOPMENT FUND-MAIN ACCOUNT	MOI AVENUE	1107099390	Collection
4	KCB	YOUTH ENTERPRISE DEVELOPMENT FUND	MOI AVENUE	1530600088	Call deposits
5	KCB	YOUTH ENTERPRISE DEVELOPMENT FUND- LPO ACCOUNT	MOI AVENUE	1154767485	LPO Loan Disbursement / Repayment

Renaissance Corporate Park, 4th Floor, Elgon Road, Upperhill.
P. O. Box 48610 - 00100, Nairobi-Kenya, Tel. +254 2211672/8,020 2091720, 020 2646327, 0717991616, 0735121844
E-mail: info@youthfund.go.ke, Website: www.youthfund.go.ke

6	SAFARICOM	YOUTH ENTERPRISE DEVELOPMENT FUND	N/A	600700	Loan Repayment
7	EQUITY BANK	YOUTH ENTERPRISE DEVELOPMENT FUND-LOAN REPAYMENT ACCOUNT	COMMUNITY CORPORATE	180291347977	Loan Repayment
8	EQUITY BANK	YOUTH ENTERPRISE DEVELOPMENT FUND- OPERATIONS ACCOUNT	COMMUNITY CORPORATE	180299434252	Operations
9	EQUITY BANK	YOUTH ENTERPRISE DEVELOPMENT FUND	COMMUNITY CORPORATE	180290708175	Loan Disbursement
10	EQUITY BANK	YOUTH ENTERPRISE DEVELOPMENT FUND-DIRECT FUNDING PRODUCT	COMMUNITY CORPORATE	180299437260	Direct Funding, Loan Disbursement/ Repayment

Yours Sincerely,

EMMANUEL JAPHETH ODERO
Ag. CHIEF EXECUTIVE OFFICER

Cc: Mr. Bruce Odhiambo,
Chairman, Youth Enterprise Development Fund Board,
P.O.Box 48610-00100
NAIROBI

Cc: Principal Secretary,
Office of the Principal Secretary,
Ministry of Devolution and Planning,
Treasury Building, 10th Floor,
NAIROBI

ANNEX 1

RECEIVED
P.O. Box 30005-00100 NAIROBI

REPUBLIC OF KENYA

THE PRESIDENCY
MINISTRY OF DEVOLUTION AND PLANNING
STATE DEPARTMENT OF PLANNING

Office of the Principal Secretary
Treasury Building
P.O. Box 30005-00100
NAIROBI

Telegrams "PLANNING" Nairobi

Fax No: 2218475
Telephone: 2252299
E-mail: psplanning@devolutionplanning.go.ke
When replying please quote

Date: 4th November, 2015

Ref. MDP/1/SEC/9/9

Mr. Halakhe D. Waqo, ACIArb
Secretary/Chief Executive Officer
Ethics and Anti-corruption Commission
Integrity Centre
NAIROBI

Dear CS,

RE: REQUEST TO INVESTIGATE ALLEGED FINANCIAL MALPRACTICE AT THE YOUTH ENTERPRISE DEVELOPMENT FUND (YEDF)

Reports reaching this office indicate that there may have been questionable transactio involving investment Accounts held by the YEDF at Chase Bank.

This matter was brought to the attention of the Board of Directors of the Fund in a f Board meeting held on 21st October, 2015 and subsequently, the Board has taken ste including inviting the Directorate of Criminal Investigations to carry out investigatic into the matter.

Given that the nature of the potential crime(s) may go beyond bank fraud, I wis request the Ethics and Anti-corruption Commission to also move in and investigate.

By a copy of this letter, the Chairman, Youth Enterprise Development Fund Boar requested to ensure the Fund fully cooperates with you in this exercise.

Yours

Eng. Peter O. Mangiti
PRINCIPAL SECRETARY

YOUTH ENTERPRISE DEVELOPMENT FUND

Unleashing Potential

ANNEX 8 (a)

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

REF: YEDF/ACC/158/15

October 27, 2015

THE BRANCH MANAGER,
EQUITY BANK LIMITED,
COMMUNITY CORPORATE BRANCH,
NAIROBI, KENYA

EQUITY BANK (KENYA) LIMITED
RECEIVED
27 OCT 2015
COMMUNITY SUPREME BRANCH

Attn. Bett Cheruiyot

Dear Sir,

RE: CEASATION AS BANK SIGNATORY

The subject refers.

Kindly be informed that the following bank signatories have ceased to act as signatori till further notice. Consequently, you are advised not to honor any instructions or chequ or enter into any correspondence with them on behalf of Youth Enterprise Developme Fund.

Catherine Akello Namuye –ID No. 21741697
Benedict Atavachi - ID No. 12569571

Thank you for partnering with us.

Yours Sincerely,

EMMANUEL J. ODERO
AG. CHIEF EXECUTIVE OFFICER

Patrica
ROBERT MRIMA
SENIOR ACCOUNTAI

Renaissance Corporate Park, 4th Floor, Elgon Road, Upperhill.
P. O. Box 48610 - 00100, Nairobi-Kenya, Tel. +254 2211672/8,020 2091720, 020 2646327, 0717991616, 073
E-mail: info@youthfund.go.ke, Website: www.youthfund.go.ke

(5)

Annex 8(b)

Kenya Commercial Bank Limited
Moi Avenue Branch
P.O. Box 30081 – 00100
Nairobi, Kenya

Tel: +254 20 2244939
Mobile: +254 711 012 000 / 734 108 200
SMS: 22522
Email: contactus@kcbbankgroup.com
24h interactive website: kcbbankgroup.com

28th October, 2015

Your Ref. YEDF/ACC/159/1 Our Ref.

YOUTH ENTERPRISE DEVELOPMENT FUND
RENAISSANCE CORPORATE PARK 4TH FLOOR
ELGON ROAD UPPERHILL
P.O.BOX 48610 00100,
NAIROBI

Dear Sir / Madam,

REF: DELETION OF SIGNATORIES ACCOUNT NO.1154767485 1107099390 1107099544

Thank you for your letter dated 27th October, 2015.

We confirm deleting **Catherine Akello Namuye and Benedict Atavachi** from the list of signatories.

We assure you of our best attention at all times.

Yours faithfully,

SALMON AWINO
SENIOR MANAGER CORPORATE SERVICES

ROBERT OCHIENG
HEAD IB/CORP. & CENTRAL GOVERNMENT

Cc: Corporate Relationship Manager

/gnw

Directors: N. Biwott (Chairman); J.N. Oigara (Chief Executive Officer); L.K. Kiambi (Chief Financial Officer); H.K. Rotich; Mrs. C.A. Kola; Mrs. C.M. Muya-Ngaruiya; A.A. Khawaja; Gen. (Rtd) J.R.E. Kibwana; I.D. Ipomai; J.O.A. Nyerere; Ms. G.M. Malombe

9mA
(ص) ٤

ANNEX 8 (c)

YOUTH ENTERPRISE DEVELOPMENT FUND

Unleashing Potential

ANNEX 7C

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

November 18, 2015

REF: YEDF/ACC/172/15

The Relationship Manager,
Chase Bank Kenya Ltd,
City Centre Branch,
P.O BOX 66049 – 00800,
NAIROBI.

Dear Sir,

RE: CEASATION AS BANK SIGNATORY

The subject refers.

Kindly be informed that the following bank signatories have ceased to act as signatories till further notice: Consequently, you are advised not to honor any instructions or cheques or enter into any correspondence with them on behalf of Youth Enterprise Development Fund.

Catherine Akello Namuye - ID No. 21741697
Benedict Atavachi - ID No. 12569571

Thank you for partnering with us.

Yours,

JUDY KIMETO
LENDING & INVESTMENT MANAGER

ROBERT MRIMA
SENIOR ACCOUNTANT

Renaissance Corporate Park, 4th Floor, Elgon Road, Upperhill.
P. O. Box 48610 - 00100, Nairobi-Kenya, Tel. +254 2211672/8,020 2091720, 020 2646327, 0717991616, 073512
E-mail: info@youthfund.go.ke, Website: www.youthfund.go.ke

YOUTH ENTERPRISE DEVELOPMENT FUND

ANNEX 1

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

20th November 2015

Our Ref: YEDFB/CEO/468/2015

CENTRAL BANK OF KENYA RECEIVED 23 NOV 2015 BANK SUPERVISION DEPARTMENT BANKI KUU YA KENYA

The Director,
Banking Supervision,
Central Bank of Kenya,
P.O.Box 60000-00200,
NAIROBI

Dear Sir/Madam,

RE: BANK STATEMENT FROM CHASE BANK, CITY CENTRE BRANCH, ACCOUNT NUMBERS 001705404001 & 0017054604027

We refer to above.

Youth Enterprise Development Fund operates a fixed deposit account with Chase Bank, City Centre branch account numbers 001705404001 and 0017054604027. The Fund has requested Chase Bank to furnish it with its current Bank Statement but this has not yielded any fruit. The latest Bank Statement received from the Bank had some erroneous cash deposits as per the attached copy.

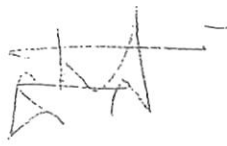
We therefore wish to report this to the Regulatory Authority to intervene and undertake investigation in relation to this habbit and compel Chase Bank, City Centre Branch to furnish us with the correct and upto date bank statement.

Your prompt action will be highly appreciated.

Thank you.

Renaissance Corporate Park, 4th Floor, Elgon Road, Upperhill.
P. O. Box 48610 - 00100, Nairobi-Kenya, Tel. +254 2211672/8,020 2091720, 020 2646327, 0717991616, 073
E-mail: info@youthfund.go.ke, Website: www.youthfund.go.ke

Yours Sincerely,



EMMANUEL J. ODERO
AG. CHIEF EXECUTIVE OFFICER

Cc Chase Bank Kenya Ltd
City Centre Branch,
P.O.Box 66049 – 00800,
NAIROBI

16

YOUTH ENTERPRISE DEVELOPMENT FUND
RECEIVED
21 DEC 2015
CEO'S OFFICE
NAIROBI

BSD/01/36

December 14, 2015

The Ag. Chief Executive Officer
Youth Enterprise Development Fund Board
Renaissance Corporate Park
P.O. Box 48610 - 00100
NAIROBI

Dear Sir,

COMPLAINT AGAINST A BANKING INSTITUTION.

Reference is made to your letter dated November 20, 2015 on the above matter.

This is to acknowledge that we received your complaint and wrote to Chase Bank Kenya Limited for apprisal of the matter.

We shall revert comprehensively once we obtain a response from the bank.

Yours faithfully,

DANIEL N. MUGUIMA
MANAGER,
BANK SUPERVISION

CHASEBANK

ANNEX K

10th NOVEMBER, 2015.

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD
RENAISSANCE CORPORATE PARK
P.O.BOX 48610 – 00100
NAIROBI,
KENYA

Dear Sir/Madam

RE: YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Further to your instructions, we provide the following information as at close of business on 5st November, 2015.

a) Account Name: Youth Enterprise Development Fund Board.

ACCOUNT TYPE	ACCOUNT NO.	BALANCE
DEPOSIT ACCOUNT- KES	0017054604027	104,297,489.45 CR

Yours faithfully,
For; CHASE BANK (K) LIMITED

Authorized Signatory

Authorized Signatory

ANNEX II

ANNEX 1

YOUTH ENTERPRISE DEVELOPMENT FUND

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref: YEDF/CEO/460/2015 **18th November, 2015**

The Registrar of Companies
Office of the Attorney General,
Sharia House,
Harambee Avenue
NAIROBI, KENYA

OFFICE OF THE ATTORNEY GENERAL & DEPARTMENT OF JUSTICE
RECEIVED
19 NOV 2015
RECEIVER
P.O. Box 30031, NAIROBI

Dear Sir/Madam,

RE: DIRECTORS OF QUORANDUM LTD (CR 12)

The above subject refers.

The Public Investment Committee of the National Assembly has invited me to appear before it on Monday 30th November, 2015 at 2.30 pm to adduce evidence on three issues among them the Directors of Quorandum Ltd (CR12).

This is therefore to request your office to confirm to me the directorship of the said company to enable me adduce evidence to the Committee.

Thank you.

Yours Sincerely,

EMMANUEL J. ODERO
AG. CHIEF EXECUTIVE OFFICER

Cc The Attorney General,
Sheria House,
Harambee Avenue
NAIROBI

ANNEX I

Telegrams: "INTESTATE", Nairobi
Telephone: Nairobi 227461
Please address all communications to:
THE REGISTRAR –GENERAL.

DEPARTMENT OF
THE REGISTRAR GENERAL
P.O. Box 30031- 00 100
NAIROBI

Our Ref : CR. 13 C. 100827
Your Ref : YEDF/CEO/460/2015

25TH NOVEMBER 2015

YOUTH ENTERPRISE DEVELOPMENT FUND
BOARD
P.O. BOX 48610-00100
NAIROBI

ATTN: EMMANUEL J. ODERO

Dear Sir,

RE: QUORANDUM LIMITED

The above matter refers and your letter dated 18th November 2015.

The company was registered on 25th October 2002, as registration number **C. 100827.**

According to the latest Annual Return dated 31st July 2015 in the file, the directors/shareholders details were as follows:-

Director	Address	Nationality	Shares
Mukuria Ngamau	P.O. Box 21415-00505 Nairobi	Kenyan	80001
Doreen Waithera Ng'ang'a	P.O. Box 21415-00505 Nairobi	Kenyan	Nil
Non-Director Shareholder			
Wanjiru Tabitha Ngamau	P.O. Box 21415-00505 Nairobi	Kenyan	1
		Total	**80,002**

The Registered office is:

LR NO 1870/1/1/138, PEPONI
ROAD, WESTLANDS
P.O. BOX 14843-00800
NAIROBI

Yours faithfully,

MARGARET WANGU
STATE COUNSEL,
FOR: REGISTRAR OF COMPANIES.

ANNEX 13

Second LPO for only 1 vehicle.

YOUTH ENTERPRISE DEVELOPMENT FUND

L.P.No. 0521

LOCAL PURCHASE ORDER

Suppliers are warned that this Order is INVALID unless fully signed by the signatories below

To: [illegible]

Quotation Ref. No:

Contract Ref. No:

Date: 20/08/2014

Requisition No:

Date:

Please deliver the goods listed below at (Full Address)

[illegible]

On terms and conditions stated on the back of this Order and send the invoices directly to us.

No.	Item Description	Quantity	Unit Cost Shs.	Total Shs.
	Supply and delivery of			
	1 CRUISER PRADO VX-L 3.0L	1	12615448	
	TOTAL			12,615,448

YOUTH ENTERPRISE DEVELOPMENT FUND * P.O. Box 48610-00100 NAIROBI * 07 APR 2016

Prepared By: [illegible] Procurement Officer: [illegible] Internal Audit:

Date: 20/8/2014 Date: Date:

Finance & Administration Manager: [illegible] Chief Executive Officer:

Date: 20 AUG 2014 Date:

Vote Book Entry By: [illegible] Supplier:

Date: Date:

Registration Certificate

K 667063 X

K 667063 X

K667063X

REPUBLIC OF KENYA

TRAFFIC ACT (CAP 403)

(Section 6(5))

Original No 20142802053

Particulars:

Registration:	KBZ753D
Chassis/Frame:	JTEBH3FJ40-K139762
Make:	TOYOTA
Model:	LANDCRUISER
Type:	Motor vehicle
Body:	S.WAGON
Fuel:	Diesel
Man.Year:	2014
Rating:	2982
Engine No:	1KD-2421425
Color:	BLACK
Reg. Date:	07-OCT-14
Gross weight:	
Duty:	Paid

Number of previous owners: 0

Particulars:

Passengers:	7
Tare weight:	2140
Tax class:	Private
Axles:	2
Load capacity(kg):	
Previous Reg. country:	
Previous registration:	

Registered Owner(s)

Pin:	P051205686K
Name:	YOUTH ENTERPRISE DEVELOPMENT FUND
Box No.:	48240
Code:	00100
Town:	NAIROBI

For official use only:-
Authorising Signature and official seal

07/10/14

[redacted] ature:

Important:-

The person in whose name a vehicle is registered shall unless the contrary be proved, be deemed to be the owner of the vehicle. Before you use any vehicle on the road, please ensure that your insurance against third party risk is in order.It is a serious offence to drive without proper insurance.

K 667063 X

K 667063 X

KENYA

YOUTH ENTERPRISE DEVELOPMENT FUND
07 APR 2016
P. O. Box 48610-00100 NAIROBI

ANNEX 14

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD
Certified as a true
04 APR 2016
Copy of the original
P.O. Box 48610-00100 NAIROBI

YOUTH ENTERPRISE DEVELOPMENT FUND

INTERNAL MEMO

TO : Ag.CHIEF EXECUTIVE OFFICER

FROM : ADMINISTRATION OFFICER

DATE : 4TH APRIL 2016

SUBJECT : USE OF KBZ 753D

The above subject refers,

Attached herewith please find the following information;

1. Fuel consumption – Kshs. 806,014.65.
2. Repairs expenses – Kshs. 195,953.52
3. Inspection report-Pre-delivery and the one as at March 2016
4. Copies of LPOs 0515 and 0521

Thank you for your continued support.

JOSEPHAT MAENDE

Headings to be completed by Issuing Officer

REPUBLIC OF KENYA

G.P. 26

MINISTRY OF DEVOLUTION & PLANNING

TRANSPORT—DAILY WORK TICKET

DEPT.* YOUTH ENT. DEV. FUND TICKET No. M 141211

US W.T. No.* M079733 G.K. No.* KBZ 753D MAKE* TOYOTA PRADO UNIT* HQS (NBK) STATION* NAIROBI

Driver's Name and Number			Number, Name and Designation of Authorizing Officer		Specimen Signature of Authorizing Officer
RONALD MOMANYI 2008645	4		1	2011028 EDWIN NJUGA - ASSISTANT COMMISSIONER	
	5		2	228413 STEPHEN C. NGAWAI - SO	
	6		3	2011039 NICODEMUS MAKAU - SO I	

4 2011031 FRIDAY N. GUTO SO II

Date	Driver's No.	Details of Journey and Route in full	No. and Signature of person authorizing Journey		Oil drawn (litres)	Fuel drawn (litres)	P.O.L. (S 15) Voucher No. or L.P.O. No. or Cash Voucher No.	Time Out	Time In	Speedo Reading end of Journey	Kilometres of Journey
(1)	(2)	(3)	No. (4)	Signature (5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
2014	1	SERENA & HOTEL - TOWN - J.K. AIRPORT - WHITESANDS	1			121.6 LTS	0000005770	5:30 AM	8:30 PM	6432	091 KMS
2014	1	S. WHITESANDS - TOWN - STATE HSE - NYARI & BACK	1					8:00 AM	8:55 PM	6520	108 KMS
2014	1	S. WHITESANDS - TOWN - LIKONI - LUNGALUNGA - MOMBASA - J.K AIRPORT - NYARI - S. WHITESANDS	1					6:00 AM	8:23 PM	6774	274 KMS
2014	1	S. WHITESANDS - TOWN - NYALI - J.K AIRPORT - NAIROBI	1					8:30 AM	9:40 PM	7341	567 KMS
2014	1	NAIROBI (NBK) - KILELESHWA - AIRPORT - WESTLANDS - KAHAWA	2			102.14 LTS	0000000153	5:50 AM	8:37 PM	7405	064 KMS
2014	1	KAHAWA (KAMAE) - NBK - KILELESHWA - SERENA - WESTLANDS - KIBERA - STATE HOUSE & BACK	2					8:30 AM	11:52 PM	7495	090 KMS
2014	1	KAHAWA KAMAE - NBK - KILELESHWA - NGONG ROAD & BACK	2					9:30 AM	10:27 PM	7588	093 KMS
2014	1	KAHAWA KAMAE - KILELESHWA - NBK - O.P. - KIBERA & BACK	3					5:50 AM	11:36 PM	7652	064 KMS
2014	1	KAHAWA KAMAE - KILELESHWA - KIBERA - WESTLANDS - SAFARI PARK - NBK - KIBERA - KAHAWA KAMAE	2					5:30 AM	12:41 AM	7790	138 KMS
2014	1	KAHAWA KAMAE - NBK - KILELESHWA - STATE HOUSE - LANGATA - NGONG RD - KIBERA & BACK	3					6:08 AM	11:26 PM	7876	086 KMS
2014	1	KAHAWA KAMAE - NGARA - KILELESHWA - NBK - NGONG RD - KIBERA & BACK	3			121.72 LTS	0000001171/2	6:00 AM	11:42 PM	7951	075 KMS
2014	1	KAHAWA KAMAE - KILELESHWA - STATE HSE - KISUMU	2					8:12 AM	10:49 PM	8254	303 KMS

YOUTH ENTERPRISE DEVELOPMENT FUND
07 APR 2016
P. O. Box 48610-00100 NAIROBI

(1)	(2)	(3)	No. (4)	Signature (5)	(6)	(7)	Cash Voucher No. (8)	Out (9)	In [redacted] Journey (10)	8606 (11)	
14·12·2014	1	KISUMU - NAKURU - NAIROBI - KAHAWA KAMAE	2					6:40 Am	11:37 Am	8990	3
15·12·2014	1	KAHAWA KAMAE · KILELESHWA — NBK & BACK	3					5:50 Am	8·26 Pm	9060	D
16·12·2014	1	KAHAWA KAMAE - KILELESHWA - NBK - WESTLANDS &	3					5:46 Am	10:07 Pm	9142	0
		NGONG RD & BACK									
17·12·2014	1	KAHAWA KAMAE - KILELESHWA - NGONG RD - PARKY	2					6:10 Am	11:18 Pm	9209	DE
		LANDS - WESTLANDS & BACK									
18·12·2014	1	KAHAWA KAMAE - KILELESHWA - NGONG RD & BACK	2					6:22 Am	9:10 Pm	9263	05
19·12·2014	1	KAHAWA KAMAE - KILELESHWA - GIGIRI - NBK -	2					5:40 Am	9:30 Pm	9364	10
		NGONG RD & BACK									
20·12·2014	1	KAHAWA KAMAE - KILELESHWA · J.K.I AIRPORT -	2					3:40 Am	3:10 Pm	9445	08
		Langata - Westlands - NBK & BACK									
22·12·2014	1	KAHAWA KAMAE · NBK · TOYOTA KENYA — NBK	4					6:50 Am	3:20 Pm	9479	03

Driver's Report of Defects			Action taken by Officer i/c	Summary of Work Tickets		Certified all entries c
Date		Defects			Ltr.(fuel) Ltr.(oil)	Details entered in Veh Book.
				Totals—Fuel and Oil drawn	459·73	
				Fuel in Tank to be carried forward	Ltr. 60 Ltrs	
				Total Distance (km.)	3178	Designation
				Miles per litre (fuel)	3178 / (459·73 + 28·4 - 60) = 7·44 Km	Station
				Miles per litre (oil)		

G.P. 26

REPUBLIC OF KENYA

ADMINISTRATION
04 FEB 2015
RECEIVED
P.O. Box 48610-00100 NAIROBI

MINISTRY OF DEVOLUTION & PLANNING

TRANSPORT—DAILY WORK TICKET DEPT.* YOUTH ENT. A. FUND TICKET NO. M 141228

W.T. No.* MY 7129 G.K. No.* KB7753D MAKE* PRADO UNIT* HQS (NBK) STATION* NAIROBI

Driver's Name and Number			Number, Name and Designation of Authorizing Officer		Specimen Signature of Authorizing Officer
S.MWAI 2015001	4		1	201034 - OYUGI OGATA - A.A	
	5		2	228413 STEPHEN NGALWAI - SECURITY	
	6		3	201039 - NICODEMUS MAKAU SO1	

te	Driver's No.	Details of Journey and Route in full	No. and Signature of person authorizing Journey		Oil drawn (litres)	Fuel drawn (litres)	P.O.L. (S 15) Voucher No. or L.P.O. No. or Cash Voucher No.	Time		Speedo Reading end of Journey	Kilometres of Journey
			No.	Signature		60L		Out	In	9479	
)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
5	1	NBK - TOYOTA K	1					1440HRS	1830HRS	9493	014KM
5	1	KILELESHWA / SKIA / KILELESHWA / K-WEST / NBK	2			119.67LTS	0000011355	0630HRS	1700HRS	9602	109 KM
1/15	1	NBK / KILELESHWA / SKIA / KILELE / K-WEST	3					1800HRS	2330HRS	9674	72 KMS
15	1	K-WEST / KILELESHWA - STATE / PARKLANDS / WESTLANDS / KAHAWA WEST	2					0630HRS	2000HRS	9740	66 KMS
5	1	K-WEST / KILELESHWA / INDUSTRIAL AREA / JUNCTION / NGONG ROAD / KILELESHWA / K-WEST	2					1000HRS	2330HRS	97820	80KMS
5/15	1	K-WEST / KILELESHWA / NBK / NGONG RD / KILELESHWA / K-WEST	2					0800HRS	2200HRS	9884	64 KMS
2015	1	K-WEST / KILELESHWA / NAIROBI AREA / TOWN / LENANA RD / KILELESHWA / K-WEST	2					0800HRS	2300HRS	9966	82 KMS
2015	1	K-WEST / KILELESHWA / TOWN / K-WEST	2					0630HRS	2300HRS	10050	84 KMS
2015	1	K-WEST / KILELESHWA / STATE HOUSE / KILELE / NBK / NGONG RD / LENANA RD / HURLINGHAM / K / WEST	2			82LTS	0000811698	0700HRS	2230HRS	10112	62 KMS
2015	1	K / WEST / KILELESHWA / NBK / RIARA / NGONG RD / KILELESHWA / K-WEST	2					0630HRS 1000HRS	2300HRS	10179	67 KMS

YOUTH ENTERPRISE DEVELOPMENT FUND
07 APR 2016
P.O. Box 48610-00100 NAIROBI

(1)	(2)	(3)	No. (4)	Signature (5)	(6)	(7)	Cash Voucher No. (8)	Out (9)	In (10)	Journey (11)	
18/01/2015	1	K-WEST / KILELESHWA / KAYA / KILELESHWA / KWEST	2					1200HRS	1800HRS	10277	4
19/01/2015	1	K-WEST / KILELESHWA / NBK / NGONG RD / KILE-	2					0800HRS	2300HRS	10815	3
		NGONG RD / KILELESHWA / K-WEST									
20/01/2015	1	K-WEST / KILELESHWA / NYERI / KILE / K-WEST	2			48.61L	0006811985	0600HRS	2100HRS	10669	3
21/01/2015	1	K-WEST / KILELESHWA / NBK / D-PRIT / NGONG RD	2					0800HRS	2230HRS	10749	8
22/01/2015	1	K-WEST / KILELESHWA / NBK / NGONG / K-WEST	2					1030HRS	2300HRS	10800	5
23/01/2015	1	K-WEST / KILELESHWA / NBK / WESTLANDS	2			120.90	0000208650	0830HRS	2100HRS	10863	6
24/01/2015	1	K-WEST / NBK / KILELESHWA / NGONG RD	2					1000HRS	1900HRS	10884	2
		K/WEST									
25/01/2015	1	K/WEST / KILELESHWA / WESTLANDS / K-WEST	2					1200HRS	2000HRS	10898	4
26/01/2015	1	K-WEST / KILELESHWA / NBK / K-WEST	2					0530HRS	2100HRS	10969	7
27/01/2015	1	K-WEST / KILELESHWA / NBK / NGONG RD / WEST	2					0800HRS	0300HRS	11053	8
28/01/2015	1	K-WEST / KILELESHWA / NBK / NGONG RD / KWEST	2					0830HRS	2200HRS	11115	6
29/01/2015	1	K-WEST / KILELESHWA / NBK / NGONG RD / K-WEST	2					0900HRS	2300HRS	11175KMS	6
30/01/2015	1	K-WEST / KILELESHWA / KILIMANI / K-WEST	2					0630HRS	2230HRS	11243	6
31/01/2015	1	K-WEST / KILELESHWA / WESTLANDS / K-WEST	2					1000HRS	2300HRS	11325	8

Driver's Report of Defects

Date	Defects	Action taken by Officer i/c

Summary of Work Tickets

	Ltr. (fuel)	Ltr. (oil)
Totals—Fuel and Oil drawn	271.18LTS	
Fuel in Tank to be carried forward	120LTS	
Total Distance (km.)	1846 KMS	
Miles per litre (fuel)	7.3 KM/LTR (KML)	
Miles per litre (oil)	N/A	

Certified all entries Details entered in Ve Book.

Designation .....

Station .....

Card: 1122005674			Owner: [redacted]OUTH ENTERPRISE DEVELOPMENT FUND											
	Purse: Shilling (Shilling)													
		10/10/2014 12:16	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-138.33	101.00	-13,971.33	0.00	-13,971.33
		10/15/2014 7:42	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Pitstop	-400.00	1.00	-400.00	0.00	-400.00
		10/16/2014 8:37	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Pitstop	-500.00	1.00	-500.00	0.00	-500.00
		10/17/2014 7:47	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-124.47	100.60	-12,522.00	0.00	-12,522.00
		10/17/2014 7:57	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Pitstop	-500.00	1.00	-500.00	0.00	-500.00
		10/17/2014 8:35	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Pitstop	3,500.0	1.00	-3,500.00	0.00	-3,500.00
		10/27/2014 6:50	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-79.52	100.60	-7,999.71	0.00	-7,999.71
		10/28/2014 7:42	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Pitstop	-500.00	1.00	-500.00	0.00	-500.00
		11/1/2014 11:46	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-127.95	99.80	-12,744.80	0.00	-12,744.80
		11/8/2014 7:49	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Pitstop	-500.00	1.00	-500.00	0.00	-500.00
		11/12/2014 9:22	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-128.07	99.80	-12,558.57	0.00	-12,558.57
		11/18/2014 20:11	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-108.35	94.50	-10,050.30	0.00	-10,050.30
		11/20/2014 8:40	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Pitstop	1,000.0	1.00	-1,000.00	0.00	-1,000.00
		11/22/2014 10:03	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-5.29	94.50	-500.00	0.00	-500.00
		11/23/2014 13:28	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753C	Serv.	LS	Diesel	-128.04	94.50	-12,100.00	0.00	-12,100.00
		11/28/2014 23:58	[1122,42,42] POS-MSA-ABDEL NASSER	Abdel Nasser Road	KBZ 753C	Serv.	LS	Diesel	-54.82	91.20	-5,000.00	0.00	-5,000.00
		11/30/2014 7:27	[1122,41,41] POS-MSA-DIGO RD	Digo Road	KBZ 753C	Serv.	LS	Diesel	-5.48	91.20	-500.00	0.00	-500.00
		12/1/2014 21:42	[1122,41,41] POS-MSA-DIGO RD	Digo Road	KBZ 753C	Serv.	LS	Diesel	-5.48	91.20	-500.00	0.00	-500.00
		12/1/2014 21:53	[1122,41,41] POS-MSA-DIGO RD	Digo Road	KBZ 753C	Serv.	LS	Diesel	-121.60	91.20	-11,090.00	0.00	-11,090.00
		12/2/2014 22:17	[1122,41,41] POS-MSA-DIGO RD	Digo Road	KBZ 753C	Serv.	LS	Diesel	-5.48	91.20	-500.00	0.00	-500.00
		12/3/2014 21:00	[1122,41,41] POS-MSA-DIGO RD	Digo Road	KBZ 753C	Serv.	LS	Diesel	-5.48	91.20	-500.00	0.00	-500.00
		12/4/2014 16:36	[1122,62,62] POS-MSA-MTITO ANDEI		KBZ 753C	Serv.	LS	Diesel	-102.14	94.00	-9,601.16	0.00	-9,601.16
		12/11/2014 6:34	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753C	Serv.	LS	Diesel	-12.17	93.90	-1,143.00	0.00	-1,143.00
		12/11/2014 8:36	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753C	Serv.	LS	Diesel	-109.55	93.90	-10,287.00	0.00	-10,287.00
		12/12/2014 9:59	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753C	Serv.	LS	Diesel	-3.22	92.90	-300.00	0.00	-300.00
		12/13/2014 21:33	[1122,48,48] POS-NAK-NAKURU TOWN	Nakuru-Naivasha Highway	KBZ 753C	Serv.	LS	Diesel	-118.48	92.00	-10,901.00	0.00	-10,901.00
		1/7/2015 15:58	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-119.67	89.90	-10,758.70	0.00	-10,758.70
		1/7/2015 16:03	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-5.56	89.90	-500.00	0.00	-500.00
		1/15/2015 6:54	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-82.31	89.90	-7,400.00	0.00	-7,400.00
		1/20/2015 5:14	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-46.61	83.30	-4,049.21	0.00	-4,049.21
		1/23/2015 15:32	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-120.90	83.30	-10,070.97	0.00	-10,070.97
		2/3/2015 15:18	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-124.94	83.30	-10,406.00	0.00	-10,406.00
		2/10/2015 9:00	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-85.17	82.30	-7,009.49	0.00	-7,009.49
		2/10/2015 10:44	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-6.07	82.30	-500.00	0.00	-500.00
		2/11/2015 15:31	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-6.07	82.30	-500.00	0.00	-500.00
		2/13/2015 15:20	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-60.75	82.30	-5,000.00	0.00	-5,000.00
		2/20/2015 13:59	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-110.62	75.50	-8,352.00	0.00	-8,352.00
		2/23/2015 9:56	[1122,62,62] POS-MSA-MTITO ANDEI		KBZ 753C	Serv.	LS	Diesel	-86.44	75.20	-6,500.72	0.00	-6,500.72
		2/28/2015 13:28	[1122,62,62] POS-MSA-MTITO ANDEI		KBZ 753C	Serv.	LS	Diesel	-148.01	75.20	-11,130.35	0.00	-11,130.35
		3/8/2015 17:21	[1122,67,67] POS- KIA- KIAMBU 24/7		KBZ 753C	Serv.	LS	Diesel	-146.30	75.50	-11,196.65	0.00	-11,196.65
		3/16/2015 10:06	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-131.23	76.20	-10,000.00	0.00	-10,000.00
		3/22/2015 11:37	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-78.74	76.20	-6,000.00	0.00	-6,000.00
		3/27/2015 9:40	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-144.35	76.20	-11,000.00	0.00	-11,000.00
		4/3/2015 8:01	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-144.35	76.20	-11,000.00	0.00	-11,000.00
		4/8/2015 16:01	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-147.61	76.20	-11,248.00	0.00	-11,248.00
		4/10/2015 18:38	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-137.80	76.20	-10,501.00	0.00	-10,501.00
		4/19/2015 16:48	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-145.00	77.40	-11,223.00	0.00	-11,223.00
		4/20/2015 0:15	[1122,31,31] POS-KIS-MAGHARIBI	Kakamega Road	KBZ 753C	Serv.	LS	Diesel	-70.48	79.80	-5,610.21	0.00	-5,610.21
		4/23/2015 6:28	[1122,73,74] POS-NRB- KINOO		KBZ 753C	Serv.	LS	Diesel	-50.00	77.40	-3,870.00	0.00	-3,870.00
		5/1/2015 10:11	[1122,73,74] POS-NRB- KINOO		KBZ 753C	Serv.	LS	Diesel	-133.00	77.40	-10,294.20	0.00	-10,294.20
		5/7/2015 15:43	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-143.56	77.40	-11,112.00	0.00	-11,112.00
		5/11/2015 23:58	[1122,73,74] POS-NRB- KINOO		KBZ 753C	Serv.	LS	Diesel	-142.11	77.40	-11,000.00	0.00	-11,000.00
		5/28/2015 20:33	[1122,73,74] POS-NRB- KINOO		KBZ 753C	Serv.	LS	Diesel	-148.00	79.30	-11,736.40	0.00	-11,736.40
		6/2/2015 5:47	[1122,73,74] POS-NRB- KINOO		KBZ 753C	Serv.	LS	Diesel	-148.20	79.30	-11,752.26	0.00	-11,752.26
		6/2/2015 5:49	[1122,73,74] POS-NRB- KINOO		KBZ 753C	Serv.	LS	Diesel	-6.30	79.30	-500.00	0.00	-500.00
		6/3/2015 5:44	[1122,73,74] POS-NRB- KINOO		KBZ 753C	Serv.	LS	Diesel	-6.30	79.30	-500.00	0.00	-500.00
		6/3/2015 5:45	[1122,73,74] POS-NRB- KINOO		KBZ 753C	Serv.	LS	Diesel	-3.40	79.30	-270.00	0.00	-270.00
		6/4/2015 5:52	[1122,73,74] POS-NRB- KINOO		KBZ 753C	Serv.	LS	Diesel	-6.30	79.30	-500.00	0.00	-500.00
		6/5/2015 5:54	[1122,73,74] POS-NRB- KINOO		KBZ 753C	Serv.	LS	Diesel	-6.30	79.30	-500.00	0.00	-500.00
		6/5/2015 13:01	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-147.50	79.30	-11,696.75	0.00	-11,696.75
		6/9/2015 13:27	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-139.97	79.30	-11,100.00	0.00	-11,100.00
		6/9/2015 13:27	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-6.30	79.30	-500.00	0.00	-500.00
		6/9/2015 13:28	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-2.52	79.30	-200.00	0.00	-200.00
		6/12/2015 6:01	[1122,73,74] POS-NRB- KINOO		KBZ 753C	Serv.	LS	Diesel	-6.30	79.30	-500.00	0.00	-500.00
		6/15/2015 6:07	[1122,73,74] POS-NRB- KINOO		KBZ 753C	Serv.	LS	Diesel	-148.00	79.30	-11,816.70	0.00	-11,816.70
		6/26/2015 12:50	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753C	Serv.	LS	Diesel	-50.00	82.30	-4,115.00	0.00	-4,115.00
		7/1/2015 6:01	[1122,73,74] POS-NRB- KINOO		KBZ 753C	Serv.	LS	Diesel	-148.00	83.30	-12,328.40	0.00	-12,328.40
		7/3/2015 14:32	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753C	Serv.	LS	Diesel	-147.56	82.30	-12,144.19	0.00	-12,144.19
		7/11/2015 9:53	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753C	Serv.	LS	Diesel	-148.00	82.00	-12,136.00	0.00	-12,136.00
		7/16/2015 6:31	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753C	Serv.	LS	Diesel	-94.67	84.50	-8,000.00	0.00	-8,000.00
		7/25/2015 12:21	[1122,73,74] POS-NRB- KINOO		KBZ 753C	Serv.	LS	Diesel	-118.20	84.80	-10,000.00	0.00	-10,000.00

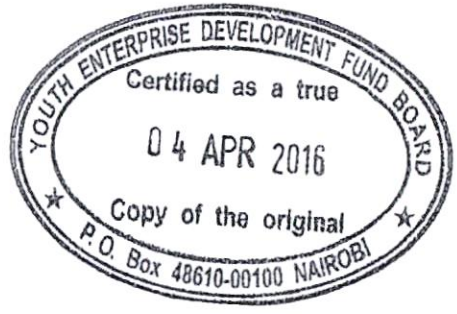
SOUTH ENTERPRISE DEVELOPMENT FUND BOARD
Certified as a true
10 MAR 2016
Copy of the original
P.O. Box 48610-00100 NAIROBI

		8/1/2015 9:44	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Diesel	-148.80	84.50	-12,582.05	0.00	-12,582.05
		8/1/2015 9:45	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,000.0	1.00	-1,000.00	0.00	-1,000.00
		8/9/2015 18:49	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753D	Serv.	LS	Diesel	-78.75	81.50	-6,500.00	0.00	-6,500.00
		8/9/2015 19:51	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753D	Serv.	LS	Pitstop	1,500.0	1.00	-1,500.00	0.00	-1,500.00
		8/11/2015 20:45	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	2,000.0	1.00	-2,000.00	0.00	-2,000.00
		8/12/2015 15:29	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,000.0	1.00	-1,000.00	0.00	-1,000.00
		8/13/2015 16:59	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,000.0	1.00	-1,000.00	0.00	-1,000.00
		8/15/2015 11:10	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,300.0	1.00	-1,300.00	0.00	-1,300.00
		8/15/2015 11:14	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Diesel	-116.13	81.50	-9,628.00	0.00	-9,628.00
		8/18/2015 21:29	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,400.0	1.00	-1,400.00	0.00	-1,400.00
		8/21/2015 14:36	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,500.0	1.00	-1,500.00	0.00	-1,500.00
		8/21/2015 14:41	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Diesel	-108.29	83.30	-9,021.00	0.00	-9,021.00
		8/27/2015 8:52	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753D	Serv.	LS	Pitstop	-500.00	1.00	-500.00	0.00	-500.00
		8/31/2015 21:34	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Diesel	-74.19	81.80	-6,068.74	0.00	-6,068.74
		9/2/2015 21:21	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,000.0	1.00	-1,000.00	0.00	-1,000.00
		9/2/2015 21:25	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Diesel	-104.02	79.30	-8,249.00	0.00	-8,249.00
		9/8/2015 16:48	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,500.0	1.00	-1,500.00	0.00	-1,500.00
		9/8/2015 16:50	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Diesel	-58.91	79.30	-4,672.00	0.00	-4,672.00
		9/10/2015 21:29	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,500.0	1.00	-1,500.00	0.00	-1,500.00
		9/10/2015 21:29	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Diesel	-80.70	79.30	-6,399.51	0.00	-6,399.51
		9/14/2015 22:00	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,000.0	1.00	-1,000.00	0.00	-1,000.00
		9/14/2015 22:03	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Diesel	-90.20	79.30	-7,152.86	0.00	-7,152.86
		9/16/2015 11:47	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,000.0	1.00	-1,000.00	0.00	-1,000.00
		9/19/2015 13:19	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753D	Serv.	LS	Pitstop	1,000.0	1.00	-1,000.00	0.00	-1,000.00
		9/19/2015 13:24	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753D	Serv.	LS	Diesel	-81.84	79.30	-6,490.00	0.00	-6,490.00
		9/21/2015 20:06	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,500.0	1.00	-1,500.00	0.00	-1,500.00
		9/23/2015 18:29	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,000.0	1.00	-1,000.00	0.00	-1,000.00
		9/24/2015 14:38	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753D	Serv.	LS	Diesel	-126.39	79.30	-10,022.73	0.00	-10,022.73
		9/29/2015 14:38	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,500.0	1.00	-1,500.00	0.00	-1,500.00
		9/30/2015 19:08	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,000.0	1.00	-1,000.00	0.00	-1,000.00
		10/1/2015 13:03	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,000.0	1.00	-1,000.00	0.00	-1,000.00
		10/2/2015 19:44	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,500.0	1.00	-1,500.00	0.00	-1,500.00
		10/6/2015 9:48	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753D	Serv.	LS	Diesel	-88.20	79.30	-6,836.00	0.00	-6,836.00
		10/6/2015 9:50	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753D	Serv.	LS	Pitstop	1,000.0	1.00	-1,000.00	0.00	-1,000.00
		10/13/2015 21:31	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,500.0	1.00	-1,500.00	0.00	-1,500.00
		10/13/2015 21:36	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Diesel	-130.32	79.30	-10,335.00	0.00	-10,335.00
		10/16/2015 5:58	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,000.0	1.00	-1,000.00	0.00	-1,000.00
		10/16/2015 6:01	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Diesel	-52.92	82.40	-4,361.00	0.00	-4,361.00
		10/17/2015 6:48	[1122,43,43] POS-MSA-BAMBURI	Now Malindi	KBZ 753D	Serv.	LS	Diesel	-98.14	79.10	-7,763.00	0.00	-7,763.00
		10/21/2015 8:36	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Pitstop	1,000.0	1.00	-1,000.00	0.00	-1,000.00
		10/21/2015 8:40	[1122,56,56] POS-NRB-NGONG ROAD		KBZ 753D	Serv.	LS	Diesel	-120.62	82.40	-9,939.09	0.00	-9,939.09
		10/25/2015 18:10	[1122,45,26] POS-MSA-MACKINON	Mackorlos Road	KBZ 753D	Serv.	LS	Diesel	-109.98	79.10	-8,700.00	0.00	-8,700.00
		10/30/2015 18:18	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753D	Serv.	LS	Diesel	-122.00	82.40	-10,052.80	0.00	-10,052.80
		11/5/2015 7:06	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753D	Serv.	LS	Diesel	-141.00	82.40	-11,618.40	0.00	-11,618.40
		11/5/2015 7:09	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753D	Serv.	LS	Pitstop	1,500.0	1.00	-1,500.00	0.00	-1,500.00
		11/9/2015 14:38	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753D	Serv.	LS	Pitstop	2,000.0	1.00	-2,000.00	0.00	-2,000.00
		11/9/2015 20:56	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753D	Serv.	LS	Diesel	-91.00	82.40	-7,498.40	0.00	-7,498.40
		11/13/2015 12:59	[1122,73,74] POS-NRB- KINOO		KBZ 753D	Serv.	LS	Diesel	-120.00	82.40	-9,888.00	0.00	-9,888.00
		11/21/2015 9:25	[1122,73,74] POS-NRB- KINOO		KBZ 753D	Serv.	LS	Diesel	-142.00	79.80	-11,303.20	0.00	-11,303.20
		11/26/2015 11:57	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753D	Serv.	LS	Diesel	-141.11	79.10	-11,161.80	0.00	-11,161.80
		12/1/2015 7:50	[1122,2,2] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753D	Serv.	LS	Diesel	-134.00	79.10	-10,600.00	0.00	-10,600.00
		12/8/2015 0:05	[1122,2,68] POS-NRB-TIMES SQUARE	Haile Selassie Avenue	KBZ 753D	Serv.	LS	Diesel	-85.71	79.10	-6,780.30	0.00	-6,780.30
		12/12/2015 18:56	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753D	Serv.	LS	Diesel	-142.05	79.10	-11,307.35	0.00	-11,307.35
		12/22/2015 8:49	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753D	Serv.	LS	Diesel	-138.80	78.50	-10,895.80	0.00	-10,895.80
		1/2/2016 20:09	[1122,73,74] POS-NRB- KINOO		KBZ 763D	Serv.	LS	Diesel	-134.81	78.50	-10,583.00	0.00	-10,583.00
		2/1/2016 7:33	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753D	Serv.	LS	Diesel	-134.14	78.70	-10,288.54	0.00	-10,288.54
		2/3/2016 22:07	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753D	Serv.	LS	Diesel	-142.80	78.70	-10,952.78	0.00	-10,952.78
		2/10/2016 8:40	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753D	Serv.	LS	Diesel	-143.97	76.00	-10,941.72	0.00	-10,941.72
		2/19/2016 8:30	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753D	Serv.	LS	Diesel	-115.19	67.80	-7,810.00	0.00	-7,810.00
		3/3/2016 6:46	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753D	Serv.	LS	Diesel	-143.77	67.80	-9,747.61	0.00	-9,747.61
		3/9/2016 20:44	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753D	Serv.	LS	Diesel	-2.13	67.80	-144.90	0.00	-144.90
		3/9/2016 20:45	[1122,4,4] POS-NRB-NGARA	Ngara	KBZ 753D	Serv.	LS	Diesel	-144.90	67.80	-9,824.22	0.00	-9,824.22
	Total per services:												-806,014.65

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD
Certified as a true
10 MAR 2016
Copy of the original
P.O. Box 49640-00100 NAIROBI

REPAIR EXPENSES FOR KBZ 753D(OCTOBER 2014-MARCH 2016)

		Service Date	Service category	Amount paid		
	KBZ753D	26/6/2015	A-service	19,850.57	service invoice 2000329165	
	TOYOTA	24/08/2015	B-service,brakes	92,933.00	service invoice 2000329165	
	PRADO	12/3/2015	B-service,brakes	33,354.00	service invoice 2000302632	
		5/1/2015	A-service	16,144.00	service invoice 2000291570	
		25/11/2014	A-service	16,558.00	service invoice 2000286219	
		24/10/2015	A-service	17,114.00	service invoice 2000339141	
				195,953.57		



MTD/R&I/F/01(REV I)

ANNEX 15

MINISTRY OF TRANSPORT AND INFRASTRUCTURE
MECHANICAL AND TRANSPORT DIVISION
P.O.BOX 30043-00100
NAIROBI.

CHIEF EXECUTIVE OFFICER
YOUTH ENTERPRISE DEVELOPMENT FUND BOARD
P.O.BOX 48610-00100
NAIROBI.

Date: 15/3/2016

REF. NO: C 8910256 **JOB NO:** 3011
REGISTRATION NO: KBZ 753 D **MAKE:** TOYOTA S/W **MODEL:** KDJ 150 R LANDCRUISER VX-L
ODOMETER READING: 62779 KM
ESTIMATED READING: 62779 KM

VISUAL MECHANICAL INSPECTION REPORT.

Engine : Serviceable.
Cooling System: Serviceable.
Clutch: Serviceable.
Fuel System: Serviceable.
Gearbox: Serviceable.
Transmission/Rear axle: Serviceable.
Front axle: OK.
Steering: OK.
Suspension: Serviceable.
Brakes: Serviceable.
Electrical System: N/S Tail lamp lense broken-Renew assembly, Number plate light one bulb U/S-Renew.
Chassis: No visible defects noted.
Body/Cab: Front bumper dented and misaligned, O/S Body panels, N/S/F Wing and N/S/R Door paint scratched, Carry out buffing and spray paint as necessary.
Tyres: Front and Rear 40% worn.
Remarks: Repair as per **Toyota Kenya Estimate** Ksh. 228,000/-(Two hundred and twenty eight thousand shillings only).

YOUTH ENTERPRISE DEVELOPMENT FUND
07 APR 2016
P. O. Box 48610-00100 NAIROBI

Anne

Inspected by: P. OJIAMBO

Report checked by: W.C. Misoi Officer-In-Charge R&I

1. Authority is granted to repair this vehicle/equipment in an authorized private garage in accordance with the current laid down procurement procedures.
2. The cost of repairs should be as per the Inspection report.
3. You are required to inform this Department where you have taken your vehicle for repairs to ascertain quality of parts and works (service) during repairs.
4. You are advised to ensure the work is inspected by this Department after completion.

ENG. C. E. AMBASI
(WORKSHOP MANAGER)
For: CHIEF ENGINEER (MECHANICAL)

SEAMLESS CONNECTIVITY
MINISTRY OF TRANSPORT AND INFRASTRUCTURE

CHIEF MECHANICAL AND TRANSPORT ENGINEER
MINISTRY OF TRANSPORT AND INFRASTRUCTURE
P. O. Box 30043 - 00100,
NAIROBI.

ANNEX 16

52013 Staff Welfare - MARTIN MUREITHI General Ledger Entries

Posting Date	Document No.	G/L Account No.	Description	Amount
22-05-15	4325	52013	Martin Mureithi(per diem/m.allowance)	16,380.00
08-06-15	4374	52013	M.Allowance-Martin Mureithi (MAY 2015 Meal Allowance)	44,640.00
09-07-15	4463	52013	Martin Murithi (June Meal .Allowance)	43,470.00
13-08-15	4538	52013	M.Mureithi(july2015 Meal .ALLowance)	58,590.00
04-09-15	4577	52013	Staff Welfare(M.MUREITHI-August Meal.allowance)	39,060.00
07-10-15	E7D76279	52013	MARTIN MUREITHI(M.ALL 31/08/15-19/09/15)	35,340.00
06-11-15	4735	52013	M.ALL(M.MUREITHI M.ALLOWANCE OCTOBER 2015)	22,320.00
10-12-15	4818	52013	Martin Mureithi-(M.ALLOWANCE NOVEMBER 2015	50,220.00
			TOTAL PAID	**310,020.00**

This is to certify that it is the true amount that was paid to the P.A to the chairman. 7/4/2016

YOUTH ENTERPRISE DEVELOPMENT FUND
07 APR 2016
P.O. Box 48610-00100 NAIROBI

Z 1.1.1.

Overtime Allowance Report for YEDF Chairman's Driver

NAME OF THE DRIVER	PERIOD	NUMBER OF HOURS WORKED	OVERTIME ALLOWANCE KSHS
Samwel Mwai	MARCH 2015	126.5 Hours	15,948
Samwel Mwai	APRIL 2015	188.5 Hours	23,187
Samwel Mwai	MAY 2015	107 Hours	13,739
Samwel Mwai	JUNE 2015	135 Hours	23,707
Samwel Mwai	JULY 2015	206 Hours	22,856
Willy Edison Cheruiyot	AUGUST 2015	33.3 Hours	3,982.51
Tanui Geoffrey	AUGUST/SEPT 2015	184.27 Hours	20,445
Tanui Geoffrey	OCTOBER/NOV 2015	73.97 Hours	11,927
Tanui Geoffrey	SEPTEMBER/OCT 2015	110.5 Hours	12,260.53
			148,052.04

This is to certify as the true amount that was paid to the driver.

7/4/2016

YOUTH ENTERPRISE DEVELOPMENT FUND
07 APR 2016
P.O. Box 48610-00100 NAIROBI

52013 Staff Welfare - STEPHEN CHEGE NGAWAI General Ledger Entries

Posting Date	Document No.	G/L Account No.	Description	Amount
26-09-14	3506	52013	Meal Allowance -STEPHEN CHEGE (16 july-25 sept)	45,900.00
10-10-14	3587	52013	Overtime-Stephen Ngawai(Bodyguard)	17,051.00
29-10-14	3652	52013	Meal allowance-Stephen C Ngawai(SEPT/OCT 2014)	23,400.00
12-11-14	3733	52013	Stephen Ngawai-Overtime oct 2014	29,731.00
25-11-14	3776	52013	Meal Allowance-Stephen Chege Ngawai(October 2014)	18,000.00
18-12-14	3858	52013	Stephen Chege-overtime(Nov 1-Dec 7)	9,900.00
30-12-14	3875	52013	Stephen c.ngawai(01 dec-19dec 2014) Meal Allowance	11,700.00
04-03-15	4055	52013	Meal All-S.Chege february 2015	37,200.00
11-03-15	4098	52013	Stephen chege-(overtime feb 2015)	26,409.00
07-04-15	4194	52013	Staff Welfare-M.ALL S.CHEGE MARCH 2015	41,580.00
13-05-15	4299	52013	M.ALLOWANCE-S.Chege ngawai April 2015	38,580.00
			TOTAL	**299,451.00**

This certifies that it is the true amount that was paid to another P.A to the Chairman

7/4/2016

Annex

Total amounts paid to the Chairman's Body guard and Driver as Meal and Overtime allowances is Kshs. 757,523.04.

YOUTH ENTERPRISE DEVELOPMENT FUND
07 APR 2016
P.O. Box 48610-00100 NAIROBI

ANNEX 17

Benedict Atavachi

From: Jedidah Kabiru <jkabiru@chasebank.co.ke>
Sent: Wednesday, May 06, 2015 12:09 PM
To: jkabiru@chasebank.co.ke
Cc: mmuteti@chasebank.co.ke; aadan@chasebank.co.ke; Edwin Thiong'o Gachimu
Subject: AWAY ON LEAVE

Good afternoon,

This is to let you know that I will be proceeding on leave from 15th May 2015. During my absence, kindly contact my colleagues herein below for any assistance:

Mary Muteti – mmuteti@chasebank.co.ke, mobile no. 0712-760975
Edwin Gachimu – egachimu@chasebank.co.ke, mobile no. 0721-468284
Abdillahi Adan – aadan@chasebank.co.ke, 0727-239408

Kind Regards...

Jedidah Kabiru : Islamic Banking: Delta Corner, PWC Tower, 3rd Floor
·: +254 20 07030748420, Ext 8420 ·: www.chasebankkenya.co.ke: jkabiru@chasebank.co.ke



Benedict Atavachi

From: Benedict Atavachi <batavachi@youthfund.go.ke>
Sent: Friday, May 08, 2015 8:44 AM
To: 'Jedidah Kabiru'
Subject: certificate of depoit

Morning Jedidah,

Kindly sent me the deposit certificate for the placement of 400m please.

Benedict S. Atavachi
Finance Manager,
Youth Enterprise Development Fund,
Lornho House,
Standard Street.
P. O. Box 48610-00100.
Nairobi, Kenya.
+254 -20-2211677

From: Jedidah Kabiru [mailto:jkabiru@chasebank.co.ke]
Sent: Wednesday, May 06, 2015 12:09 PM
To: jkabiru@chasebank.co.ke
Cc: mmuteti@chasebank.co.ke; aadan@chasebank.co.ke; Edwin Thiong'o Gachimu
Subject: AWAY ON LEAVE

ood afternoon,

his is to let you know that I will be proceeding on leave from 15th May 2015. During my absence, kindly contact my colleagues herein below for any assistance:

Mary Muteti – mmuteti@chasebank.co.ke, mobile no. 0712-760975
Edwin Gachimu – egachimu@chasebank.co.ke, mobile no. 0721-468284
Abdillahi Adan – aadan@chasebank.co.ke, 0727-239408

Kind Regards...

Jedidah Kabiru : Islamic Banking: Delta Corner, PWC Tower, 3rd Floor
·: +254 20 07030748420, Ext 8420 ·: www.chasebankkenya.co.ke: jkabiru@chasebank.co.ke

Benedict Atavachi

From: Benedict Atavachi <batavachi@youthfund.go.ke>
Sent: Friday, May 08, 2015 3:05 PM
To: 'aadan@chasebank.co.ke'
Subject: FDR

Good afternoon Mr. Adan,

Kindly sent us FDR the last two placements made ie on 5th February 2015 of KES.400 MILLION and a roll over of 400million on 13th April 2015.

Benedict S. Atavachi
Finance Manager,
Youth Enterprise Development Fund,
Lornho House,
Standard Street.
P. O. Box 48610-00100.
Nairobi, Kenya.
+254 -20-2211677

Benedict Atavachi

From: Benedict Atavachi <batavachi@youthfund.go.ke>
Sent: Friday, May 22, 2015 10:30 AM
To: 'Abdillahi Omar Adan'
Subject: RE: FDR

Morning Mr. Adan,

For how long should I wait for FDR including for amounts that already matured?

Benedict S. Atavachi
Finance Manager,
Youth Enterprise Development Fund,
Lornho House,
Standard Street.
P. O. Box 48610-00100.
Nairobi, Kenya.
+254 -20-2211677

From: Abdillahi Omar Adan [mailto:aadan@chasebank.co.ke]
Sent: Friday, May 08, 2015 4:25 PM
To: Benedict Atavachi
Subject: Re: FDR

Good afternoon Mr. Benedict,

Thanks for your email. We are preparing the receipts and will be sent to your attention once done.

Have a nice weekend a head.

Abdullahi Adan

On 8 May 2015 at 13:04, Benedict Atavachi <batavachi@youthfund.go.ke> wrote:

Good afternoon Mr. Adan,

Kindly sent us FDR the last two placements made ie on 5th February 2015 of KES.400 MILLION and a roll over of 400million on 13th April 2015.

ANNEX 1:

Benedict Atavachi

From:	Benedict Atavachi <batavachi@youthfund.go.ke>
Sent:	Friday, May 08, 2015 1:33 PM
To:	'Catherine Namuye'
Subject:	Copy of Instructions to the Chase Bank

Good Morning Madam,

We shall be grateful if we get copy of the instructions to Chase Bank for the placement of KSHS.400 Million that you finalized signed and sent to the bank.

Benedict S. Atavachi
Finance Manager,
Youth Enterprise Development Fund,
Lornho House,
Standard Street.
P. O. Box 48610-00100.
Nairobi, Kenya.
+254 -20-2211677

YOUTH ENTERPRISE DEVELOPMENT FUND

INTERNAL MEMO

To: Chief Executive Officer

From: Finance Manager

Date: 7th July 2015

Subject: CALL DEPOSIT WITH CHASE BANK KSHS.400 MILLION

The above subject matter and my previous mail, and conversations refers.

Kindly note that am yet to receive the FDR for the roll over which you finalized the letter and sent to the bank. Various calls to the bank, have not borne fruit and am advised by the bank.(Jedidah/Mary) to talk to you.

Please advise.

.....

ANNEX 5(c)

YOUTH ENTERPRISE DEVELOPMENT FUND

INTERNAL MEMO

To: Chief Executive Officer

From: Finance Manager

Date: 6th August 2015

Subject: CALL DEPOSIT WITH CHASE BANK KSHS.400 MILLION

The above subject matter and my previous mail, and conversations refers.

Kindly note that am yet to receive the FDR for the roll over which you finalized the letter and sent to the bank. Various calls to the bank, have not borne fruit and am advised by the bank.(Jedidah/Mary) to talk to you.

Please advise.

.....

ANNEX 17

Ph update. Instructions confirmed by Judicial

Ann A-1

YOUTH ENTERPRISE DEVELOPMENT FUND

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref: YEDFB/ CEO/ 1339/ 2015 17th February 2015

The Manager
Chase Bank Kenya Limited
P. O. Box 66049-0080
Nairobi

RECEIVED 20 FEB 2015 CHASE BANK (K) LTD. ISLAMIC BANKING

I certify that this is a true Copy of the Original
ALFRED KEYA - ADVOCATE
P.O. Box 45707-00100, Nairobi-Kenya

0019054600888
0019054

Attn: Iman Hussein

Dear Madam,

RE: AUTHORIZED SIGNATORIES

Below, please find below as approved by the Board, details of the authorized signatories to operate the call deposit account held with you.

1) Signatories A

		Designation	I.D Number
Catherine A.Namuye	-	Chief Executive Officer	21741697 TEL: 0722-642601
Judy C. Kimeto	-	Lending & Investmenent Manager	20853730

2) Signatories B

		Designation	I.D Number
Benedict S. Atavachi	-	Finance Manager	12569571 0721-233568
Robert B. Mrima	-	Senior Accountant	22554184
Benson M. Mutwii	-	Accountant	22526154

The signing instructions are; the CEO can sign off any instructions. In the absence of the CEO, two signatories must sign with one being a mandatory signatory.

Yours Sincerely,

CHASE BANK (KENYA) LTD.
ISLAMIC BANKING
SIGNATURE WITNESSED

Mr. Bruce Odhiambo
Chairman, Youth Enterprise Development Fund Board

Catherine A. Namuye
Chief Executive Officer

ANNEX 2(

SPECIAL ISSUE

THE KENYA GAZETTE

Published by Authority of the Republic of Kenya

(Registered as a Newspaper at the G.P.O.)

Vol. CXVI—No. 45 **NAIROBI, 7th April, 2014** **Price Sh. 60**

GAZETTE NOTICE NO. 2339

THE STATE CORPORATIONS ACT

(*Cap.* 446)

THE YOUTH ENTERPRISE DEVELOPMENT FUND ORDER

(*L.N.* 63 *of* 2007)

APPOINTMENT

IN EXERCISE of the powers conferred by section 5 (2) (*a*) of the Youth Enterprise Development Fund Order, 2007, I, Uhuru Kenyatta, President and Commander-in-Chief of the Kenya Defence Forces appoint—

BRUCE ODHIAMBO

to be the Chairperson of the Board of the Youth Enterprise Development Fund, for a period of three (3) years, with effect from the 1st March, 2014 and revokes the appointment of Gor Evans Semalang'o*, as the Chairman of the Board of the Youth Enterprise Development Fund.

Dated the 27th February, 2014.

UHURU KENYATTA,
President.

*G.N. 1828/2013.

GAZETTE NOTICE NO. 2340

THE PUBLIC FINANCE MANAGEMENT ACT

(*No.* 18 *of* 2012)

THE GOVERNMENT FINANCIAL MANAGEMENT (WOMEN ENTERPRISE FUND) REGULATIONS, 2007

(*L.N.* 147 *of* 2007)

APPOINTMENT

IN EXERCISE of the powers conferred by regulation 5 (1) (*a*) of the Government Financial Management (Women Enterprise Fund) Regulations, 2007, as read with paragraph 10 of the Second Schedule of the Public Finance Management Act, 2012, I, Uhuru Kenyatta, President and Commander-in-Chief of the Kenya Defence Forces appoint—

MUMINA G. BONAYA

to be the Chairperson of the Advisory Board of the Women Enterprise Fund, for a period three (3) years, with effect from the 1st March, 2014.

Dated the 27th February, 2014.

UHURU KENYATTA,
President.

GAZETTE NOTICE NO. 2341

HIGH COURT OF KENYA AND COURTS WITH STATUS OF THE HIGH COURT

EASTER VACATION 2014

IN EXERCISE of the powers under Article 161 (2) (*a*) of the Constitution, 2010, section 5 (2) (*c*) of the Judicial Service Act, and pursuant to section 7 of the Sixth Schedule to the Constitution, 2010, and Rule 2 of Legal Notice No. 53 of 2013, the Chief Justice gives notice as follows:

The Easter Vacation of the High Court, the Environment and Land Court and the Industrial Court other than in the regions formerly within the Coast Province, shall commence on 10th April, 2014 and terminate on 29th April, 2014 both days inclusive. The Easter Vacation of those Courts in the regions formerly under the Coast Province shall commence on 12th April, 2014 and terminate on 29th April, 2014 both days inclusive.

During this period, trials in criminal appeals will take place as usual. A Judge will hear urgent Civil Matters if admitted to hearing on application made in accordance with the Rules of the Court.

For avoidance of doubt, Vacation Duty Judges shall be appointed by the Resident Judges at court stations to hear and try matters arising during vacation in accordance with the High Court (Practice and Procedure) Rules, applicable *mutatis mutandis*, in the courts with status of the High Court.

In court stations with a single judge, the matters emanating therefrom will be handled in the nearest High Court station where a Vacation Judge is sitting pursuant to directions issued by the Principal Judge of the High Court.

During the vacation the offices of the aforesaid courts, including registries, shall be open to the public from 8 a.m. to 5 p.m. on all weekdays other than public holidays.

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THE KENYA GAZETTE

Published by Authority of the Republic of Kenya

(Registered as a Newspaper at the G.P.O.)

Vol. CXVII—No. 90 **NAIROBI, 28th August, 2015** **Price Sh. 60**

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Loss of Policies	1984–1986
Change of Names	1987–1988

SUPPLEMENT Nos. 143 and 144

Senate Bills, 2015

	PAGE
The Constitution of Kenya (Amendment) Bill, 2015	225
The County Boundaries Bill, 2015	233

SUPPLEMENT No. 143

Legislative Supplement

LEGAL NOTICE NO.	PAGE
166—The Kenya Deposit Insurance Regulations, 2015	1013

CORRIGENDUM

IN Gazette Notice No. 10998 of 2009, Cause No. 1838 of 2009, delete the expression printed as "the deceased's widow", where it appears.

GAZETTE NOTICE NO. 6230

THE STATE CORPORATIONS ACT

(*Cap.* 446)

THE YOUTH ENTERPRISE DEVELOPMENT FUND ORDER, 2007

(*L.N.* 63 *of* 2007)

APPOINTMENT

IN EXERCISE of the powers conferred by section 5 (2) (*e*) (i) of the Youth Enterprise Development Fund Order, 2007, the Cabinet Secretary for Devolution and Planning appoints—

NICHOLAS MWANIKI

to be a member of the Youth Enterprise Development Fund Board, for a period of three (3) years.

Dated the 21st August, 2015.

ANNE WAIGURU,
Cabinet Secretary for Devolution and Planning.

GAZETTE NOTICE NO. 6231

THE LOCAL AUTHORITIES PENSION FUND TRUST RULES, 2007

(*L.N.* 50 *of* 2007)

APPOINTMENT

IN EXERCISE of the powers conferred by rule 14 (*b*) of the Local Authorities Pension Trust Rules, the Cabinet Secretary for Devolution and Planning appoints:

Under rule 14 (*b*) (i)—

Festus Ngari;

Under rule 14 (*b*) (ii)—

Leonard Owino Otina;

Under rule 14 (*b*) (v)—

Calvin Nyachoti,

as members of the Board of Trustees of Local Authorities Pension Trust, for a period of three (3) years.

Dated the 21st August, 2015.

ANNE WAIGURU,
Cabinet Secretary for Devolution and Planning.

GAZETTE NOTICE NO. 6232

THE TASKFORCE ON IMPLEMENTATION OF THE CONSTITUTION OF KENYA, 2010 TO FACILITATE VOTING IN THE GENERAL ELECTIONS AND REFERENDA BY KENYANS IN THE DIASPORA

EXTENSION OF TENURE

IT IS notified for the general information of the public that the Cabinet Secretary for Foreign Affairs and International Trade extends the tenure of the Taskforce on the Implementation of the Constitution to facilitate voting in general elections and referenda by Kenyans in the diaspora appointed *vide* Gazette Notice No. 1091 of 2015, for a period of one month.

Dated the 21st August, 2015.

AMINA C. MOHAMED,
Cabinet Secretary for Foreign Affairs and International Trade.

GAZETTE NOTICE NO. 6233

THE MEDICAL LABORATORY TECHNICIANS AND TECHNOLOGISTS ACT

(*Cap.* 253A)

APPOINTMENT

IN EXERCISE of the powers conferred by section 6 (1) (i) and (2) of the Medical Laboratory Technicians and Technologists Act, the Cabinet Secretary for Health appoints—

ABEL ODHIAMBO ONYANGO

to be a member and the Chairman of Kenya Medical Laboratory Technicians and Technologists Board, for a period of three (3) years, with effect from 6th August, 2015.

Dated the 26th August, 2015.

JAMES MACHARIA,
Cabinet Secretary for Health.

GAZETTE NOTICE NO. 6234

THE LABOUR INSTITUTIONS ACT

(*No.* 12 *of* 2007)

THE NATIONAL LABOUR BOARD

APPOINTMENT

IN EXERCISE of the powers conferred by section 6 (1) of the Labour Institutions Act, the Cabinet Secretary for Labour, Social Security and Services appoints—

Under paragraph (*a*)—

Charles Onami Maranga—(*Chairperson*);

Under paragraph (*b*)—

Francis Atwoli;

Under paragraph (*c*)—

Jacqueline Mugo;

Under paragraph (*d*)—

Gilda Odera,
Mark Joseph Obuya;

Under paragraph (*e*)—

Benson Okwaro,
Ernest Nakenya Nadome;

Under paragraph (*f*)—

Harun Kamau Mwaura,
Shirley ene Simanko,

to be members of the National Labour Board , for a period of three (3) years, with effect from the 26th August, 2015.

Dated the 26th August, 2015.

RAYCHELLE OMAMO,
Ag. Cabinet Secretary for Labour, Social Security and Services.

GAZETTE NOTICE NO. 6235

THE LAND REGISTRATION ACT

(*No.* 3 *of* 2012)

ISSUE OF A PROVISIONAL CERTIFICATE

WHEREAS City Chicken and Egg Dealers Co-operative Society Limited, a body corporate registered under the Co-operative Societies Act (Cap. 490, Laws of Kenya), of P.O. Box 16091–00610, Nairobi in the Republic of Kenya, is registered as proprietor lessee of all that piece of land known as L.R. No. 209/4401, situate in the city of Nairobi in the Nairobi Area, by virtue of a lease registered as I.R. 23316/1, and whereas sufficient evidence has been adduced to show that the said lease has been lost, notice is given that after the expiration of sixty (60) days from the date hereof, I shall issue a provisional certificate of title provided that no objection has been received within that period.

Dated the 28th August, 2015.

C. N. KITUYI,
Registrar of Titles, Nairobi.

MR/8055219

SPECIAL ISSUE

THE KENYA GAZETTE

Published by Authority of the Republic of Kenya

(Registered as a Newspaper at the G.P.O.)

Vol. CXVI—No. 58 **NAIROBI, 6th May, 2014** **Price Sh. 60**

GAZETTE NOTICE No. 3021

STATE CORPORATIONS ACT

(*Cap.* 446)

THE YOUTH ENTERPRISE DEVELOPMENT FUND ORDER

(*L.N.* 63 *of* 2007)

APPOINTMENT

IN EXERCISE of the powers conferred by section 5 (2) (*e*) of the Youth Enterprise Development Fund Order, 2007, the Cabinet Secretary, Ministry of Devolution and Planning appoints—

Sabra Omar Hussein,
Jane Mutinda,
Mike Wamae,
Clement Ayungo,

to be members of the Board of the Youth Enterprise Development Fund, for a period of three (3) years.

Dated the 11th April, 2014.

ANNE WAIGURU,
Cabinet Secretary, Ministry of Devolution and Planning.

GAZETTE NOTICE No. 3022

THE CONSTITUTION OF KENYA

THE INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION ACT

(*No.* 9 *of* 2011)

THE ELECTIONS ACT

(*No.* 24 *of* 2011)

THE ELECTION (GENERAL) REGULATIONS, 2012

DECLARATION OF PERSON ELECTED TO KILIFI COUNTY ASSEMBLY: SHELLA WARD

IN EXERCISE of the powers conferred by Articles 88(4),193 and 194 of the Constitution, Section 4 of the Independent Electoral and Boundaries Commission Act, 2011, sections 19, 20, 22, 25, 26, 38 and 39 the Elections Act, 2011 and Regulations 83, 87 (1) (b), 4 (b) of the Elections (General) Regulations, 2012, the Independent Electoral and Boundaries Commission declares that the persons whose name is listed in the Schedule hereunder was elected as Member for Kilifi County Assembly—Shella Ward having received the majority of the votes cast in the by-election held on 29th April, 2014 and complied with the provisions of the Constitution, Elections Act, 2011 and Elections (General) Regulations, 2012.

SCHEDULE

SHELLA COUNTY ASSEMBLY WARD – PERSON ELECTED

Surname	*Other Names*	*County Code*	*County Name*	*Const. Code*	*Const. Name*	*Ward Code*	*Ward Name*	*Party Code*	*Party Name*	*Abbr.*	*Symbol*	*Votes Garnered in Figures*	*Votes Garnered in Words*
Kadenge	Mwathethe Adamson	03	Kilifi	016	Malindi	0079	Shella	021	Orange Democratic Movement	ODM	Orange	2,236	Two thousand two hundred and thirty-six

Dated the 5th May, 2014.

A. I. HASSAN,
Chairperson,
Independent Electoral and Boundaries Commission.

JJ JENKS

ANNEX IV

LO
FYA
24.11.2015

REPUBLIC OF KENYA
THE NATIONAL TREASURY

www.treasury.go.ke
FAX NO.310833
Telephone: 2252299
When replying please quote:

THE NATIONAL TREASURY
P.O. Box 30007-00100
NAIROBI

Ref: ZZ. 253/01

Date: 14th October 2015

Mr Bruce Odhiambo
Chairman, Youth Enterprise Development Fund
P. O. Box 48610, 00100,
Corporate Renaissance Park
4th Floor, Elgon Road, Upper Hill,
NAIROBI

C.E.O,

YOUTH ENTERPRISE DEVELOPMENT FUND
RECEIVED
24 NOV 2015
CEO'S OFFICE
P.O Box 48610-00100 NAIROBI

Dear

RE: **APPOINTMENT OF ALTERNATE DIRECTOR**

This is to notify you that I have appointed **Mr Samuel M. Macharia** of the **National Treasury** to be my Alternate in the **Board of Directors of Youth Enterprise Development Fund.**

Please note that the Alternate will be deemed for all purposes to be a Member/Director of the Board and will be entitled to all benefits of a Director. However, in keeping with the existing regulations of the Government of Kenya, directors fees that may be payable in respect of this appointment should be paid directly to the National Treasury.

Yours

HENRY K. ROTICH
CABINET SECRETARY/NATIONAL TREASURY

LA
Kindly file.
25.11.15

cc. **Ms. Catherine Namuye**
Chief Executive Officer, Youth Enterprise Development Fund
P. O. Box 48610, 00100,
Corporate Renaissance Park
4th Floor, Elgon Road, Upper Hill,
NAIROBI

Mr Samuel M. Macharia
National Treasury
NAIROBI

ISO 9001:2008
Certified

SPECIAL ISSUE

THE KENYA GAZETTE

Published by Authority of the Republic of Kenya

(Registered as a Newspaper at the G.P.O.)

Vol. CXV—No. 108 NAIROBI, 2nd October, 2015 Price Sh. 60

GAZETTE NOTICE NO. 7473

THE NATIONAL YOUTH COUNCIL ACT

(*No.* 10 *of* 2009)

APPOINTMENT

IN EXERCISE of the powers conferred by section 16 (2) (*e*) of the National Youth Council Act, the Cabinet Secretary for Devolution and Planning appoints—

Kibuga Gethaiga (Dr.),
Victor Sumbi Muthiani (Dr.),

to be members of the Youth Advisory Board, for a period of three (3) years, with effect from 2nd October, 2015.

Dated the 2nd October, 2015.

ANNE WAIGURU,
Cabinet Secretary for Devolution and Planning.

GAZETTE NOTICE NO. 7474

THE PUBLIC FINANCE MANAGEMENT ACT

(*No.* 18 *of* 2012)

THE PUBLIC FINANCE (AFFIRMATIVE ACTION SOCIAL DEVELOPMENT FUND) REGULATIONS

(*L. N.* 24 *of* 2015)

APPOINTMENT

IN EXERCISE of the powers conferred by paragraph 8 (1) (*f*) of the Public Finance (Affirmative Action Social Development Fund) Regulations, 2015, the Cabinet Secretary for Devolution and Planning appoints—

PETER MARI NJUGUNA

to be a member of the Board of Affirmative Action Social Development Fund, for a period of three (3) years, with effect from 2nd October, 2015.

Dated the 2nd October, 2015.

ANNE WAIGURU,
Cabinet Secretary for Devolution and Planning.

GAZETTE NOTICE NO. 7475

THE NON-GOVERNMENTAL ORGANIZATIONS CO-ORDINATION ACT

(*Cap.* 134)

APPOINTMENT

IN EXERCISE of the powers conferred by section 4 (1) (*b*) of the Non-Governmental Organizations Co-ordination Act, the Cabinet Secretary for Devolution and Planning appoints—

Mary Njoki Ndiba,
Joseph Too,
Simon Mbugua,

to be members of the NGO Co-ordnation Board, for a period of three (3) years, with effect from 2nd October, 2015.

Dated the 2nd October, 2015.

ANNE WAIGURU,
Cabinet Secretary for Devolution and Planning.

GAZETTE NOTICE NO. 7476

THE STATE CORPORATIONS ACT

(*Cap.* 446)

THE YOUTH ENTERPRISE DEVELOPMENT FUND ORDER, 2007

APPOINTMENT

IN EXERCISE of the powers conferred by section 6 (2) of the State Corporations Act and under paragraph 5 (2) (*e*) of the Youth Enterprise Development Fund Order, the Cabinet Secretary for Devolution and Planning appoints—

Sella Bogonko,
Paul Gathura Ng'ang'a,

to be members of the Youth Enterprise Development Fund Board, for a period of three (3) years, with effect from 2nd October, 2015.

Dated the 2nd October, 2015.

ANNE WAIGURU,
Cabinet Secretary for Devolution and Planning.

GAZETTE NOTICE NO. 7477

THE KENYA SCHOOL OF GOVERNMENT ACT

(*No.* 9 *of* 2012)

APPOINTMENT

IN EXERCISE of the powers conferred by section 6 (1) (*f*) of the Kenya School of Government Act, the Cabinet Secretary for Devolution and Planning appoints—

FRED JONYO (DR.)

to be a member of the Kenya School of Government Council, for a period of three (3) years, with effect from 2nd October, 2015 and revoke the appointment of Eliud Okech Owalo*.

Dated the 2nd October, 2015.

ANNE WAIGURU,
Cabinet Secretary for Devolution and Planning.

*G.N. 12063/2012.

GAZETTE NOTICE NO. 7478

THE STATE CORPORATIONS ACT

(*Cap. 446*)

THE NATIONAL DROUGHT MANAGEMENT AUTHORITY ORDER, 2011

APPOINTMENT

IN EXERCISE of the powers conferred by paragraph 6 (*d*) of the National Drought Management Authority Order, 2011, the Cabinet Secretary for Devolution and Planning appoints—

Moses Owuor,
Nancy Njiro,

to be members of the Board of the National Drought Management Authority, for a period of three (3) years, with effect from 2nd October, 2015, and revokes the appointment of Esther N. Mungai (Prof.) and Kibisu Kabatesi.

Dated the 2nd October, 2015.

ANNE WAIGURU,
Cabinet Secretary for Devolution and Planning.

*G.N. 2874/2015.

GAZETTE NOTICE NO. 7479

THE STATE CORPORATIONS ACT

(*Cap.* 446)

STREET FAMILIES REHABILITATION TRUST FUND

APPOINTMENT

IT IS Notified for general information that the Cabinet Secretary for Devolution and Planning appoints—

Kenneth M. Mbuthia,
Wycliffe Swanya,
Serut C. Pamela,
Jonah S. Aligwa,

to be trustees of the Street Families Rehabilitation Trust Fund with effect from 2nd October, 2015.

Dated the 2nd October, 2015.

ANNE WAIGURU,
Cabinet Secretary for Devolution and Planning.

PRINTED AND PUBLISHED BY THE GOVERNMENT PRINTER, NAIROBI

VI

REPUBLIC OF KENYA

YOUTH ENTERPRISE DEVELOPMENT FUND
RECEIVED
22 OCT 2015
CEO'S OFFICE
P.O. Box 48610-00100 NAIROBI

THE PRESIDENCY
MINISTRY OF DEVOLUTION AND PLANNING
STATE DEPARTMENT OF PLANNING

Telegrams "PLANNING" Nairobi
Fax No: 2218475
Telephone: 2252299
E-mail: psplanning@devolution planning.go.ke
When replying please quote

Office of the Principal Secretary/Planning
Treasury Building
P.O. Box 30005-00100
NAIROBI

REF: MDP/3/1/2

Date: 22nd October, 2015

Ms. Catherine Namuye
Ag. Chief Executive Officer
Youth Enterprise Development Fund
8th Floor National Bank Building
NAIROBI

Dear CEO,

APPOINTMENT TO THE YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Further to my letter Ref. No. MDP 3/1/2 dated 5th March, 2015 on the above subject, please note that I have nominated Mr. Isaac Kamande, Director, Youth Affairs to be my alternate representative to the Youth Enterprise Development Fund Board hereby revoking the nomination of Mr. Stephen Jalenga.

Kindly accord him the necessary support.

Yours Sincerely

ENG. PETER O. MANGITI
PRINCIPAL SECRETARY

Copy to:

Mr. Bruce Odhiambo
Chairman
Youth Enterprise Development Fund Board
NAIROBI

Mr. Isaac Kamande, OGW
Director
Youth Affairs

Mr. Stephen Jalenga
Asst. Director, Youth Development

NY YEARS

Quorandum Limited

ANNEX 2

M.D
FILE

Ql/YEFD/01

26th May 2014

I Certify this as a true Copy
of the Original
Signed.....
Ouma George
Advocate

Ms. Catherine Namuye,
Chief Executive Officer,
Youth Enterprise Development Fund
P.O Box 46610-00100
NAIROBI

Dear Madam,

RE: PROPOSED ICT STRATEGY PLAN AND ERP SYSTEM

Following our meeting and discussions of the 20th May 2014, we are pleased to submit ICT Strategy plan and ERP System outlines.

We trust that attached outlines meet your organization's objectives and look forward to your response.

Yours faithfully,
QUORANDUM LIMITED

Mukuria Ngamau
EXECUTIVE DIRECTOR

YOUTH ENTERPRISE DEVELOPMENT FUND
CEO OFFICE
29 MAY 2014
RECEIVED
46610-00100 NAIROBI

Enl.

Mombasa Road, Semco Industrial Park, P.O. Box 25651 - 00603, Nairobi, Kenya Tel: 020 - 2051618 / 3545957 / 2339260, Fax: 020 - 2339261, Cell: 0729 856639, Email: info@quorandum.co.ke

ANNEX 2

YOUTH ENTERPRISE DEVELOPMENT FUND

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref: YEDF/CEO/1408/2014 Monday, 2nd June 2014

Mr. Mukuria Ngamau
Executive Director
Quorandum Limited
P.O. Box 25651 - 00603
Nairobi

QUORANDUM LIMITED
RECEIVED
- 2 JUN
SIGN
P.O. Box 25651-00603, NAIROBI.

Dear Sir,

RE: PROPOSED COMPREHENSIVE ICT STRATEGY PLAN AND ERP DESIGN

Reference is made to your letter dated 26th May 2014, Ref: Q1/YEDF/2014 on the above mentioned subject matter.

The outline presented captures the needs of the Fund. We will however expect variations on the basis of actual user recommendation once the project begins.

You are hereby required to present to us your proposed quotation/ proforma to enable us seek approval from the Board for implementation. As discussed this is a highly sensitive project and we expect utmost confidentiality on the part in regards to any information shared for purposes of informing the project works undertaken.

We look forward to your response.

Yours Sincerely,

CATHERINE NAMUYE
CHIEF EXECUTIVE OFFICER

I Certify this as a true Copy of the Original

Signed.....
Ouma George
Advocate

National Bank of Kenya Building, 8th Floor, Harambee Avenue
P.O. box 48610 - 00100, Nairobi - Kenya, Tel: +254 020 2211671 - 2/5, Fax: +254 020 2211677/8
E-mail: info@youthfund.go.ke, Website: www.youthfund.go.ke

Quorandum Limited

9th June 2014

Ref: QL/YEDF/02/2014

Chief Executive Officer,
Youth Enterprise Development Fund
P.O Box 48610-00100
NAIROBI, KENYA

YOUTH ENTERPRISE DEVELOPMENT FUND
CEO OFFICE
10 JUN 2014
RECEIVED
P. O. Box 48610-00100 NAIROBI

Dear Madam,

RE: PROPOSED COMPREHENSIVE ICT STRATEGIC PLAN

We refer to your letter dated 2nd June 2015, REF: YEDF/CEO/1408/2014 on the subject matter.

Herewith, please find our quotation for proposed ICT STRATEGIC plan.

Description	Percentage Payable	Total amount
Project report Inception	30%	19,795,680.00
Business Review Report	50%	32,992,800.00
ICT strategy Document	20%	13,197,120.00
TOTAL	**100%**	**65,985,600.00**

Quotation is inclusive of VAT.
We trust that the above is in order and assure you of our utmost confidentiality on this project.

Yours faithfully,
QUORANDUM LIMITED

Mukuria Ngamau
EXECUTIVE DIRECTOR

I Certify this as a true Copy of the Original
Signed.....
Ouma George
Advocate

Enc.

Mombasa Road, Semco Industrial Park, P.O. Box 25651 - 00603, Nairobi, Kenya Tel: 020 - 2051618 / 3545957 / 2339260, Fax: 020 - 2339261, Cell: 0729 856639, Email: info@quorandum.co.ke

Quorandum Limited

I Certify this as a true Copy of the Original

Signed.....
Ouma George
Advocate

9th June 2014

Ref: QL/YEDF/03/2014

Chief Executive Officer,
Youth Enterprise Development Fund
P.O Box 48610-00100
NAIROBI, KENYA

YOUTH ENTERPRISE DEVELOPMENT FUND
CEO OFFICE
10 JUN 2014
RECEIVED

Dear Madam,

RE: DESIGN OF SPECIFICATIONS FOR AN ENTERPRISE RESOURCE PLANNING (ERP)

We refer to your letter dated 2nd June 2015, REF: YEDF/CEO/1408/2014 on the subject matter.

Herewith, please find our quotation for design of specifications for Enterprise Resource Planning (ERP)

Description	Percentage Payable	Total amount
On submission of Inception report	40%	45,963,978.00
On completion User requirements review Business processes re-engineering and implementation Strategy	40%	45,963,978.00
On Submission of ERP specifications and Final Report	20%	22,981,989.20
TOTAL	**100%**	**114,909,946.20**

Quotation is inclusive of VAT.

We trust that the above is in order and assure you of our utmost confidentiality on this project.

Yours faithfully,
QUORANDUM LIMITED

Mukuria Ngamau
EXECUTIVE DIRECTOR

Mombasa Road, Semco Industrial Park, P.O. Box 25651 - 00603, Nairobi, Kenya Tel: 020 - 2051618 / 3545957 / 2339260, Fax: 020 - 2339261, Cell: 0729 856639, Email: info@quorandum.co.ke

Quorandum Limited

ANNEX 2

Invoice

PIN	Company VAT Reg	Tax Date	Invoice No
P051147491L	0126104W	2/10/2015	5

Invoice To

Youth Enterprise Development Fund
P.O Box 48610 - 00100
Nairobi
(Kenya)

P.O. No.	Project

Qty	Item	Description	Rate	Amount	VAT
1	Project Report	On Submission of Inception Report	39,624,118.96552	39,624,118.97	VT

YOUTH ENTERPRISE DEVELOPMENT FUND
CEO OFFICE
10 FEB 2015
RECEIVED
P. O. Box 48610-00100 NAIROBI

VAT Summary

Rate	KES VAT	KES NET
VT@16.0%	6,339,859.03	39,624,118.97
TOTALS	6,339,859.03	39,624,118.97

Subtotal	KES 39,624,118.97
VAT Total	KES 6,339,859.03
Total	KES 45,963,978.00

ORIGINAL
A9B71C515D5143A200678640225D345D101DD3D9 0002 00000898 1511071623 COS06002403

Mombasa Road, Semco Industrial Park, P.O. Box 25651 - 00603, Nairobi, Kenya Tel: 020 - 2051618 / 3545957 / 2339260, Fax: 020 - 2339261, Cell: 0729 856639, Email: info@quorandum.co.ke

ANNEX 2

YOUTH ENTERPRISE DEVELOPMENT FUND

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref: YEDF/CEO/129/2014

Tuesday, 2nd September 2014

Mr. Mukuria Ngamau
Executive Director
Quorandum Limited
P.O. Box 25651 - 00603
Nairobi

QUORANDUM LIMITED
Tel. 0719-356632, 020 2051618, Fax 070 73397
RECEIVED
- 3 SEP 2014
SIGN
P.O. Box 25651-00603, NAIROBI.

Dear Sir,

RE: PROPOSED COMPREHENSIVE ICT STRATEGY PLAN AND ERP DESIGN

Reference is made to your letter dated 9th June 2014, Ref: QL/YEDF/02/2014 and Ref: QL/YEDF/03/2014 on the above mentioned matter.

The Board during its 51st meeting held on 6th August 2014, approved that management of the Fund brings on Board consultancy services for the design of a comprehensive ERP system and ICT Strategy for the Fund. This was based on the above referenced letters from yourselves.

Due to the sensitivity of this undertaking, a contract will be negotiated for purposes of immediate implementation. We will send you the draft contracts for your perusal, comments and subsequent execution by both parties.

Yours Sincerely,

CATHERINE NAMUYE
AG. CHIEF EXECUTIVE OFFICER

I Certify this as a true Copy of the Original
Signed.....
Ouma George
Advocate

National Bank of Kenya Building, 8th Floor, Harambee Avenue
P.O. box 48610 - 00100, Nairobi - Kenya, Tel: +254 020 2211671 - 2/5, Fax: +254 020 2211677/8
E-mail: info@youthfund.go.ke, Website: www.youthfund.go.ke

ANNEX 4

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

AND

QUORANDUM LIMITED

SERVICE AGREEMENT

I Certify this as a true Copy of the Original
Signed.....
Ouma George
Advocate

THIS AGREEMENT is made and entered into on this 17TH day of NOVEMBER 2014 by and between:

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD a corporation duly organized and existing under the laws of the Republic of Kenya of P.O. Box 48610-00100 Nairobi in the Republic aforesaid and having its offices at National Bank Building, Harambee Avenue, aforesaid (herein after referred to as the 'Procuring Entity' which expression shall where context so admits includes its successors and assigns) of the one part,

AND

QUORANDUM LIMITED a company duly organized and existing under the laws of the Republic aforesaid of P.O. Box 25641 - 0003 Nairobi aforesaid and having its offices at Semco Industrial Park, Mombasa Road, Nairobi aforesaid (hereinafter referred to as the 'Supplier' which expressions shall where the context so admits includes its assigns and successors) of the other part.

Whereas the Procuring Entity invited bids for the provision of consultancy on ICT Strategy Design ("the said services) and has accepted a bid by the Supplier for the supply of the said services for a fixed sum of **Kshs.65,985,000.00 (Kenya Shillings Sixty Five Million Nine Hundred and Eighty Five Thousand Six Hundred)** ('the contract price') inclusive of VAT.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. The Supplier shall Review the entire organization's business processes, technology, technology gaps, design and develop an ICT strategy.

2. The supplier shall deliver the said services in the following stages:
   i. Inception
   ii. Gap analysis
   iii. Business process review
   iv. Strategic framework design

3. Annexure 1 attached hereto, and forming part of this Agreement provides for the details of work to be done in and key outputs of each of the stages outlined in clause 2 above. The Supplier shall be required to adhere to the said methodology unless the Procuring Entity directs otherwise.

4. The Supplier will provide the said services for a period of an estimated seven weeks as per the attached work plan annexed hereto and marked as Annexure 2.

5. The timeline in clause 4 above will start running on the date agreed in writing to hold the Inception Conference.

6. This agreement shall terminate at the end of the last payment by the Procuring Entity for contracted deliverable.

7. The Procuring Entity shall appoint an officer as Project Manager who will liaise with and facilitate the Supplier and all the other stakeholders in the implementation of the project.

8. Payment to the Supplier will be made as follows:

DELIVERABLE	PERCENTAGE PAYABLE	TOTAL AMOUNT PAYABLE	VAT	FEES
Project Inception Report	30%	19,795,680.00	3,167,308.80	16,628,371.20
Business Review Report	50%	32,992,800.00	5,278,848.00	27,713,952.00
ICT Strategy Document	20%	13,197,120.00	2,111,539.20	11,085,580.80
Project Close / Totals	100%	65,985,600.00	10,557,696.00	55,427,904.00

9. Payments shall be subject to provision of an invoice by the Supplier accompanied by supporting documents and deliverable as describe in Annexure hereto

10. The above fixed contract excludes expenses associated with the implementation of the project, which expenses shall be met by the Procuring Entity.

11. These expenses include but are not limited to the following: -
    (a) Transport to and from the procuring Entity's Headquarters to destination outside the Capital City of Nairobi
    (b) Communications including electronic communications
    (c) Meals
    (d) Hire of Venue or Hotel accommodation
    (e) Materials such as stationery, cartridges, flash disks, CDs DVDs etc
    (f) Printing

OBLIGATIONS OF THE SUPPLIER

12. The Supplier shall perform the said services and carry out its obligations with all due diligence, efficiency and economy in accordance with generally accepted professional techniques and practices and shall observe sound management practices, and employ appropriate resources – human and advanced technology and safe methods. The Supplier shall always act, in respect of any matter relating to this Agreement, as a faithful advisor to the Procuring Entity and shall at all times support and safeguard the Procuring Entity's legitimate interests in any dealing with Subcontractors and third parties.

13. The Supplier shall not assign the whole or any part of this Agreement or any benefit or interest in or under this Agreement. However, the Supplier may assign the whole or any part with the prior agreement and sole discretion of the Procuring Entity.

14. The Supplier shall be responsible for the acts or defaults of any Subcontractors, his agents or employees, as if they were the acts or defaults of the Supplier.

15. If the Supplier constitutes (under applicable Laws) a Joint Venture of two or more persons:
    i. these persons shall be deemed to be jointly and severally liable to the Procuring Entity for the performance of this Agreement;
    ii. these persons shall notify the Procuring Entity of their leader who shall have authority to bind the Supplier and each of these persons; and

16. The Supplier shall not alter its composition or legal status without the prior consent of the Procuring Entity.

17. The Supplier shall hold the Procuring Entity's interests paramount, without any consideration for future work, and strictly avoid conflict with other assignments for its own corporate interests.

18. The payment of the Supplier of the contract price shall constitute the Supplier's only payment in connection with this Agreement and the Supplier shall not accept for its own benefit any trade commission, discount or similar payment in connection with activities pursuant to this Agreement in the discharge of its obligations hereunder, and the Supplier shall use its best efforts to ensure that any Subcontractors, as well as the personnel and agents of either of them, similarly shall not receive any such additional payment.

19. The Supplier agrees that, during the term of this Agreement and after its termination, the Supplier and any entity affiliated with the Supplier, as well as any Subcontractor and any entity affiliated with such Subcontractor, shall be disqualified from subsequently providing goods, works or services (other than the services envisaged hereunder and any continuation thereof) for any project resulting from or directly related to the said services.

20. The Supplier shall provide key personnel sufficient to carry out the said services. The Procuring Entity will not be required to pay additional costs to facilitate the engagement of such personnel by the Supplier. Annexed hereto and marked as Annexure 3 is a list of key personnel that will be engaged in the provision of the said services hereunder.

21. The Supplier may provide another person in substitution for a key personnel or a key Subcontractor only on fulfillment of the following conditions:
    i. Proving to the reasonable satisfaction of the Procuring Entity that the key personnel or a key Subcontractor is not available because of ill-heath, death, or because they are no longer employed or subcontracted by the Supplier.
    ii. Proving to the reasonable satisfaction of the Procuring Entity that the proposed substitute key personnel or a key Subcontractor is as suitable for the job as the key personnel or a key Subcontractor who is not available. To satisfy itself as to the

suitability of the proposed substitute key personnel or a key Subcontractor, the Procuring Entity may, among other things:

a) check the references of the proposed substitute key personnel or a key Subcontractor, and/or
b) Require the proposed substitute key personnel or a key Subcontractor to attend an interview with the Procuring Entity. Any costs incurred in the proposed substitute key personnel or a key Subcontractor attending the interview will be for the Supplier's Account.

22. The Supplier may however, re-assign tasks among key personnel without necessarily having to secure Procuring Entity's consent.

23. The Supplier's personnel shall be appropriately qualified, skilled and experienced in their respective trades or occupations. The Procuring Entity may require the Supplier to remove (or cause to be removed) from the performance of the said services, any Supplier's personnel, who:

i. persists in any misconduct or lack of care,
ii. carries out duties incompetently or negligently,
iii. fails to conform with any provisions of this Agreement, or
iv. Persists in any conduct which is prejudicial to safety, health, or the protection of the environment.

If requested by the Procuring Entity, the Supplier shall then substitute the person removed with another person.

24. The Supplier shall comply with all the relevant labour Laws applicable to the Supplier's personnel, including Laws relating to their employment, health, safety, welfare and shall allow them all their legal rights.

25. For a period of one year after the expiration of this agreement, the Supplier shall not engage and shall cause its personnel as well as his sub consultant[s] and his/their personnel not to engage in the activity of the purchaser (directly or indirectly) of the assets on which he advised the Client on this agreement nor shall he engage in the activity of an adviser (directly or indirectly) of potential purchasers of such assets.

26. The Supplier shall require its personnel to obey all applicable Laws, including those concerning safety at work. The Supplier shall also require its Subcontractors to do the same with their respective personnel.

OBLIGATIONS OF THE PROCURING ENTITY

27. The Procuring Entity shall review and approve or comment upon all reports submitted by the Supplier within 3 days of submission or such other timescale that may be agreed between the two parties from time to time, at each stage.

28. The Procuring Entity shall use its best efforts to ensure that all staff shall provide the Supplier such assistance as may be required during the term of this Agreement including but not limited to the following: -

29. (a) A reasonable working space or office to accommodate a maximum of three supplier staff for project work whilst at the premises of the Procuring Entity

30. (b) Arrangements (Season ticket) or provision for parking for the duration of the project.

31. © Access to printing facilities, intranet of the Procuring Entity, requested hard and soft documentation containing data and information relevant to the completion of the project.

Such other amenities for example tea that may be normally provided to the staff of the Procuring entity in the course of duty.

32. The Procuring Entity shall provide reasonable assistance to the Supplier at the request of the Supplier in respect to obtaining copies of the Laws which are relevant to this Agreement but are not readily available

33. The Procuring Entity shall endeavor to pay the contractor within 14 days after receipt and certification of an invoice accompanied by supporting documents/deliverables for each stage.

34. If the Procuring Entity has delayed payments beyond thirty (30) days after the due date hereof, simple interest shall be paid to the Consultant for each day of delay at a rate three percentage points above the prevailing Central Bank of Kenya's average rate for base lending.

MISCELLANEOUS PROVISIONS

35. The Supplier shall submit to the Procuring Entity the reports and documents specified in Annexures and within the periods set forth in the said Annexure.

36. All plans, drawings, specifications, designs, reports and other documents (together referred to as "the documents") and software submitted by the Supplier in accordance with clause 25 shall become and remain the property of the Procuring Entity and the Supplier shall, not later than upon termination of this Agreement, deliver the documents and software to the Procuring Entity together with a detailed inventory thereof. The Supplier may retain a copy of the documents. The Supplier shall not use the documents or software for purposed unrelated to this Agreement without the prior approval of the Procuring Entity.

37. The Supplier shall during the term of this Agreement and within 2 year after its expiration, keep confidential and shall not, without the written consent of the Procuring Entity, divulge to any Third Party any documents, data or other information arising directly or indirectly from the performance of the said services, whether such information has been furnished prior to, during or following termination of this Agreement. However, the Supplier may furnish to its Subcontractors such documents, data and other information to the extent required for the Subcontractors to perform their work under this Agreement, in which event the Supplier shall obtain from such Subcontractors an undertaking of confidentiality.

38. The Supplier shall not use such documents, data and other information received from the Procuring Entity for any purpose other than as are required for the performance of this Agreement. The Supplier shall not publish, permit to be published, or disclose any particulars of this Agreement, assets of the Procuring Entity used by the Supplier during the term of this Agreement, in any trade or technical paper or advertising materials without the prior written consent of the Procuring Entity.

39. The confidentiality obligations of the Supplier shall not apply to that information which:
    i. now or hereafter enters the public domain through no fault of the Supplier;
    ii. can be proven to have been possessed by the Supplier at the time of disclosure and which was not previously obtained, directly or indirectly, from the Procuring Entity; or
    iii. Otherwise lawfully becomes available to the Supplier from a Third Party that has no obligation of confidentiality.

40. The failure of either Party to fulfill any of its obligations under this Agreement shall not be considered to be a breach of, or default under, this Agreement in so far as such inability arises from an event of force majeure, provided that the Party affected by such an event (a) has taken all reasonable precautions, due care and reasonable alternative measures in order to carry out the terms and conditions of this Agreement, and (b) has informed the other Party as soon as possible about the occurrence of such an event.

41. For the purpose of this Agreement, "force majeure" means an event which is beyond the reasonable control of a Party and which makes a Party's performance of its obligations under this Agreement impossible or so impractical as to be considered impossible under the circumstances.

42. Any period within which a Party shall, pursuant to this Agreement complete any action or task shall be extended for a period equal to the time during which such Party was unable to perform such action as a result.

43. Any loss incurred by either Party during an event of force majeure shall be borne by that party. No additional money shall be paid under this Agreement over and above the contract price except where there is variation of contract as per the applicable procurement Laws.

44. The Procuring Entity shall be entitled to terminate this Agreement for cause, if the Supplier:
    i. abandons the said services or otherwise plainly demonstrates the intention not to continue performance of its obligations under this Agreement,
    ii. without reasonable excuse fails to proceed with the said services,
    iii. subcontracts the whole of the said services or assigns this Agreement without the required agreement,
    iv. becomes bankrupt or insolvent, goes into liquidation, has a receiving or administration order made against it, compounds with its creditors, or carries on business under a receiver, trustee or manager for the benefit of its creditors, or if any act is done or event occurs which (under applicable Laws) has a similar effect to any of these acts or events, or

v. gives or offers to give (directly or indirectly) to any person any bribe, gift, gratuity, commission or other thing of value, as an inducement or reward to the Procuring Entity or any of its officers.

In any of these events or circumstances, the Procuring Entity may, upon giving 14 days' notice to the Supplier, terminate this Agreement.

45. Upon termination of this Agreement due to reasons outlined in clause 35, the Supplier shall pay the Procuring Entity a penalty of 20% of the contract price.
46. The Procuring Entity's election to terminate this Agreement shall not prejudice any other rights of the Procuring Entity, under this Agreement or otherwise.

47. The Supplier shall be entitled to terminate this Agreement if:
    i. the Procuring Entity substantially fails to perform its obligations under this Agreement in such manner as to materially and adversely affect the ability of the Supplier to perform this Agreement,
    ii. the Procuring Entity becomes bankrupt or insolvent, goes into liquidation, has a receiving or administration order made against it, compounds with its creditors, or carries on business under a receiver, trustee or manager for the benefit of its creditors, or if any act is done or event occurs which (under applicable Laws) has a similar effect to any of these acts or events.

48. In any of these events or circumstances, the Supplier may, upon giving 14 days' notice to the Procuring Entity, terminate this Agreement. The Supplier's election to terminate this Agreement shall not prejudice any other rights of the Supplier, under this Agreement or otherwise.

49. This Agreement may be amended by mutual consent of both parties. Such amendment shall be reduced into writing and executed by both parties. It shall be considered as an addendum to this Agreement.

50. The Procuring Entity may assign this Agreement to another Government Department or organ if it becomes necessary to do so.

51. No failure or delay by the Procuring Entity in exercising any claim, right, remedy, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise or waiver of any claim, right, remedy, power or privilege preclude its further exercise or the exercise of any other claim, right, remedy, power or privilege.

52. Each of the provisions of this Agreement is severable and distinct from the others and if at any time one or more of such provisions is or becomes invalid, illegal or unenforceable the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

53. This Agreement shall be governed by and construed in accordance with the Laws of Kenya. Should any dispute, controversy or claim arising out of or in connection with this Agreement, including but not limited to any question regarding its interpretation, existence, validity or termination, the parties shall in the first instance, seek to resolve such dispute by mutual consultations. Should

such consultations fail to achieve a resolution within seven (7)days, either party may declare a dispute by written notification to the other whereupon such dispute shall be referred to arbitration for final resolution under the provision of the Arbitration Act, 1995 or any statutory modification or re-enactment thereof. The tribunal shall consist of one arbitrator to be appointed by agreement between the parties within twenty one (21) days of the first date when any party gives notice of the identity of the proposed arbitrator and failing such agreement, to be appointed by the Chairman for the time being of the Chartered Institute of Arbitrators, Kenya Branch. The seat of the arbitration shall be Nairobi and the language of arbitration shall be English.

54. The award of the arbitration tribunal shall be final and binding upon the parties to the extent permitted by law and either party may apply to a court of competent jurisdiction for award of such award.

55. Notwithstanding the foregoing, a party is entitled to seek preliminary injunctive relief or interim or conservatory measures from any court of competent jurisdiction pending the final decision or award of the arbitrator.

IN WITNESS whereof this Agreement has been duly executed by both parties hereto as of the day and year first above written.

YOUTH ENTERPRISE DEVELOPMENT]

FUND BOARD in the presence of:]

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Chief Executive Officer

QUORANDUM LIMITED]

In the presence of:]

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Director]

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DONNIE COLLINS REEVES]

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Lead Consultant] D'C Reeves

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QUORANDUM LIMITED

ANNEXURES

1.1 INTRODUCTION

This project aims to put together an ICT Strategy informed by input from the Fund, Microflex consultants (the Supplier) and other relevant sources. The consultant and staff of the procuring Entity who will be directly involved will constitute a Project team (TEAM).

1.2 APPROACH

A collaborative approach will be adopted. Unlike the One person management approach (Sinaic), the collaborative approach will involve all key personnel who hold stake in the Fund's information assets. The Supplier will empower the Procuring Entity's key personnel to take a definitive role in the plan design project and thus maximize ownership by the personnel. The supplier shall produce one hard and one soft copy output documents designated in the methodology below.

1.3 METHODOLOGY

(a) Inception

The Team will embark on this consultancy by holding an Inception Conference to be chaired by the Procuring Entity's Chief Executive Officer (CEO). In this capacity, the CEO will be acting as Project Sponsor.

Information is ubiquitous as a resource. Its proper management is therefore a cross cutting discipline. Thus **ALL HODS** hold a stake in this vital corporate resource and **WILL** therefore be expected to **PARTICIPATE** in the Inception Conference.

Prior to the Inception Conference the detail scope of work will have been specified in the formal contract between the Supplier and the Procuring Entity. This meeting will seek to discuss and clarify the breadth and depth of the scope to the participants as only a minority will have been closely associated with the development and sealing of the contract. The purpose of this will be to empower them on and endear them to the project, thus maximizing their ownership.

Project ownership by concerned stakeholders is a necessary ingredient in the success of any corporate project or cross-cutting initiative such as this.

Changes necessary from the time of contract will be noted for incorporation in the scope of work. A confirmation or review of the contracted work plan against the Procuring Entity's resources will be carried out.

Thus Inception Conference will seek to harmonize the consultancy project plan and make it viable within the realms of the organizations other plans, committing management time and resources to the project. The success of the meeting will be gauged by the extent to which Management will commit their time and resources to the ICT Strategy Design Project Plan, the composition and quality of the project team.

Prior to the Inception Conference the Team will need to access the Procuring Entity's Corporate (or Business) Strategic plan. The Team will also require access to the current Business Model, this year's Annual Business Plan and the functional strategy/plan documents if available. If the documents are available, soft copies will be preferred.

Minutes of the Inception Conference will be signed off by both parties and circulated within an agreed timeframe.

KEY OUTPUT OF INCEPTION CONFERENCE

- Management & Supplier project plan & responsibilities and time lines spelt out and committed to
- Validation Workshop features discussed including date and venue agreed
- Inception Report

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

AND

QUORANDUM LIMITED

SERVICE AGREEMENT

I Certify this as a true Copy of the Original
Signed.....
Ouma George
Advocate

THIS AGREEMENT is made and entered into on this 17TH day of NOVEMBER 2014 by and between:

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD a corporation duly organized and existing under the laws of the Republic of Kenya of P.O. Box 43588-00100 Nairobi in the Republic aforesaid and having its offices at National Bank Building, Harambee Avenue, aforesaid (herein after referred to as the 'Procuring Entity' which expression shall where context so admits includes its successors and assigns) of the one part,

AND

QUORANDUM LIMITED **QUORANDUM LIMITED** a company duly organized and existing under the laws of the Republic aforesaid of P.O. Box 25641 - 0003 Nairobi aforesaid and having its offices at Semco Industrial Park, Mombasa Road, Nairobi aforesaid (hereinafter referred to as the 'Supplier' which expressions shall where the context so admits includes its assigns and successors) of the other part.

Whereas the Procuring Entity invited bids for the provision of consultancy on Design of Specifications for an Enterprise Resource Planning ("the said services) and has accepted a bid by the Supplier for the supply of the said services for an all inclusive sum of **Kshs. 114,909,946.00 (Kenya Shillings One Hundred and Fourteen Million Five Nine Hundred and Nine Thousand Nine Hundred and Forty Six)** ('the contract price') inclusive of VAT.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. The Supplier shall carry out the said services as follows:

    a. Review the entire Procuring Entity's departments, business processes, workflows and have them re-engineered for automation and efficiency.
    b. Collect, document existing ICT Legacy Business Support Systems, automation gaps thereof and recommend an information system automation strategy on an Enterprise Resource Planning (ERP) platform.
    c. Based on re-engineered business processes and user information systems requirements, design ERP specifications (Business Process Maps) that aim to achieve a paperless office.
    d. Based on ERP industry standards and best practice develop an ERP implementation strategy.

2. The Supplier will provide the said services for a period of not more than 3 (three) months.

3. The supplier shall deliver the said services in the following stages:
    i. Inception
    ii. Business process review
    iii. Technology status review

iv. User information requirements review
v. ERP specification
vi. Demobilization

4. The detail of the work to be carried out in each stage above is contained in Annexure 1 attached hereto. The Supplier shall be required to adhere to this methodology unless the Procuring Entity directs otherwise.

5. For each of the stages outlined in clause 3, the following shall be the deliverables and timelines thereof:

	Report	Estimated Production timeline
1	Inception Report	One week after contract signing
2	User information requirements	Four weeks after contract signing
3	Business Processes Report	Eight weeks after contract signing
4	Automation strategy	Eight weeks after contract signing
5	ERP Specification	Twelve weeks after contract signing
6	Final Report	Thirteen weeks after contract signing

6. The Procuring Entity shall appoint an officer who will guide the Supplier in the delivery of its services.

7. Payment to the Supplier will be made as follows:

Deliverable	Percentage payable	Amount payable (Inclusive of tax)
On Submission of inception report	40%	45,963,978.40
On completion User requirements review Business processes re-engineering, and Implementation strategy	40%	45,963,978.40
On submission of ERP Specifications and Final Report	20%	22,981,989.20

8. Payments shall be subject to provision of an invoice by the Supplier accompanied by supporting documents and deliverables.

OBLIGATIONS OF THE SUPPLIER

9. The Supplier shall perform the said services and carry out its obligations with all due diligence, efficiency and economy in accordance with generally accepted professional techniques and practices and shall observe sound management practices, and employ appropriate resources – human and advanced technology and safe methods. The Supplier

shall always act, in respect of any matter relating to this Agreement, as a faithful advisor to the Procuring Entity and shall at all times support and safeguard the Procuring Entity's legitimate interests in any dealing with Subcontractors and third parties.

10. The Supplier shall not assign the whole or any part of this Agreement or any benefit or interest in or under this Agreement. However, the Supplier may assign the whole or any part with the prior agreement and sole discretion of the Procuring Entity.

11. The Supplier shall be responsible for the acts or defaults of any Subcontractors, his agents or employees, as if they were the acts or defaults of the Supplier.

12. If the Supplier constitutes (under applicable Laws) a Joint Venture of two or more persons:
    i. these persons shall be deemed to be jointly and severally liable to the Procuring Entity for the performance of this Agreement;
    ii. these persons shall notify the Procuring Entity of their leader who shall have authority to bind the Supplier and each of these persons; and

13. The Supplier shall not alter its composition or legal status without the prior consent of the Procuring Entity.

14. The Supplier shall hold the Procuring Entity's interests paramount, without any consideration for future work, and strictly avoid conflict with other assignments or their own corporate interests.

15. The payment of the Supplier of the contract price shall constitute the Supplier's only payment in connection with this Agreement and the Supplier shall not accept for its own benefit any trade commission, discount or similar payment in connection with activities pursuant to this Agreement in the discharge of its obligations hereunder, and the Supplier shall use its best efforts to ensure that any Subcontractors, as well as the personnel and agents of either of them, similarly shall not receive any such additional payment.

16. The Supplier agrees that, during the term of this Agreement and after its termination, the Supplier and any entity affiliated with the Supplier, as well as any Subcontractor and any entity affiliated with such Subcontractor, shall be disqualified from subsequently providing goods, works or services (other than the services envisaged hereunder and any continuation thereof) for any project resulting from or directly related to the said services.

17. The Supplier shall provide key personnel sufficient to carry out the said services. The Procuring Entity will not be required to pay additional costs to facilitate the engagement of such personnel by the Supplier. Annexed hereto and marked as Annexure 2 is a list of key personnel that will be engaged in the provision of the said services hereunder.

18. The Supplier may provide another person in substitution for a key personnel or a key Subcontractor only on fulfillment of the following conditions:

i. Proving to the reasonable satisfaction of the Procuring Entity that the key personnel or a key Subcontractor is not available because of ill-heath, death, or because he is no longer employed or subcontracted by the Supplier.

ii. Proving to the reasonable satisfaction of the Procuring Entity that the proposed substitute key personnel or a key Subcontractor is as suitable for the job as the key personnel or a key Subcontractor who is not available. To satisfy itself as to the suitability of the proposed substitute key personnel or a key Subcontractor, the Procuring Entity may, among other things:

   a) check the references of the proposed substitute key personnel or a key Subcontractor, and/or

   b) require the proposed substitute key personnel or a key Subcontractor to attend an interview with the Procuring Entity. Any costs incurred in the proposed substitute key personnel or a key Subcontractor attending the interview will be for the Supplier's Account.

19. The Supplier may however, re-assign tasks among key personnel without necessarily having to secure Procuring Entity's consent.

20. The Supplier's personnel shall be appropriately qualified, skilled and experienced in their respective trades or occupations. The Procuring Entity may require the Supplier to remove (or cause to be removed) from the performance of the said services, any Supplier's personnel, who:

i. persists in any misconduct or lack of care,
ii. carries out duties incompetently or negligently,
iii. fails to conform with any provisions of this Agreement, or
iv. persists in any conduct which is prejudicial to safety, health, or the protection of the environment.

If requested by the Procuring Entity, the Supplier shall then substitute the person removed with another person.

21. The Supplier shall comply with all the relevant labour Laws applicable to the Supplier's personnel, including Laws relating to their employment, health, safety, welfare and shall allow them all their legal rights.

22. The Supplier shall require that it's personnel to obey all applicable Laws, including those concerning safety at work. The Supplier shall also require its Subcontractors to do the same with their respective personnel.

OBLIGATIONS OF THE PROCURING ENTITY

23. The Procuring Entity shall review and approve or comment upon all reports submitted by the Supplier within 5 days of submission, at each stage.

24. The Procuring Entity shall use its best efforts to ensure that all staff shall provide the Supplier such assistance as may be required during the term of this Agreement.

25. The Procuring Entity shall provide reasonable assistance to the Supplier at the request of the Supplier in respect to obtaining copies of the Laws which are relevant to this Agreement but are not readily available

26. The Procuring Entity shall endeavor to pay the contractor within 14 days after receipt and certification of an invoice accompanied by supporting documents/deliverables for each stage.

MISCELLANEOUS PROVISIONS

27. All plans, drawings, specifications, designs, reports and other documents (together referred to as "the documents") and software submitted by the Supplier in accordance with clause 25 shall become and remain the property of the Procuring Entity and the Supplier shall, not later than upon termination of this Agreement, deliver the documents and software to the Procuring Entity together with a detailed inventory thereof. The Supplier may retain a copy of the documents. The Supplier shall not use the documents or software for purposes unrelated to this Agreement without the prior approval of the Procuring Entity.

28. The Supplier shall during the term of this Agreement and within 2 years after its expiration, keep confidential and shall not, without the written consent of the Procuring Entity, divulge to any Third Party any documents, data or other information arising directly or indirectly from the performance of the said services, whether such information has been furnished prior to, during or following termination of this Agreement. However, the Supplier may furnish to its Subcontractors such documents, data and other information to the extent required for the Subcontractors to perform their work under this Agreement, in which event the Supplier shall obtain from such Subcontractors an undertaking of confidentiality.

29. The Supplier shall not use such documents, data and other information received from the Procuring Entity for any purpose other than as are required for the performance of this Agreement. The Supplier shall not publish, permit to be published, or disclose any particulars of this Agreement, assets of the Procuring Entity used by the Supplier during the term of this Agreement, in any trade or technical paper or advertising materials without the prior written consent of the Procuring Entity.

30. The confidentiality obligations of the Supplier shall not apply to that information which:
    i. now or hereafter enters the public domain through no fault of the Supplier;
    ii. can be proven to have been possessed by the Supplier at the time of disclosure and which was not previously obtained, directly or indirectly, from the Procuring Entity; or
    iii. otherwise lawfully becomes available to the Supplier from a Third Party that has no obligation of confidentiality.

31. The failure of either Party to fulfill any of its obligations under this Agreement shall not be considered to be a breach of, or default under, this Agreement in so far as such inability arises from an event of force majeure, provided that the Party affected by such an event (a) has taken all reasonable precautions, due care and reasonable alternative measures in order to carry out the terms and conditions of this Agreement, and (b) has informed the other Party as soon as possible about the occurrence of such an event.

32. For the purpose of this Agreement, "force majeure" means an event which is beyond the reasonable control of a Party and which makes a Party's performance of its obligations under this Agreement impossible or so impractical as to be considered impossible under the circumstances.

33. Any period within which a Party shall, pursuant to this Agreement complete any action or task shall be extended for a period equal to the time during which such Party was unable to perform such action as a result.

34. Any loss incurred by either Party during an event of force majeure shall be borne by that party. No additional money shall be paid under this Agreement over and above the contract price except where there is variation of contract as per the applicable procurement Laws.

35. The Procuring Entity shall be entitled to terminate this Agreement for cause, if the Supplier:

i. abandons the said services or otherwise plainly demonstrates the intention not to continue performance of its obligations under this Agreement,
ii. without reasonable excuse fails to proceed with the said services,
iii. subcontracts the whole of the said services or assigns this Agreement without the required agreement,
iv. becomes bankrupt or insolvent, goes into liquidation, has a receiving or administration order made against it, compounds with its creditors, or carries on business under a receiver, trustee or manager for the benefit of its creditors, or if any act is done or event occurs which (under applicable Laws) has a similar effect to any of these acts or events, or
v. gives or offers to give (directly or indirectly) to any person any bribe, gift, gratuity, commission or other thing of value, as an inducement or reward to the Procuring Entity or any of its officers.

In any of these events or circumstances, the Procuring Entity may, upon giving 14 days' notice to the Supplier, terminate this Agreement. The Procuring Entity's election to terminate this Agreement shall not prejudice any other rights of the Procuring Entity, under this Agreement or otherwise.

36. Upon termination of this Agreement due to reasons outlined in clause 35, the Supplier shall pay the Procuring Entity a penalty of 20% of the contract price.

37. The Procuring Entity's election to terminate this Agreement shall not prejudice any other rights of the Procuring Entity, under this Agreement or otherwise.

38. The Supplier shall be entitled to terminate this Agreement if:
    i. the Procuring Entity substantially fails to perform its obligations under this Agreement in such manner as to materially and adversely affect the ability of the Supplier to perform this Agreement,
    ii. the Procuring Entity becomes bankrupt or insolvent, goes into liquidation, has a receiving or administration order made against it, compounds with its creditors, or carries on business under a receiver, trustee or manager for the benefit of its creditors, or if any act is done or event occurs which (under applicable Laws) has a similar effect to any of these acts or events or
    iii. Solicits or offers to solicit (directly or indirectly) from any person any bribe, gift, gratuity, commission or other thing of value, as an inducement or reward from the Supplier or any of its officers.

    In any of these events or circumstances, the Supplier may, upon giving 14 days' notice to the Procuring Entity, terminate this Agreement. The Supplier's election to terminate this Agreement shall not prejudice any other rights of the Supplier, under this Agreement or otherwise.

39. Upon termination of this Agreement due to reasons outlined in clause 38, the Procuring Entity shall pay the Supplier a penalty of 20% of the contract price.

40. This Agreement may be amended by mutual consent of both parties. Such amendment shall be reduced into writing and executed by both parties. It shall be considered as an addendum to this Agreement.

41. The Procuring Entity may assign this Agreement to another Government Department or organ if it becomes necessary to do so.

42. No failure or delay by the Procuring Entity in exercising any claim, right, remedy, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise or waiver of any claim, right, remedy, power or privilege preclude its further exercise or the exercise of any other claim, right, remedy, power or privilege.

43. Each of the provisions of this Agreement is severable and distinct from the others and if at any time one or more of such provisions is or becomes invalid, illegal or unenforceable the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

44. This Agreement shall be governed by and construed in accordance with the Laws of Kenya. Should any dispute, controversy or claim arising out of or in connection with this Agreement, including but not limited to any question regarding its interpretation, existence, validity or termination, the parties shall in the first instance, seek to resolve such

dispute by mutual consultation. Should such consultations fail to achieve a resolution within seven (7)days, either party may declare a dispute by written notification to the other whereupon such dispute shall be referred to arbitration for final resolution under the provision of the Arbitration Act, 1995 or any statutory modification or re-enactment thereof. The tribunal shall consist of one arbitrator to be appointed by agreement between the parties within twenty one (21) days of the first date when any party gives notice of the identity of the proposed arbitrator and failing such agreement, to be appointed by the Chairman for the time being of the Chartered Institute of Arbitrators, Kenya Branch. The seat of the arbitration shall be Nairobi and the language of arbitration shall be English.

45. The award of the arbitration tribunal shall be final and binding upon the parties to the extent permitted by law and either party may apply to a court of competent jurisdiction for award of such award.

46. Notwithstanding the foregoing, a party is entitled to seek preliminary injunctive relief or interim or conservatory measures from any court of competent jurisdiction pending the final decision or award of the arbitrator.

IN WITNESS whereof this Agreement has been duly executed by both parties hereto as of the day and year first above written.

YOUTH ENTERPRISE DEVELOPMENT]

FUND BOARD in the presence of:]

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Chief Executive Officer

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QUORANDUM LIMITED]

In the presence of:]

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Director]

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DONNIE COLLINS REEVES] D.C Reeves

Lead Consultant]

]

QUORANDUM LIMITED

ANNEX 2

26th January 2015

Ref: QL/YEDF/06 /ICT/2015

Chief Executive Officer,
Youth Enterprise Development Fund
P.O Box 48610-00100
NAIROBI, KENYA

YOUTH ENTERPRISE DEVELOPMENT FUND
CEO OFFICE
28 JAN 2015
RECEIVED
P. O. Box 48610-00100 NAIROBI

Dear Madam,

RE: **FINAL REPORT FOR ICT STRATEGY PLAN**

The subject matter refers.

We are pleased to submit **FINAL REPORT** for Information Communication Technology strategic plan to Youth Enterprise Development Fund.

We thank you for your continued support.

Yours faithfully,
QUORANDUM LIMITED

Mukuria Ngamau
EXECUTIVE DIRECTOR

I Certify this as a true Copy of the Original
Signed.....
Ouma George
Advocate

ANNEX 2K

Quorandum Limited

26th January 2015

YOUTH ENTERPRISE DEVELOPMENT FUND
CEO OFFICE
28 JAN 2015
RECEIVED
P. O. Box 48610-00100 NAIROBI

Ref: QL/YEDF/05 /ERP/2015

Chief Executive Officer,
Youth Enterprise Development Fund
P.O Box 48610-00100
NAIROBI, KENYA

Dear Madam,

RE: **DESIGN OF SPECIFICATIONS FOR AN ENTERPRISE RESOURCE PLANNING (ERP) FINAL REPORT**

The subject matter refers.

We are pleased to submit **FINAL REPORT** for **Design of Specifications** for **ERP** to Youth Enterprise Development Fund.

We thank you for your continued support.

Yours faithfully,
QUORANDUM LIMITED

Mukuria Ngamau
EXECUTIVE DIRECTOR

I Certify this as a true Copy of the Original
Signed.....
Ouma George
Advocate

Enc.

Nombasa Road, Semco Industrial Park, P.O. Box 25651 - 00603, Nairobi, Kenya Tel: 020 - 2051618 / 3545957 / 2339260, Fax: 020 - 2339261, Cell: 0729 856639, Email: info@quorandum.co.ke

Donnie Collins Reeves

ERP Consultant Specialist

I Certify this as a true Copy of the Original
Signed.....
Ouma George
Advocate

AREAS OF EXPERTISE

ERP Consultation

ERP Analysis

ERP Development
ERP Implementation
ERP Maintenance
Project deliverables

Project planning

Performance enhancements

Stakeholder management

Leading teams

PROFESSIONAL

PRINCE2

MSP qualification

PERSONAL SKILLS

Passionate

Forward thinking

Focused

Hard working

CONTACT

Donnie Reeves

The Consultant
E:donniervs@gmail.com

Driving license: Yes

Nationality: American

PERSONAL SUMMARY

I have the energy, passion and a relentless ambition needed to ensure that positive project outcomes are achieved within the parameters of time, cost, scope, risk and benefits. I have a hybrid of skill sets as well as extensive technical ability and knowledge of the R&D processes. As a true professional I can act as a bridge between the IT department and other sections of a business. On a personal level I am friendly, but always highly professional and have a positive 'can -do' approach as well as a flair for thinking on my feet.

WORK EXPERIENCE

Company name – Enterprise electronics Corporation
ERP CONSULTANT SPECIALIST 1989 - 2015

Responsible for working with in-house and external development teams in a fast moving environment to deliver projects on time and to budget.

To participate in the corporate support and implementation of ERP solutions, Integrated with Business modules in order to ensure the development and deployment of applications that meet business requirements through analyzing requirements and lead the solution design for all major modules.

1. ICT Policy analysis and development

- Full compliance with corporate information management and technology standards guidelines and procedures for the organizations technology environment;
- Analysis of the requirement and elaboration of internal policies and procedures on the use of ICT.
- Company ICT business processes mapping and elaboration/establishment of internal Standard Operating Procedures (SOPs) in ICT management, control of the workflows in the ICT team;
- Participation in the office business process re-engineering activities and ensure tha business needs drive IT solutions related to corporate resource management;
- Conduct of market research and analysis, and introduction of new technology for country office system updating and improvement;
- Provision of advice on and assistance in procurement of new ICT equipment for th company and projects, provision of technical specifications and information on bes options in both local and international markets;
- Development and update of the ICT annual plan and road map. Development and update of the business continuity plan, disaster recovery plan, ICT infrastructure and training plans. Follow up on their implementation;
- Provision of support to the use of Atlas methodology (_implementation of PeopleSoft ERP) functionality for improved business results and improved client services;
- Leadership of the ICT team for effective and client-oriented services.

2. ERP analysis and development

Coordinates and performs work on complex and non routine projects to analyze busines: requirements and address ERP system issues. Depending on customer business requirements and existing technologies

This may include:

•Performing packaged software gap analysis;
•Performing system set up and configuration activities;
•Performing workflow analysis and/or implementing workflow automation;
•Designing user interface prototypes;
•Designing and creating reports or data marts;
•Performing systems analysis and logical design activities such as data modeling, entity relationship diagramming, and logical database design; and/or
•Creating technical design specifications. Researches vendor products to stay current on new and existing products and upgrades. Identifies ERP applications and integrated technology opportunities and solutions for resolving complex business problems. Contacts and works with vendors to resolve software issues with delivered functionality.
Develops and obtains approval of ERP service delivery designs, business applications and automation
Prototypes and design specifications.

3. Applications Guidance and Support

•Provide training and guidance to the end users on the supported applications, implement the requests of end-users and resolve the incidents that may occur in the ERP applications
• I adhere to ICT Service Management processes to ensure successful delivery of ICT services to all end users
• Execute the planning, coordinating, and supervising of all activities related to the design, development, and implementation of ERP solutions to support the business and comply with regulatory and legal requirements
• Build solutions based on Oracle Applications Financial Modules, analyze requirements and identify gaps
• Prepare full documentation such as Solution design documents, training manual and test scenarios
• Recommend solutions consistent with corporate goals and objectives and provide

4. Application Services Administration

• Setup and configure ERP applications, monitor performance and apply patches to the supported applications in order to ensure efficient and reliable performance
• Manage ERP applications settings, setup users access and permissions, and perform ongoing maintenance to the organization's ERP applications
• Assist in the integration between the ERP and different LOB applications and assist in the migration projects to ensure seamless alignment across the organization's applications

5. Application Services Analysis & Design

• Understand the business needs and processes of ERP application users for the purpose of developing / recommending appropriate technical solutions and provide input to the selection of solutions based on Oracle Applications ERP Modules for solving key business problems

• Assist in determining which business requirements / processes can and should be automated, and how these automated functions are integrated into the rest of the business and technical processes

• Develop vision scoping, RFP documents for the implementation of new systems. Design and set up of Elements, element links and Balances.

• Design the setup of Work Structures, Key flexfields, Descriptive flexfields and extra informative flexfields.

• Create/modify fast formulas used to facilitate payroll calculations, validation rules and skip rules.

6. Application Services Project Management

• Act as SME in ERP application services projects from initiation to execution while following ICT project management methodology ensuring they are delivered as per the scoped requirements within the planned time and budget

7. Applications Enhancement and Improvement

• Ensure continuous improvement of the quality and cost efficiency of the ERP Applications in order to sustainably promote organization goals insight of Information management application strategic initiatives to ensure that they are included as part of corporate projects .

• Carry out ERP maintenance, support and upgrade existing systems and applications.

• Provide enhanced focus on evolving the overall capability, contribution and quality of the ERP development team and the products they create, in order to ensure alignment with industry best practices.

• Review change requests raised be end users to enhance product features/functionalities.

• Architect solutions for new feature enhancements and implementation and in-house developments

• Resolve and close issues/ bugs in quick frame of time alliance with Oracle support

• Collaborate with Finance, Procurement, HR and other departments to ensure all requirements were met in new project initiatives and enhancements and provide powerful report generating ICT mechanism

• Application Services Administration Setup and configure ERP Applications.

Skills

ITIL V3 foundation & RCV (Release, Control & Validation)

• 15+ Years of experience in providing Application Development and Support in Oracle eBS 12i on Unix/Linux platform experience needed

• Hold Oracle R12 implementation experience with all major modules across Financials, Procurement & Supply Chain, Projects and ERP domain.

• In-Depth knowledge of interfacing and integrating Oracle products with other third party systems.

• Understanding of end-to-end business process flows e.g. Procure to Pay, Asset addition to retirement, Employee hire to retire.

• Experience with Oracle Business Accelerator Method

Education

• Bachelor Degree in Computer Science, Engineering or Information Technology

•Post-Graduate degree in Computer Science, Engineering or Information Technology

• Advanced ITIL V3

• PMP / Prince2

• Risk Management, Technology governance and/or Compliance industry frameworks and methodologies qualifications such as COBIT, CRISC, CISA

• TOGAF / any other Enterprise Architecture Framework

• Oracle ERP Certified Professional (OCP)

• Applications vendor specific certification

ANNEX 2

Kenya Commercial Bank Limited
Moi Avenue Branch
P.O. Box 30081 – 00100
Nairobi, Kenya

Tel: +254 20 2244939
Mobile: +254 711 012 000 / 734 108 200
SMS: 22522
Email: contactus@kcbbankgroup.com
24h Interactive website: kcbbankgroup.com

28th October, 2015

Your Ref. YEDF/ACC/159/1 Our Ref.

YOUTH ENTERPRISE DEVELOPMENT FUND
RENAISSANCE CORPORATE PARK 4TH FLOOR
ELGON ROAD UPPERHILL
P.O.BOX 48610 00100,
NAIROBI

Dear Sir / Madam,

REF: DELETION OF SIGNATORIES ACCOUNT NO.1154767485 1107099390 1107099544

Thank you for your letter dated 27th October, 2015.

We confirm deleting **Catherine Akello Namuye and Benedict Atavachi** from the list of signatories.

We assure you of our best attention at all times.

Yours faithfully,

SALMON AWINO
SENIOR MANAGER CORPORATE SERVICES

ROBERT OCHIENG
HEAD IB/CORP. & CENTRAL GOVERNMENT

Cc: Corporate Relationship Manager

/gnw

Directors: N. Biwott (Chairman); J.N. Oigara (Chief Executive Officer); L.K. Kiambi (Chief Financial Officer); H.K. Rotich; Mrs. C.A. Kola; Mrs. C.M. Muya-Ngarutya; A.A. Khawaja; Gen. (Rtd) J.R.E. Kibwana; T.D. Ipomai; J.O.A. Nyerere; Ms. G.M. Malombe

APPENDIX A

YOUTH ENTERPRISE DEVELOPMENT FUND

ANNEX 7

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref: YEDFB/CEO/468/2015

20th November 2015

CENTRAL BANK OF KENYA RECEIVED 23 NOV 2015 BANK SUPERVISION DEPARTMENT BANKI KUU YA KENYA

The Director,
Banking Supervision,
Central Bank of Kenya,
P.O.Box 60000-00200,
NAIROBI

Dear Sir/Madam,

RE: BANK STATEMENT FROM CHASE BANK, CITY CENTRE BRANCH, ACCOUNT NUMBERS 001705404001 & 0017054604027

We refer to above.

Youth Enterprise Development Fund operates a fixed deposit account with Chase Bank, City Centre branch account numbers 001705404001 and 0017054604027. The Fund has requested Chase Bank to furnish it with its current Bank Statement but this has not yielded any fruit. The latest Bank Statement received from the Bank had some erroneous cash deposits as per the attached copy.

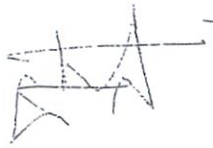
We therefore wish to report this to the Regulatory Authority to intervene and undertake investigation in relation to this habbit and compel Chase Bank, City Centre Branch to furnish us with the correct and upto date bank statement.

Your prompt action will be highly appreciated.

Thank you.

Renaissance Corporate Park, 4th Floor, Elgon Road, Upperhill.
P. O. Box 48610 - 00100, Nairobi-Kenya, Tel. +254 2211672/8,020 2091720, 020 2646327, 0717991616, 073512184
E-mail: info@youthfund.go.ke, Website: www.youthfund.go.ke

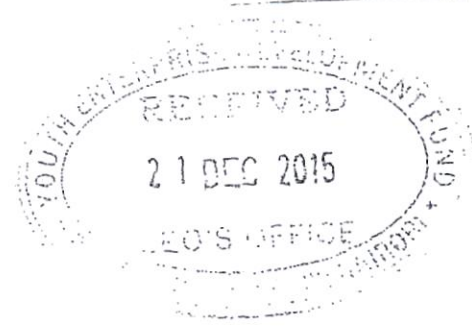
Yours Sincerely,



EMMANUEL J. ODERO
AG. CHIEF EXECUTIVE OFFICER

Cc Chase Bank Kenya Ltd
City Centre Branch,
P.O.Box 66049 – 00800,
NAIROBI

ANNEX 9B



BSD/01/36

December 14, 2015

The Ag. Chief Executive Officer
Youth Enterprise Development Fund Board
Renaissance Corporate Park
P.O. Box 48610 - 00100
NAIROBI

Dear Sir,

COMPLAINT AGAINST A BANKING INSTITUTION.

Reference is made to your letter dated November 20, 2015 on the above matter.

This is to acknowledge that we received your complaint and wrote to Chase Bank Kenya Limited for apprisal of the matter.

We shall revert comprehensively once we obtain a response from the bank.

Yours faithfully,

DANIEL N. MUGUIMA
MANAGER,
BANK SUPERVISION

Personally
PS I PSY

REPUBLIC OF KENYA

ANNEX 5

Paper laid
CS PS, Y
on 9th March

THE PRESIDENCY
MINISTRY OF PUBLIC SERVICE, YOUTH AND GENDER AFFAIRS
Office of the Cabinet Secretary

Telegraphic address: "Personnel", Nairobi
Telephone: Nairobi 227411
Telex: 23125
Fax: 2243620
When Replying please quote

P.O. BOX 30050–00100
NAIROBI
KENYA

Ref. No. **MPYG 3/1/6**

1st March, 2016

Mr. Bruce Odhiambo
Chairperson
Youth Enterprise Development Fund Board
NAIROBI

RE: MANAGEMENT AUDIT OF YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

As you may be aware, the Inspectorate of State Corporations is carrying out a Management Audit of the Youth Enterprise Development Fund Board.

The Inspector General of State Corporations has informed that there is sufficient indication the Fund is facing serious procedural and governance issues. It has further advised that the Chairperson and Directors of the Board be barred forthwith from transacting any Fund business or accessing Fund facilities to pave way for investigations.

I hereby direct that you are henceforth barred from transacting any Fund business or accessing Fund facilities to facilitate investigations into the affairs of the Fund.

Sicily K. Kariuki (Mrs), CBS
CABINET SECRETARY

Copy to: **Dr. Joseph K. Kinyua, EGH**
Chief of Staff and Head of Public Service
Office of the President
NAIROBI.

Ms. Lillian Mbogo-Omollo, OGW
Principal Secretary
State Department of Public Service and Youth
NAIROBI

Mr. Emmanuel J. Odero
Ag. Chief Executive Officer
Youth Enterprise Development Fund
NAIROBI

Paper Laid by CS MPYG on 9/03/2016

Pakulepak/ PS/PSM

REPUBLIC OF KENYA

THE PRESIDENCY
MINISTRY OF PUBLIC SERVICE, YOUTH AND GENDER AFFAIRS
Office of the Cabinet Secretary

Telegraphic address: "Personnel", Nairobi
Telephone: Nairobi 227411
Telex: 23125
Fax: 2243620
When Replying please quote

P.O. BOX 30050–00100
NAIROBI
KENYA

Ref. No. **MPYG 3/1/6**

1st March, 2016

Dr. Kamau Thugge, EBS
Principal Secretary
The National Treasury
NAIROBI.

Dear PS. Thugge,

RE: MANAGEMENT AUDIT OF YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

The Inspectorate of State Corporations has been carrying out a Management Audit of the Youth Enterprise Development Fund (YEDF) Board.

The Inspector General of State Corporations has informed that there is sufficient indication the Fund is facing serious procedural and governance issues. It has further advised that the Chairperson and Directors of the Board be barred forthwith from transacting any Fund business or accessing Fund facilities to pave way for investigations.

I have therefore directed that henceforth the Chairperson and Directors are barred from transacting any Fund business or accessing Fund facilities to facilitate investigations into the affairs of the Fund.

The Principal Secretary, The National Treasury is a member of the YEDF Board and is represented by an Alternate Director, Mr. Samuel Macharia.

Yours Sincerely,

Sicily K. Kariuki (Mrs), CBS
CABINET SECRETARY

Copy to: **Dr. Joseph K. Kinyua, EGH**
Chief of Staff and Head of Public Service
Office of the President
NAIROBI.

Mr. Henry Rotich, EGH
Cabinet Secretary
The National Treasury
NAIROBI

Ms. Lillian Mbogo-Omollo, OGW
Principal Secretary
State Department of Public Service and Youth
NAIROBI

Mr. Emmanuel J. Odero
Ag. Chief Executive Officer
Youth Enterprise Development Fund
NAIROBI

Paper Laid in MYPG on 9th March 2016

Fetched by PS/PSY

REPUBLIC OF KENYA

THE PRESIDENCY
MINISTRY OF PUBLIC SERVICE, YOUTH AND GENDER AFFAIRS
Office of the Cabinet Secretary

Telegraphic address: "Personnel", Nairobi
Telephone: Nairobi 227411
Telex: 23125
Fax: 2243620
When Replying please quote

P.O. BOX 30050–00100
NAIROBI
KENYA

Ref. No. **MPYG 3/1/6**

1st March, 2016

Mr. Michael Wamae
Director
Youth Enterprise Development Fund Board
NAIROBI

RE: MANAGEMENT AUDIT OF YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

As you may be aware, the Inspectorate of State Corporations is carrying out a Management Audit of the Youth Enterprise Development Fund Board.

The Inspector General of State Corporations has informed that there is sufficient indication the Fund is facing serious procedural and governance issues. It has further advised that the Directors of the Board be barred forthwith from transacting any Fund business or accessing Fund facilities to pave way for investigations.

As your appointing authority, I hereby direct that you are henceforth barred from transacting any Fund business or accessing Fund facilities to facilitate investigations into the affairs of the Fund.

Sicily K. Kariuki (Mrs), CBS
CABINET SECRETARY

Copy to: **Mr. Emmanuel J. Odero**
Ag. Chief Executive Officer
Youth Enterprise Development Fund
NAIROBI

REPUBLIC OF KENYA

PS/PS4

THE PRESIDENCY
MINISTRY OF PUBLIC SERVICE, YOUTH AND GENDER AFFAIRS
Office of the Cabinet Secretary

Telegraphic address: "Personnel", Nairobi
Telephone: Nairobi 227411
Telex: 23125
Fax: 2243620
When Replying please quote

P.O. BOX 30050–00100
NAIROBI
KENYA

Ref. No. **MPYG 3/1/6**

1st March, 2016

Ms. Sabra Omar
Director
Youth Enterprise Development Fund Board
NAIROBI

RE: MANAGEMENT AUDIT OF YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

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As your appointing authority, I hereby direct that you are henceforth barred from transacting any Fund business or accessing Fund facilities to facilitate investigations into the affairs of the Fund.

Sicily K. Kariuki (Mrs), CBS
CABINET SECRETARY

Copy to: **Mr. Emmanuel J. Odero**
Ag. Chief Executive Officer
Youth Enterprise Development Fund
NAIROBI

REPUBLIC OF KENYA

Re: Legal/
PS/PSY

THE PRESIDENCY
MINISTRY OF PUBLIC SERVICE, YOUTH AND GENDER AFFAIRS
Office of the Cabinet Secretary

Telegraphic address: "Personnel", Nairobi
Telephone: Nairobi 227411
Telex: 23125
Fax: 2243620
When Replying please quote

P.O. BOX 30050–00100
NAIROBI
KENYA

Ref. No. **MPYG 3/1/6**

1st March, 2016

Mr. Nicholas Mwaniki
Director
Youth Enterprise Development Fund Board
NAIROBI

RE: MANAGEMENT AUDIT OF YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

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Sicily K. Kariuki (Mrs), CBS
CABINET SECRETARY

Copy to: **Mr. Emmanuel J. Odero**
Ag. Chief Executive Officer
Youth Enterprise Development Fund
NAIROBI

REPUBLIC OF KENYA

PS/PSY

THE PRESIDENCY
MINISTRY OF PUBLIC SERVICE, YOUTH AND GENDER AFFAIRS
Office of the Cabinet Secretary

Telegraphic address: "Personnel", Nairobi
Telephone: Nairobi 227411
Telex: 23125
Fax: 2243620
When Replying please quote

P.O. BOX 30050–00100
NAIROBI
KENYA

Ref. No. **MPYG 3/1/6**

1st March, 2016

Ms. Jane Mutinda
Director
Youth Enterprise Development Fund Board
NAIROBI

RE: MANAGEMENT AUDIT OF YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

As you may be aware, the Inspectorate of State Corporations is carrying out a Management Audit of the Youth Enterprise Development Fund Board.

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As your appointing authority, I hereby direct that you are henceforth barred from transacting any Fund business or accessing Fund facilities to facilitate investigations into the affairs of the Fund.

Sicily K. Kariuki (Mrs), CBS
CABINET SECRETARY

Copy to: **Mr. Emmanuel J. Odero**
Ag. Chief Executive Officer
Youth Enterprise Development Fund
NAIROBI

REPUBLIC OF KENYA

Kethuegale/
PS | PS4

THE PRESIDENCY
MINISTRY OF PUBLIC SERVICE, YOUTH AND GENDER AFFAIRS
Office of the Cabinet Secretary

Telegraphic address: "Personnel", Nairobi
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Fax: 2243620
When Replying please quote

P.O. BOX 30050–00100
NAIROBI
KENYA

Ref. No. **MPYG 3/1/6**

1st March, 2016

Mr. Clement Ayungo
Director
Youth Enterprise Development Fund Board
NAIROBI

RE: MANAGEMENT AUDIT OF YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

As you may be aware, the Inspectorate of State Corporations is carrying out a Management Audit of the Youth Enterprise Development Fund Board.

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As your appointing authority, I hereby direct that you are henceforth barred from transacting any Fund business or accessing Fund facilities to facilitate investigations into the affairs of the Fund.

Sicily K. Kariuki (Mrs), CBS
CABINET SECRETARY

Copy to: **Mr. Emmanuel J. Odero**
Ag. Chief Executive Officer
Youth Enterprise Development Fund
NAIROBI

ANNEX 31

OFFICE OF THE VICE PRESIDENT AND MINISTRY OF FINANCE

The Treasury,
P.O. Box 30007,
NAIROBI.

GID/A/1/10

TREASURY CIRCULAR NO.10

15th July, 1992

To: All Accounting Officers
All Chief Executives of State Corporations

FINANCIAL MANAGEMENT OF STATE CORPORATIONS - INVESTMENT OF SURPLUS FUNDS IN TREASURY BILLS AND TREASURY BONDS.

As a follow up of the Treasury Circular No.4 issued on the 8th April, 1992 detailing the directions of the Cabinet for strengthening financial management and control in State Corporations, it has become necessary to slightly modify the directives issued under the powers vested in the Treasury by Section 3 of the Exchequer and Audit Act, CAP 412 of 1980 as contained in the Treasury Circular No.7 dated 27th October, 1989 and the Treasury Circular No.2 of the 11th February, 1988 as under:-

1. As a result of deregulation of the Interest rates in 1991, currently the Treasury Bills and Treasury Bonds give very good yields and also they provide absolute security. Hence all surplus funds of the State Corporations must, without fail, be invested in the Treasury Bills and Treasury Bonds. This will include the existing deposits, made with commercial banks and financial institutions, falling due for maturity on or after the date of issue of this Circular. In other words no State Corporation will hereafter invest its Surplus funds or renew its existing deposits with Commercial Banks and/or financial institutions on the dates of maturity and all such funds have to be invested in the Treasury Bills and/or Treasury Bonds.

2. Before making any investment of surplus funds or renewing existing deposits on the dates of maturity, the Chief Executives of the State Corporations are hereby directed to obtain specific approval of their Board of Directors for that purpose before the investment proposals are forwarded

to the Treasury for approval.

3. It must be ensured by the Chief Executives of the State Corporations that the proposals for investment in deposits placed before the Board of Directors, must clearly detail the arrears, if any, on account of payment of tax, VAT, loans raised from GOK or amounts not reimbursed to the Treasury on account of instalment of principal and interest paid in respect of loans raised against government guarantees, dividends declared but not paid and any other statutory dues and how such payments in arrears are proposed to be met. In other words the Board of Directors must be satisfied that the funds proposed to be invested are actually surplus after taking into account all payments which are in arrears or which are expected to fall due for payment before the date of maturity of the proposed investment of surplus funds.

4. All proposals for approval of investment of Surplus funds sent to the Treasury should be addressed to the Investment Secretary, Department Government Investment and Public Enterprises (DGIPE). Also the monthly returns on all balances held in Treasury Bills/Bonds, commercial banks, financial institutions and all other institutions should be addressed to him. It must be carefully noted that no approval will hereafter be accorded by the Treasury for investment of surplus funds, even in Treasury Bills and Treasury Bonds, if the concerned State Corporation is in default in paying its statutory dues and/or payment of interest, repayment of principal in respect of loans due to GOK or reimbursement of amounts paid by the Treasury, together with interest due thereon, in respect of loans raised by the State Corporation against Government guarantees.

5. The Auditor General (Corporations) has been advised to make specific comments in his annual audit report whether or not the State Corporation concerned is following the instructions of the Treasury for making investment of surplus funds after meeting all the payments due to GOK as detailed above.

All Chief Executives of State Corporations should immediately supply copies of this Treasury Circular to all Directors of their Board so as to ensure that the Board is adequately briefed about the Government directives in this regard.

Please note that the contents of this Circular are an addendum to the earlier two Circulars referred to above and they do not in any way substitute earlier directives issued but are meant to slightly modify/amplify them.

Please acknowledge receipt of this Circular and confirm that directives in this regard will be followed without exception.

W. KOINANGE
PERMANENT SECRETARY
OFFICE OF THE VICE PRESIDENT & MINISTRY OF FINANCE

c.c.

1. Hon. The Attorney General,
Attorney General's Chambers,
P.O. Box 40112,
NAIROBI.

2. The Permanent Secretary/Secretary
to the Cabinet and Head of Public
Service,
Office of the President,
P.O. Box 30510,
NAIROBI.

3. The Controller and Auditor General,
Exchequer & Audit Department,
P.O. Box 30084,
NAIROBI.

4. The Auditor General (Corporations)
P.O. Box 49384,
NAIROBI.

5. The Inspector,
Inspectorate of State Corporations,
Office of the President,
P.O. Box 30510,
NAIROBI.

6. Investment Secretary,
Deparment of Government Investments
and Public Enterprises,
P.O. Box 30007,
NAIROBI.

ANNEX 32

MINISTRY OF FINANCE AND PLANNING



THE TREASURY
P.O. Box 30007
NAIROBI

Ref. DGIPE/A/1/10

TREASURY CIRCULAR NO. 12/2002 29th November 2002

To: All Accounting Officers
All Chief Executives of the State Corporations

FINANCIAL MANAGEMENT OF STATE CORPORATIONS: INVESTMENT OF SURPLUS FUNDS IN TREASURY BILLS AND TREASURY BONDS

It is noted with concern that some State Corporations have not been complying with the requirements of the Treasury Circular No.10 issued on the 15th July 1992 detailing the directions of the Cabinet for strengthening financial management and control in the State Corporations. This has occasioned in some cases losses of funds by these Corporations to some commercial banks.

It is therefore reiterated that all State Corporations must continue investing their surplus funds in Treasury Bills and Treasury Bonds and seek Treasury approval to invest in commercial banks and financial institutions. However, take note that the returns on all balances held in Treasury Bills/Bonds, commercial banks, financial institutions and all other institutions should from now onwards be submitted to the Treasury on a quarterly basis.

This circular is a reminder of the circular issued on 15th July 1992 whose instructions should continue to be adhered to.

JOSEPH K. KINYUA
PERMANENT SECRETARY
MINISTRY OF FINANCE AND PLANNING

Annex 33

CORRIGENDA

IN Gazette Notice No. 2070 of 2016, Cause No. 74 of 2016, *amend* the deceased's name printed as "Peninah Njeru Kiruga" to *read* "Peninah Njeri Kiruga".

IN Gazette Notice No. 1411 of 2016, *amend* the expression printed as "I.R." to *read* "I.R.N." where it appears.

IN Gazette Notice No. 7196 of 2015, Cause No. 287 of 2015, *amend* the deceased's name printed as "Mwaura Wainaina alias Mwaura Wainaina" to read "Mwaura Wainaina alias Mwaura Wainaina "A" , and the second petitioner's name printed as "Francos Wairuiru Mwaua" to *read* "Francis Waruiru Mwaura".

IN Gazette Notice No. 1173 of 2016, (1) *delete* the expression "the Government of Kenya" appearing in the first paragraph; (2) *delete* the expression "for Nairobi Water Conservation and Pipeline Corporation" and *insert* thereof "on behalf of the Kenya Rural Roads Authority".

GAZETTE NOTICE NO. 2481

THE STATE CORPORATIONS ACT

(*Cap.* 446)

YOUTH ENTERPIRSE DEVELOPMENT FUND ORDER

(*L.N.* 63 *of* 2007)

IN EXERCISE of the powers conferred to me by section 7 (3) of the State Corporations Act, I, Uhuru Kenyatta, President of the Republic of Kenya and Commander-in-Chief of the Defence Forces revoke the appointment of—

BRUCE ODHIAMBO

as the Chairman of the Board of the Youth Enterprise Development Fund.

Gazette Notice No. 2339 of 2014, is revoked.

Dated the 8th April, 2016.

UHURU KENYATTA,
President.

GAZETTE NOTICE NO. 2482

THE STATE CORPORATIONS ACT

(*Cap.* 446)

YOUTH ENTERPIRSE DEVELOPMENT FUND ORDER, 2007

(*L.N.* 63 *of* 2007)

IN EXERCISE of the powers conferred to me by section 7 (3) of the State Corporations Act, I, Uhuru Kenyatta, President of the Republic of Kenya and Commander-in-Chief of the Defence Forces revoke the appointment of—

Sella Bongoko,
Paul Gathura Ng'ang'a,
Sabra Omar Hussein,
Jane Mutinda,
Mike Wamae,
Clement Ayungo,
Nicholas Mwaniki,

as members of the Youth Enterprise Development Fund Board.

Gazette Notice Nos. 7475 of 2015, 3021 of 2014 and 6230 of 2015, are revoked.

Dated the 8th April, 2016.

UHURU KENYATTA,
President.

GAZETTE NOTICE NO. 2483

THE LAND (GROUP REPRESENTATIVES) ACT

(*Cap.* 287)

APPOINTMENT

IN EXERCISE of the powers conferred by section 3 of the Land (Group Representatives) Act, the Cabinet Secretary for Land, Housing and Urban Development appoints—

EUSTACE NJAGI KITHUMBI

to be the Registrar of Group Representatives, with effect from the 12th January, 2016. The appointment of Susan Kidemi Namunyak*, is revoked.

Dated the 31st March, 2016.

JACOB KAIMENYI,
Cabinet Secretary for Land, Housing and Urban Development.

*G.N. 12898/2010.

GAZETTE NOTICE NO. 2484

THE COLLEGE OF ARMS ACT

(*Cap.* 98)

APPOINTMENT

IN EXERCISE of the powers conferred by section 3 (1) (*a*) of the College of Arms Act, the Attorney-General appoints—

DONNA PIDO

to be the chairperson of the College of Arms, for a period of three (3) years, with effect from the 1st February, 2016.

Dated the 6th April, 2016.

GITHU MUIGAI,
Attorney-General.

GAZETTE NOTICE NO. 2485

THE COLLEGE OF ARMS ACT

(*Cap.* 98)

APPOINTMENT

IN EXERCISE of the powers conferred by section 3 (1) (*b*) of the College of Arms Act, the Attorney-General appoints—

Lydia Waithira Muthuma
Francisca Okwiri Odundo

to be members of the College of Arms for a period of three (3) years, with effect from the 1st April, 2016.

Dated the 6th April, 2016.

GITHU MUIGAI,
Attorney-General.

GAZETTE NOTICE NO. 2486

THE COLLEGE OF ARMS ACT

(*Cap.* 98)

APPOINTMENT

IN EXERCISE of the powers conferred by section 3 (1) (*b*) of the College of Arms Act, the Attorney-General appoints—

Muriithi Kinyua,
Patrick Mukabi,

to be members of the College of Arms for a period of three (3) years, with effect from the 1st March, 2016.

Dated the 6th April, 2016.

GITHU MUIGAI,
Attorney-General.

KENYA REVENUE AUTHORITY

ISO 9001:2008 CERTIFIED

REQUEST FOR INFORMATION ON QUORANDUM LIMITED

NO	ISSUE	RESPONSE
1.	**Background**	The company was established in 2002 to offer construction, telecommunication, and ICT consultancy services as per the information contained in the i-tax portal. The tax obligations registered in the i-tax system include Corporation Tax, Value Added Tax, Pay As You Earn, and Withholding Tax.
2.	**PIN and VAT Numbers**	The company registered for **PIN (P051147491T)** and **VAT (0126104W)** in 2002 as per the attached screenshots.
3.	**Compliance History**	We have reviewed the compliance status of the company and observed that: - • Their filing patterns for Self Assessments show that they have submitted Income Tax returns for all the years from 2002 to 2014 save for the fact that they have either registered losses or have been in credit all through. However, the return for 2015 is due in June 2016. • The company is compliant in filing their VAT returns up to February 2016.

Sign:
Ezekiel Maru.....
For: Commissioner General

ANNEX 34

		• The payment of Ksh180million received by them from the Youth Enterprise Development Fund in 2015 will be reflected in their 2015 Income Tax return which is due in June 2016. However, the company is required by law under Section 12(1) of Income Tax Act to pay Installment taxes which they failed to remit. • According to the information available in the VAT system, the company has submitted all the VAT monthly returns for the year 2015 with declarations made for amounts totaling Ksh182million. Please find attached the requested VAT return copies for year 2015. The department is currently carrying out investigation to establish whether correct taxes were remitted given that they have been in business since 2002 and have been paying minimal taxes.

Sign:
Ezekiel Maru.....
For: Commissioner General

ANNEX 35

NATIONAL POLICE SERVICE

Telegrams: "CRIMINAL". Nairobi
Email: director @cid.go.ke
Tel: 020343312, 0202603724.

MAZINGIRA HOUSE
KIAMBU ROAD
P.O. Box 30036 NAIROBI.

DIRECTORATE OF CRIMINAL INVESTIGATIONS

CID/SEC/12/4/VOL.XIX/130

6th April 2016

The Clerk of the National Assembly,
Parliament Buildings,
P. O. Box 41842-00100,
NAIROBI.

(1) Director Committee

REQUEST FOR INFORMATION BY THE PUBLIC INVESTMENTS COMMITTEE

Your letter KNA/PIC/CORR/2016/(045) dated 31/3/2016 refers.

Enclosed herewith find two (2) reports as requested in the above letter. Attached are bank statements and post mortem report.

NDEGWA MUHORO, CBS, 'nd'c(K)
DIRECTOR OF CRIMINAL INVESTIGATION

NATIONAL ASSEMBLY
RECEIVED
07 APR 2016
CLERK'S OFFICE
P. O. Box 41842, NAIROBI

(2) Susan
Pls deal
PA
11/4

ANNEX 5A

(b) REPORT TO THE PARLIAMENTARY PUBLIC INVESTMENT COMMITTEE ON THE CAUSE OF DEATH OF SIMON MWANGI

INVESTIGATION REPORT ON LATE SIMON MWANGI – DIANI INQUEST 7/2015

1. This case was initially investigated by Diani Police Station but has been taken over by the DCI upon learning of it from the media. A team of homicide investigators from the DCI Headquarters has been instructed to take over the investigations as it is turning up to be a case of interest.

2. Briefly, the deceased who was aged 33 years was working as a driver with Youth Enterprise Development Fund based in Nairobi.

3. On Saturday 17th October 2015, the deceased was at Tamarind Hotel Mombasa where he had driven the Director Youth Enterprise Fund Mr. ODERO JIM CLEMENT AYUNGU for a seminar that was held at the said hotel.

4. On Sunday the 18th October 2015, at around 2100hrs, the Director Mr. AYUNGU instructed the deceased to drop him and Director OMAR SABRA at Tudor Estate and Likoni respectively. Mr. SABRA was therefore dropped at Tudor at around 2130hrs with Mr. AYUNGU being dropped at Likoni.

5. The Director instructed MWANGI to drive on to Diani Kivulini cottages promising to join him later. The deceased is alleged to have arrived at the said cottage at around 10.30 pm driving his employer's motor vehicle Registration No. KBQ 009 D Toyota Hilux Double Cabin. He is said to have been alone at that time.

6. Later, the Director is said to have arrived at Kivulini Cottages at around midnight in a taxi. At the cottage, there was a meeting that was being attended by officials of Student's Organization of Nairobi University (SONU). Amongst those present was BABU OWINO the SONU Chairman. The guests present were about twenty.

7. The revelers are said to have been partying beside the swimming pool at the cottage. The Director states that the deceased joined them at 0200 hours. He talked to the deceased and informed him that he would spend the night at the cottage and leave the following day.

8. He further stated that he retired to his room at around 3.00am leaving the deceased and other guests at the poolside. At around 4.00am, the director alleged that he realized that his cell phone was missing and then decided to check for it at the poolside. He further avers that he did not find any guest at the poolside when he got there. However, he states that he saw a dark object inside the swimming pool.

9. Upon getting nearer, he realized that it was a human being. He states that he tried to pull him out of the pool though his efforts did not bear any fruits. He then raised alarm for assistance. He alleges that the other guests responded to his alarm for assistance. It is stated that they subsequently managed to pull the now unconscious MWANGI out of the pool. They took him to Diani Beach Hospital where he was pronounced dead on arrival.

10. The deceased is said to have been clad in underwear only. His shoes, socks, trouser, shirt, mobile phone, wallet, belt were recovered in the vehicles front cabin.

11. The guests were all interviewed but nobody claims to have seen the deceased venturing into the swimming pool.

12. A post mortem examination was performed on the body on 20th October 2015 at Aga Khan Hospital. The pathologist attributed the death to have been "consistent with asphyxia due to drowning". A copy of the same is annexed for ease of reference.

13. An Inquest File No. 7/2015 has been opened with regard to this sudden death. Upon completion, it will be escalated to the Office of the Director Public Prosecution for advice.

14. The outcome of the investigation will be communicated as appropriate.

(Section 386 C.P.C.)

POST-MORTEM FORM

Reference No. OB 06/19/10/2015 Police Station DIA

OCS DIANI POLICE Date 20/10/15 Sign P.O. Box 40 - 804

To: The Pathologist/Medical Officer

AGHA KHAN

I have to request that you ascertain the cause of the death of SIMON MWANGI whose body is sent herewith under escort of PC NGIGI NGUGI

The undermentioned witnesses are able to identify the body to you:—

(1) KENNETH MBAATHI WAINAINA (2) ANN NANJIKU

The body was found at (Place) KIVULINI (DIANI) on (Date) 19/10/2015 at (Time) 0400HRS

Date and Time of Death (if known) 19th - 10 - 2015.

The circumstances of the death are as follows:—

(If natural causes is probable, give also a brief medical history, including the name and address of any medical officer consulted.)

The deceased was found in a swim Pool at Kivulini Cottages in Diani Bea on Monday 19th October 2015 at arou 0400hrs. He was rushed to Diani Beach H where he was pronounced dead on ar

Note.—If death from poisoning is suspected, the officer requesting the examination should also give the following details (*see* also page 4).

(a) Date and time of onset and duration of symptoms .....

(b) Main symptoms. Please put a tick against any of the following symptom that apply:—

Diarrhoea	Constipation	Shivering	Delirium
Vomiting	Cyanosis	Convulsions	Sweating
Thirst	Jaundice	Eye pupil dilated	Unconciousness
Blindness	Loss of weight	Eye pupil contracted	Internal pains/cramp
Any Odour of Breath	Fever		

(c) Details of food, drink or drugs taken before and after onset of sympsoms including times and quantities of any medicine given whilst under treatment .....

(d) Were other persons affected .....

(e) Suspect poison, or class of poison .....

DIRECTORATE OF CRIMINAL INVESTIGATIONS DEPARTMENT

Signature ..... KWAL ..... Date 20th/10/2015

(Police Officer)

Note.—Complete form in quadruplicate. One copy to be retained by the [illegible]

REPORT OF PATHOLOGIST/MEDICAL OFFICER

Reference No. .....

Address .....

To: Officer in Charge,

.....DIANI..... Police Station.

.....

Date 20.10.2015

Reference Body of .....SIMON NJUANGI.....

Place of Post-Mortem ..AGA KHAN HOSPITAL MORTUARY.....

Date and Time of Post-Mortem ..20.10.2015 (1420 - 1800hrs).....

General Observations on Body—

Clothing: Wrapped in a white sheet.

Sex: Male

Race: African

Apparent Age: Adult (33 yrs)

Nutrition: good

Physique: healthy

Height: 173cm

Post-mortem Changes and Approximate Time of Death

Body refrigerated, well preserved

- Deep Peripheral cyanosis
- No external injuries noted

Edema - lungs boggy (weights right lung 820g, left lung 800g)
- On sectioning copious haemorrhagic fluid.

(2) Cardio-Vascular System:
Normal, weight 300g.

(3) Digestive System: Fluid in the stomach with scanty food material
Liver 1550g. healthy looking

(4) Genito-Urinary System:
Kidney each 140g. healthy looking

(5) Head:
A 4 by 2.5cm bruise noted on the galeal surface of the left occipital scalp.

(6) Nervous System:
Prominent vasculature and congestion
Brain - 1300g.

(7) Spinal Column:
Normal

(8) Spinal Cord:
Not opened

In my opinion the cause of death was ..... consistent with asphyxia due to drowning .....

Death Certificate No. .....

The following specimens have been removed for further examination (see notes for guidance on page 4).

DR. NG'ALI MBUUKO
CONSULTANT PATHOLOGIST
P.O. Box 91[illegible] 80103, MSA
CELL: 0[illegible]/0734983432

Signed ..... N. Mbuuko

Designation Pathologist

Specimens for Chemical Analysis

1. Where the nature of the poison is completely unknown as much material as possible should be submitted for examination including samples of vomit, suspect food, plants, etc.

2. In general, generous samples of the following should be supplied: —

   (*a*) Complete stomach and contents (Ligatured both ends).

   (*b*) Upper portion of intestine and contents (Ligatured both ends).

   (*c*) Liver (the whole organ or as much as possible).

   (*d*) Kidney (at least one whole kidney).

   (*e*) Urine (if any).

   (*f*) Blood (as large a sample as possible).

   (*g*) Vomit (particularly the early vomit if available).

3. If arsenic is suspected, portions of hair, nails, and muscle should be additionally supplied.

4. If parenteral administration of a drug is suspected, samples of tissue surrounding the injection site should be taken.

5. Separate wide-mouthed containers should be used for packing, but (*a*) and (*b*) can be placed together as can also (*c*) and (*d*).

6. Suitable containers can be supplied by the Police. They must be securely closed and sealed and properly labelled.

7. Rectified Spirit (alcohol), Chloroform, or industrial methylated spirit (not mineralized methlated spirit, i.e. the coloured completely denatured spirit), in that order of preference, should be used as preservative when there is likely to be more than a four-hour delay in the sample arriving at the Police Laboratory. The containers should be not more than ⅔ full including the preservative. A sample of the preservative should also be sent for control purposes. (Formol-saline should *not* be used for specimens for chemical analysis.)

8. If alcoholic poisoning is suspected only samples of urine or blood need be sent.

Specimens for Histological Examination

These should be preserved in 10 per cent Formol-Saline.

Submission of all Specimens

(1) They should be signed and sealed and given into the custody of a police officer.

(2) They should in the first instance be submitted by the Police to *Laboratory, C.I.D. H.Q., P.O. Box* 30036, *Nairobi*, and must be accompanied by a copy of the Post-Mortem Report and Exhibit Memo Forms.

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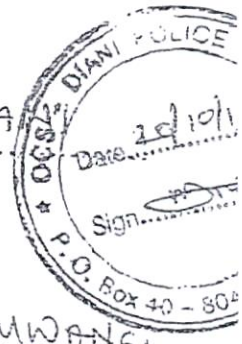
14. The outcome of the investigation will be communicated as appropriate.

(Section 386 C.P.C.)

POST-MORTEM FORM

Reference No. OB 06/19/10/2015

POLICE STATION DIA



To: THE PATHOLOGIST/MEDICAL OFFICER

AGHA KHAN

I have to request that you ascertain the cause of the death of SIMON MWANGI whose body is sent herewith under escort of PC NGIGI NGUGI

The undermentioned witnesses are able to identify the body to you:—

(1) KENNETH MBAATHI WAINAINA (2) ANN NANJIKU

The body was found at (Place) KIVULINI (DIANI) on (Date) 19/10/2015 at (Time) 0400 Hrs

Date and Time of Death (if known) 19th - 10 - 2015.

The circumstances of the death are as follows:—

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Note.—If death from poisoning is suspected, the officer requesting the examination should also give the following details (*see* also page 4).

(a) Date and time of onset and duration of symptoms .....

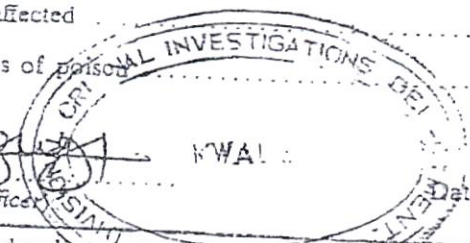
(b) Main symptoms. Please put a tick against any of the following symptoms that apply:—

Diarrhoea	Constipation	Shivering	Delirium
Vomiting	Cyanosis	Convulsions	Sweating
Thirst	Jaundice	Eye pupil dilated	Unconciousness
Blindness	Loss of weight	Eye pupil contracted	Internal pains/cramp
Any Oduor of Breath	Fever		

(c) Details of food, drink or drugs taken before and after onset of symptoms including times and quantities of any medicine given whilst under treatment .....

(d) Were other persons affected .....

(e) Suspect poison, or class of poison .....



Signature ..... KWALE

(Police Officer) Date 20th/10/2015

Note.—Complete form in quadruplicate. One copy to be retained by the station

REPORT OF PATHOLOGIST/MEDICAL OFFICER

Reference No. .....

Address .....

To: Officer in Charge,

DIANI ..... Police Station.

.....

Date 20.10.2015

Reference Body of ..... SIMON NWANGI .....

Place of Post-Mortem ..... AGA KHAN HOSPITAL MORTUARY .....

Date and Time of Post-Mortem ..... 20-10-2015 (1420 - 1600hrs) .....

General Observations on Body—

Clothing: Wrapped in a white sheet.

Sex: Male

Race: African

Apparent Age: Adult (33 yrs)

Nutrition: good

Physique: healthy

Height: 173cm

Refrigeration Changes and Approximation of Time of Death

Body refrigerated, well preserved

- Deep peripheral cyanosis
- No external injuries noted

Heart + lungs boggy (weights right lung 820g, left lung 780g),
- On sectioning copious haemorrhagic fluid.

(2) Cardio-Vascular System:
Normal, weight 300g.

(3) Digestive System: Fluid in the stomach with scanty food material
Liver 1550g, healthy looking

(4) Genito-Urinary System:
Kidney each 120g: healthy looking

(5) Head:
A 4 by 2.5cm bruise noted on the galeal surface of the left occipital scalp.

(6) Nervous System:
Congestive vasculature and congestion
Brain - 1300g.

(7) Spinal Column:
Normal

(8) Spinal Cord:
Not opened

In respect of the above findings, I formed the opinion that the cause of death was .....
consistent with asphyxia due to drowning

Death Certificate No. .....

The following specimens have been removed for further examination (see notes for guidance on page 4).

DR. NG'ALI MBUUKO
CONSULTANT PATHOLOGIST
P.O. Box 80103, MSA
CELL: 0734983432

Signed .....

Designation Pathologist

Specimens for Chemical Analysis

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   (*c*) Liver (the whole organ or as much as possible).

   (*d*) Kidney (at least one whole kidney).

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   (*f*) Blood (as large a sample as possible).

   (*g*) Vomit (particularly the early vomit if available).

3. If arsenic is suspected, portions of hair, nails, and muscle should be additionally supplied.

4. If parenteral administration of a drug is suspected, samples of tissue surrounding the injection site should be taken.

5. Separate wide-mouthed containers should be used for packing, but (*a*) and (*b*) can be placed together as can also (*c*) and (*d*).

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8. If alcoholic poisoning is suspected only samples of urine or blood need be sent.

Specimens for Histological Examination

These should be preserved in 10 per cent Formol-Saline.

Submission of all Specimens

(1) They should be signed and sealed and given into the custody of a police officer.

(2) They should in the first instance be submitted by the Police to *Laboratory, C.I.D. H.Q., P.O. Box 30036, Nairobi*, and must be accompanied by a copy of the Post-Mortem Report and Exhibit Memo Forms.

ANNEX 36

REPUBLIC OF KENYA



THE PRESIDENCY
MINISTRY OF DEVOLUTION AND PLANNING
STATE DEPARTMENT OF PLANNING

Office of the Principal Secretary
Treasury Building
P.O. Box 30005-00100
NAIROBI

Telegrams "PLANNING" Nairobi

Fax No: 2218475
Telephone: 2252299
E-mail: psplanning@devolutionplanning.go.ke
When replying please quote

Date: 4th November, 2015

Ref. MDP/1/SEC/9/9

Mr. Halakhe D. Waqo, ACIArb
Secretary/Chief Executive Officer
Ethics and Anti-corruption Commission
Integrity Centre
NAIROBI

Dear CS,

RE: REQUEST TO INVESTIGATE ALLEGED FINANCIAL MALPRACTICE AT THE YOUTH ENTERPRISE DEVELOPMENT FUND (YEDF)

Reports reaching this office indicate that there may have been questionable transactio involving investment Accounts held by the YEDF at Chase Bank.

This matter was brought to the attention of the Board of Directors of the Fund in a Board meeting held on 21st October, 2015 and subsequently, the Board has taken ste including inviting the Directorate of Criminal Investigations to carry out investigati into the matter.

Given that the nature of the potential crime(s) may go beyond bank fraud, I wis request the Ethics and Anti-corruption Commission to also move in and investigate.

By a copy of this letter, the Chairman, Youth Enterprise Development Fund Boar requested to ensure the Fund fully cooperates with you in this exercise.

Yours sincerely,

Eng. Peter O. Mangiti
PRINCIPAL SECRETARY

ANNEX 37

OUR REF: CB/IB/YEDF/ 003- 15

YOUR REF: YEDFB/CEO/1316/2015

13th February 2015

Catherine Namuye
Chief Executive Officer
Youth Enterprise Development Fund
P.O. Box 48610-00100
NAIROBI

Dear Madam,

RE: TRANSFER OF FUNDS

In reference to our conversation, we regrettably are unable to act on your instructions through your letter to us dated 11th February 2015.

This has been occassioned because we have in our possession old account mandates and will require up to date account mandates for the Youth Enterprise Development Fund account and a Board resolution to proceed on any instructions on the said account.

As you are aware we have previously queried on the same and delivered signature mandates for the account to your offices.

We hope the mandates can be filled and sent to us at your convenience so that we can be able to serve you better.

We would like to thank you for your understanding in the matter and look forward to strengthening the business relationship that exists between Youth Enterprise Development Fund and Chase Bank.

Yours faithfully,
For: Chase Bank (Kenya) Limited,

I certify that this is a true Copy of the Original

P.O. Box 45707-00100, Nairobi-Kenya

Iman Hussein
GM- SME & Islamic Banking

Kennedy Ouko
Director, Business Development

PENGUIN

ANNEX 3

Michael Makomene Kimeu

From: Catherine Namuye
Sent: Wednesday, February 25, 2015 4:11 PM
To: mkimeu@chasebank.co.ke
Cc: nmukuria@quorandum.co.ke; kouko@chasebank.co.ke
Subject: PAYMENT TO QUORANDUM - INVOICES
Attachments: Scan_20150224 (1).pdf; Scan_20150224 (2).pdf; Scan_20150224 (3).pdf; Scan_20150224 (4).pdf; Scan_20150224 (5).pdf; Scan_20150224 (6).pdf

>> Dear Sir,
>>
>> Kindly find attached supporting documents for the payment to QUORANDUM Limited. I confirm that we received invoices against this work both on email and original for the full amount on the invoices as per our contract. In case you require any further clarification please feel free to contact me. I am currently in Mombasa for a conference but still available on email.
>>
>> Thank you for your continued support.
>>
>> Kind regards,
>>
>> Catherine Akello Namuye
>> Chief Executive Officer
>> Youth Enterprise Development Fund
>
>

I certify that this is a true Copy of the Original

ALFRED NYA - ADVOCATE
P.O. Box 45707-00100, Nairobi-Kenya

RARE

ANNEX 37

REPUBLIC OF KENYA

FINANCIAL REPORTING CENTRE

SUSPICIOUS ACTIVITIES OR TRANSACTIONS REPORT

1. Select report type: Initial report

Part I: Particulars of the Reporting Institution

2. Name of Reporting Institution Chase Bank (Kenya) Limited

3, Address and contact of Head Office

Physical	Riverside Mews, Riverside Drive, NAIROBI
Postal	66049 00800
Telephone	0730 175000; 0709 800000
Email	atyourservice@chasebank.co.ke
Fax	

4, Address and contact of Branch(es) where activity / transaction occured

Physical	Lavington Branch
Postal	66049 00800 NAIROBI
Telephone	0730 175000; 0709 800000
Email	everyonelavington@chasebank.co.ke
Fax	

Part II Information about Person(s) or Entity engaging in Suspicious Activities

5. (a) Surname (or name of Entity) Quorandum Limited
   (b) First Name
   (c) MIddle Name

6. Postal & physical address in country of residence
   Postal: 25651 00603
   Physical: Adams Arcade

7. Date of Birth/Incorporation (DD/MM/YY): 25/10/2002

8. Identification document: Certificate of Incorporation
   Identification document No

[illegible] ЛЗИНА

9. Occupation or Business: Construction

10. Identity verified by (where applicable):

☑ National ID ☑ Passport ☑ Certificate of ☑ Other (Specify)

If other, specify

Date & Place issued

11. Relationship to the reporting institution: Client / Customer

Other (Specify)

12. (i) Is the person(s) still affiliated with the reporting institution? Yes

If No, specify

Date of resignation, suspension, termination (DD/MM/YY)

Part III Information about Suspicious Activity

13. Date of transaction or suspicious activity (DD/MM/YY): 23/02/2015

14. Transaction Type: Incoming Funds

15. (a) Account name(s), where applicable: Quorandum Limited

(b) Account number(s) affected, where applicable: 0052075584001

16. Amount involved (in Kshs): KES. 115,710,000

17. (i) General description of suspicious activity: Other (Specify)

(ii) Other (specify): Unusual Account activity

18. Source of funds: Youth Enterprise Development Fund

19. Particulars of the destination of the funds: Transfer from Youth Fund to Quorandum

20. Description of the transaction/activity: Client recieved funds totalling KES. 115,710,000 being payment for consultancy services rendered

21. Basis of suspicion: A high value credit is unusual given that the account had never transacted before

22. Has suspicious activity had material impact on or otherwise adversely affected the reporting institution? No

If yes, describe impact

23. Has any law enforcement authority been notified in any manner? If so, indicate the following: No

(a) Authority

(b) Specific person notified

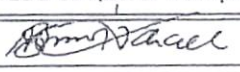
(c) How notified	
(d) Details provided	
24. Has any other action been taken by the reporting institution?	No further action has been taken to avoid tipping off the client.

Part IV Details or List of Available Documents

Account Opening Documents

Account Statement

Part V Information about Money Laundering Reporting Officer

25. Name	Michael Kimeu
26. Position/title in the reporting institution	Head of Risk & Compliance
Signature	
Date	March 4, 2015

Part VI For internal use only (by the Financial Reporting Centre)

Report number	
Report date	
Action taken	

ANNEX 7

YOUTH ENTERPRISE DEVELOPMENT FUND

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref: YEDF/ CEO/ 1554/ 2015 **27th April, 2015**

Ms. Iman Hussein
General Manager – Islamic and SME Banking
Chase Bank, Central Office
P.O. Box 66015 – 00800
Nairobi



Dear Madam,

RE: PAYMENT TO QUORANDUM LIMITED

The subject above refers;
Following the maturity of fixed deposit held with your bank, please take this as instruction to debit our account with **Kshs 64,654,789 Million (Kenya Shillings Sixty Four Million, Six Hundred and Fifty Four Thousand, Seven Hundred and Eighty Nine Only)** and make payment to our supplier Quorandum Limited for consultancy services rendered. The account details are as follows:

Quorandum Limited
Ac No. 0052075584001
Chase Bank, Riverside Mews Branch

The remaining funds should be rolled over for a further period of two months.

Please contact the undersigned should you have any queries or seek clarification.

Yours



I certify that this is a true
Copy of the Original
ADVOCATE
P.O. Box 45707-00100, Nairobi-Kenya

CATHERINE A. NAMUYE
CHIEF EXECUTIVE OFFICER

Certified True Copy of the Original
For CHASE BANK (KENYA) LTD.
LEGAL DEPT.

Authorised Signatory

[illegible]

ANNEX 41

ENTERPRISE
DEVELOPMENT FUND

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref. YEDF/4/ACC/125/15

10th July 2015

The Relationship Manager
Chase Bank Kenya Ltd
Delta House Westland's,
P.O BOX 66049 – 00800,
NAIROBI.

Certified True Copy of the Original
For CHASE BANK (KENYA) LTD.
LEGAL DEPT.

Authorised Signatory

Attn: Mary Muteti

RE: RECALL OF CALL DEPOSIT INVESTMENT OF KSHS 120,000,000.00

Reference is made to our Letter Ref. YEDF/4/ACC/0099/15 dated 13/04/2015 in which we had given instructions for investment of Kshs 219,815,054 Million in a call investment for 2 Months @ 10.50% p.a with effect from 13/04/2015.

Kindly liquidate 120 Million (One hundred and twenty Million) back into our bank account details as given below;

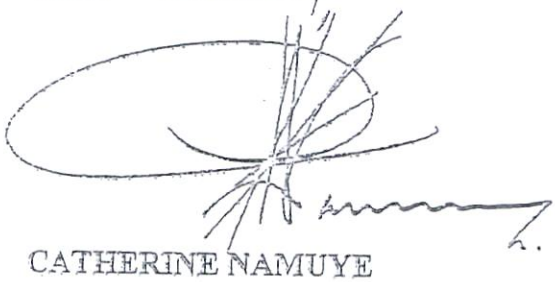
Bank Name:	Kenya Commercial Bank Limited
Bank Branch:	Kencomm House
Account No.	1107-099-390
Account Name:	Youth Enterprise Development Fund

Any interest that has accrued for the days the call was invested kindly deposit it into our bank account details as given below;

Bank Name:	Equity Bank Limited
Bank Branch:	Community Corporate Branch
Account No.	0180-299-434-252
Account Name:	Youth Enterprise Development Fund-Operations Account

Thank you for the support you have continued to accord the Fund.

Yours Sincerely



CATHERINE NAMUYE

CHIEF EXECUTIVE OFFICER.

ANNEX 7

YOUTH ENTERPRISE DEVELOPMENT FUND

Unleashing Potential

YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Our Ref: YEDFB/CEO/511/2014

8th December 2015

I certify that this is a true Copy of the Original
ALFRED DEVA - ADVOCATE
P.O. Box 45707-00100, Nairobi-Kenya

The Manager,
Chase Bank Kenya Limited
P.O.Box 66049-00800
NAIROBI

Dear Sir,

RE: AUTHORISED SIGNATORIES TO TRANSFER FUNDS FROM CHASE BANK TO KCB

Below please details of the signatories approved by the Board to transfer kshs. 104,297,489.45 from Chase Bank Fixed deposit A/c 0017054604027 to Development account held by the Fund at Kenya Commercial Bank Moi Avenue A/c Number. 1107099390 supported with the attached Board Extract from the 56th Full Board meeting, new signing cards and certificate from Chase Bank dated 10th November 2015.

	Designation	I.D Number
1. **Signatories A**		
Judy C. Kimeto	Lending & Investment Manager	20853730
2. **Signatories B**		
Robert Mrima	Senior Accountant	22554184
Benson M. Mutwii	Accountant	22526154

The signing instructions are: the two signatories one being Class A must sign for the money to be transferred from Chase Bank account to KCB account. This is a one off signing mandate.

Yours Sincerely,

Mr. Bruce Odhiambo
Chairman, Youth Enterprise Development Fund Board

Emmanuel J. Odero
Ag. Chief Executive Officer

Renaissance Corporate Park, 4th Floor, Elgon Road, Upperhill.
P. O. Box 48610 - 00100, Nairobi-Kenya, Tel. +254 2211672/8,020 2091720, 020 2646327, 0717991616, 0735121644
E-mail: info@youthfund.go.ke, Website: www.youthfund.go.ke

ANNEX 43

CHASE BANK

OUR REF: CB/IB/YEDF/003-15

YOUR REF: YEDF/CEO/570/2015

Friday, December 18, 2015

The Ag. Chief Executive Officer
Youth Enterprise Development Fund Board
Renaissance Corporate Park, 4th Floor
Elgon Road, Upper Hill
P.O. Box 48610-00100
NAIROBI

RECEIVED
BEC 2015
CEO'S OFFICE
I certify that this is a true Copy of the Original
ALFRED DEYA - ADVOCATE
P.O. Box 45707-00100, Nairobi-Kenya

Attention: Mr. Emmanuel J. Odero

Dear Sir,

REQUEST FOR INFORMATION

We refer to your letter of December 11, 2015 requesting for several documents relating to accounts operated by the Youth Enterprise Development Fund (the "Fund").

By a letter dated 8 December 2015 (enclosed herewith), the Fund issued a new mandate relating to operation of the account. Your name is not included in the list of mandates. We therefore regret that we are not able to accede to your request as you are not indicated to have the mandate to operate any of the Fund's accounts with us.

In view of the foregoing, please note that the latest mandate only related to the transaction transfer and was only a one-off signing mandate, as indicated. Currently therefore, the Fund's accounts effectively have no mandates hence our inability to oblige your good office.

Kindly advice on the mandates to enable us execute your instructions expeditiously.

We look forward to your quick response.

Yours faithfully,
For: Chase Bank (Kenya) Limited

Pamain de Narikae

P. Narikae
Director – Regulatory and External Affairs

Encls.

ВНИИД

CHASE BANK

OUR REF: CB/IB/YEDF/003-15

YOUR REF: YEDF/CEO/570/2015

Thursday, March 03, 2016

I certify that this is a true Copy of the Original
ALFRED [illegible]YA - ADVOCATE
P.O. Box 4576[illegible]-00100, Nairobi-Kenya

The Ag. Chief Executive Officer
Youth Enterprise Development Fund Board
Renaissance Corporate Park, 4th Floor
Elgon Road, Upper Hill
P.O. Box 48610-00100
NAIROBI

Attention: Mr. Emmanuel J. Odero

Dear Sir,

REQUEST FOR INFORMATION

Thank you for your letter of February 25th, 2016 relating to the Youth Enterprise Development Fund (the "Fund") accounts with us.

As indicated in our letter dated December 18, 2015 (a copy is enclosed herewith), the mandates issued to the Bank on December 8, 2015 (a copy is enclosed herewith) were expressly one off. Currently, the Fund's accounts have no mandates hence our inability to oblige your good office.

We would also wish to bring to your attention that the opening and operation of the Fund's accounts is subject of ongoing investigations by various law enforcement agencies. We request that you allow these independent agencies to conduct and conclude their investigations, as they are in possession of most of the original documents and information you are requesting. This will give confidence to the agencies and the public that the Bank is not in any way working with the Fund to affect the independence of these investigations.

Yours faithfully,
For: Chase Bank (Kenya) Limited

S. Makanda
Head, Legal

P. Narikae
Director – Regulatory and External Affairs

Encls.

CC Dr Kamau Thugge
Principal Secretary
Ministry of Finance
Treasury Building, 10th Floor
P.O. Box 48610-00100
NAIROBI

Live Gigs Corp. AV Ltd.
Film Studios Complex, P.O. Box 50323,
00200, City Sq. Nairobi, Kenya.

Tel: 254 (20) 2662537/8
Fax: 254 (20) 3861130, Cell: 254 735 700390
email: info@livegigs.co.ke
www.livegigs.co.ke

Delivering Your Vision.....

NAMES OF DIRECTORS OF THE COMPANY

Live Gigs Corporate Audio Visual Ltd was founded by the following two directors. They remain the only directors and shareholders of the company from the time of its incorporation;

Mr Tom Awando – Managing Director
Mr Mohamed Shafique Manjothi – Director

We have enclosed a copy of the latest CR-12 from the registrar of companies confirming the same (Refer to Page 22 of our Support documents)

DETAILS OF BUSINESS TRANSACTION BETWEEN THE COMPANY AND THE YOUTH ENTERPRISE DEVELOPMENT FUND (Refer to Pages 28 – 32)

Live Gigs Corporate Audio Visual Limited has never directly had any form of contractual business transaction with the YEDF since its inception. The Company has never therefore rendered any services to the YEDF or received any payments from the organization for any such services.

However, Live Gigs Corporate Audio Visual Limited has participated in an event organized by the YEDF as a sub-contracted supplier. Our client **M/S K-SUSU INTERNATIONAL LIMITED** (The Company contracted by the YEDF) contracted us in March 2015 to offer our professional film production services. The assignment required us to produce a short film showcasing the role of the YEDF in transforming the lives of the Youth. As per our client's instructions, we successfully delivered on this obligation. Our client subsequently made a payment to us on the 19th May 2015 for Ksh 3,493,526.00 being full settlement of the agreed amount. We have enclosed a copy of our bank statement page confirming receipt of the said funds and the relevant tax invoices covering the transaction.

LIVEGIGS

Delivering Your Vision.....

Live Gigs Corp. AV Ltd.
Film Studios Complex, P.O. Box 50323,
00200, City Sq. Nairobi, Kenya.

Tel: 254 (20) 2662537/8
Fax: 254 (20) 3861130, Cell: 254 735 700390
email: info@livegigs.co.ke
www.livegigs.co.ke

It is also important for the committee to note that at the time of this event, Live Gigs Corporate Audio Visual Limited was overstretched in its capacity to deliver this service and instead, sub-contracted M/S FILM CREW IN AFRICA LIMITED to carry out the film production. Therefore the above payment was subsequently paid to Film Crew in Africa Ltd for the services rendered to us. We have enclosed copies of tax invoices raised by Film Crew in Africa covering this transaction. (A copy of the short film has been submitted for the benefit of the members)

Live Gigs Corporate Audio Visual Limited therefore has never had any contractual business relationship with the Youth Enterprise Development Fund, Its management or members of the Board. Live Gigs Corporate Audio Visual Limited has no form of legal relationship or affiliation with any of the companies that have been mentioned by your committee in the course of this inquiry.

COPIES OF TAX RETURNS (Refer to Pages 23 – 27)

We have enclosed a copy of our Kenya Revenue Authority online i-tax General Ledger showing our monthly tax returns filings and payments

Thank you for your time

Sincerely

FOR: LIVE GIGS CORPORATE AUDIO VISUAL LIMITED

TOM AWANDO

MANAGING DIRECTOR

25

ANNEX 4(

LIVEGIGS

SOUND . LIGHT . STAGING

Attn: Hillary Yegon
K-SUSU INTERNATIONAL LTD
Nairobi
Nairobi,
Kenya

Invoice: YEDF
Invoice-No.: 15-0036
Date: 2015-05-30
Page: 1 of 1

Invoice

Qty	Name	Price	Days	Discount	Total
1	Cost of Documentary - Video Production	Ksh3,012,005.17	1.00		Ksh3,012,005.17

Payment Terms: 100% advance payment

Sub Total:		Ksh3,012,005.17
16.00 % Tax:	Country	Ksh481,920.83
Total:		**Ksh3,493,926.00**

Live Gigs Corporate A. V. Ltd
Film Studio Complex
P.O.Box:50323, 00200 City Sq
Nairobi
PIN:P0051184473C
VAT: 0157575D

Managing Director:
Tom Awando
Director:
Mohamed Shafique

banking account:
Diamond Trust Bank Kenya Ltd
Account Number: 0802546766
Branch: Capital Centre
Swift Code: DTKEKENA

Phone:+254(0)202662537/8
E-Mail:info@livegigs.co.ke
Web:www.livegigs.co.ke

ANNEX VI

P.O BOX
TEL NO:0
PIN NO:P051363416P
VRH/EFP/02022009/01146K
01 OPERATOR 1
DEPT 01 1184614.03 A
TOTAL 1184614.03
A=16.00% 163395.04
TOTAL TAXES 163395.04
1184614.03
CASH
01 ARTICLES 0101 00002
FISCAL RECEIPT N: 0101 00002
RECEIPT N: 02:55
16-03-15 FISCAL RECEIPT 7259
SN

ANNEX 47

FILM CREW IN AFRICA .

P. O. BOX 6150-00100
NAIROBI

Invoice

Tax Date	Invoice No.
3/16/2015	002-04/2015

Invoice To
LIVE GIGS CORPORATE AV LTD FILM STUDIO COMPLEX P.O. BOX 50323-00200 NAIROBI

Mar. 2015 VAT

Cust VAT Reg.

Description	Amount	VAT
YEDF PRODUCTS LAUNCH VIDEO - SUPPLIMENTARY PRODUCTION BUDGET	22,000.00	Tax
PRE PRODUCTION	320,500.00	Tax
PROD. PERSONNEL	60,000.00	Tax
TALENT & CASTING	42,000.00	Tax
WELFARE	325,000.00	Tax
EQUIPMENT		

VAT Summary

Subtotal	
VAT Total	
Total	

Company VAT Reg.	P051363416R

ФИЗИКА

TEL NO:0709918438
PIN NO:P051363416R
KRA/EFP/02022009/01146K
01 OPERATOR 1
DEPT 01 .....500000.00 A
TOTAL.....500000.00
- - - - - - - - - - - - - - - - - -
A=16.00% 68965.52
TOTAL TAXES 68965.52
- - - - - - - - - - - - - - - - - -
CASH..... 500000.00
01 ARTICLES
FISCAL RECEIPT N: 0098 00001
RECEIPT N: 0098 00001
20-02-15 03:24
FISCAL RECEIPT
SN 7250

VAT RETS 2015

30

FILM CREW IN AFRICA .

P. O. BOX 6150-00100
NAIROBI

Invoice

Tax Date	Invoice No.
2/19/2015	03-02/2015

Invoice To
LIVE GIGS CORPORATE AV LTD FILM STUDIO COMPLEX P.O. BOX 50323-00200 NAIROBI

Cust VAT Reg.

Description	Amount	VAT
YEDF PRODUCTS LAUNCH VIDEO PRODUCTION - FIRST 22%	500,000.00	Tax

VAT Summary

Rate	KES VAT	KES NET
Tax@16.0%	68,965.52	431,034.48
TOTALS	68,965.52	431,034.48

Subtotal	KES 431,034.48
VAT Total	KES 68,965.52
Total	KES 500,000.00

Thank you for your business.

Company VAT Reg.	P051363416R

TEL NO:0739913438
IN NO:P051363416R
KRA/EFP/02022009/01146K
01 OPERATOR 1
DEPT 01 1808909.47 A
TOTAL 1808909.47
A=16.00% 249504.75
TOTAL TAXES 249504.75
CASH 1808909.47
01 ARTICLES
FISCAL RECEIPT N: 0100 00001
RECEIPT N: 0100 00001
09-03-15 07:29
FISCAL RECEIPT
SN 7259

POSTED

31

FILM CREW IN AFRICA .

P. O. BOX 6150-00100
NAIROBI

Invoice

Tax Date	Invoice No.
3/9/2015	002-03/2015

Invoice To
LIVE GIGS CORPORATE AV LTD FILM STUDIO COMPLEX P.O. BOX 50323-00200 NAIROBI

March 015

Cust VAT Reg.

Description	Amount	VAT
YEDF PRODUCTS LAUNCH VIDEO PRODUCTION - 2ND 78%	1,559,404.72	Tax

VAT Summary

Rate	KES VAT	KES NET
Tax@16.0%	249,504.75	1,559,404.72
TOTALS	249,504.75	1,559,404.72

Subtotal	KES 1,559,404.72
VAT Total	KES 249,504.75
Total	KES 1,808,909.47

Company VAT Reg.	P051363416R

398

THE NATIONAL ASSEMBLY
RECEIVED
11 APR 2016
DIRECTOR COMMITTEE SERVICES
Time:.....

ETHICS AND ANTI-CORRUPTION COMMISSION

INTEGRITY CENTRE (Valley Rd. /Milimani Rd. Junction) P.O. Box 61130 -00200, NAIROBI, Kenya
TEL.: 254 (020) 2717318/ 310722, MOBILE: 0729 888881/2/3
Fax: 254 (020) 2719757 Email: eacc@integrity.go.ke Website: www.eacc.go.ke

When replying please quote:

SUSAN
pls deal
FA
11/4

EACC.6/43 (116) **5th April, 2016**

Florence Atenyo-Abonyo
Director, Committee Services
National Assembly
Parliament Buildings
P.O. Box 41842 -00100
NAIROBI

Dear Ms Atenyo-Abonyo,

RE: REQUEST FOR INFORMATION BY THE PUBLIC INVESTMENT COMMITTEE

Your letter Ref: **KNA/PIC/CORR/2016/ (046)** dated **31st March, 2016** on the above subject refers.

The Commission received a complaint on the matter through a letter Ref: MDP/1/SEC/9/9 dated 4th November 2015 from the then Principal Secretary, Ministry of Devolution and Planning, State Department of Planning Eng. Peter O. Mangiti.

The allegation was that the CEO of Youth Enterprise Development Fund Ms Catherine Namuye in collusion with board members, schemed to defraud the Fund Kshs.180.9 million between February and April 2015.

The Commission commenced investigations into the above allegation in November, 2015. So far, the investigation team has recorded statements from witnesses, suspects and obtained documents from the Youth Enterprise Development Fund and other organizations involved in the subject transaction.

The possible offences which the Commission is investigating include:-

1. Conspiracy to defraud contrary to section 317 of the Penal Code
2. Abuse of office contrary to Section 46 as read together with Section 48 of the Anti-Corruption and Economic Crimes Act, No. 3 of 2003.
3. Fraudulent Acquisition of Public Property Contrary to Section 45(1)(a) As Read With Section 48 of the Anti-Corruption And Economic Crimes Act Cap 65 Laws of Kenya

MINUTES OF THE 150TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON MONDAY, 30TH NOVEMBER 2015 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 2:30 PM.

PRESENT

1. Hon. AdanWehliyeKeynan, CBS, MP - Chairperson
2. Hon. Anthony Ichung'wahKimani, MP - Vice Chairperson
3. Hon. Dr.OburuOginga, MGH, MP
4. Hon. Adan Mohammed Nooru, MP
5. Hon. Elias Bare Shill, MP
6. Hon. Sammy Silas KomenMwaita, MP
7. Hon. John OlagoAluoch, MP
8. Hon. (Dr.) Paul NyongesaOtuoma, EGH, MP
9. Hon. (Eng). John Kiragu, MP
10. Hon. (Maj.) (Rtd) John WalukeKoyi, MP
11. Hon. Beatrice NkathaNyaga, HSC, MP
12. Hon. Bernard MunywokiKitungi, MP
13. Hon. CornellySerem, MP
14. Hon. IrunguKang'ata, MP
15. Hon. John OgutuOmondi, MP
16. Hon. Korei Ole Lemein, MP

ABSENT WITH APOLOGY

17. Hon. Francis MwanziaNyenze, MP
18. Hon. (CPA) Thomas LudindiMwadeghu, CBS, MP
19. Hon. Abdullswamad Sheriff Nassir, MP
20. Hon. (Dr.) ChrisanthusWamalwaWakhungu, CBS, MP

ABSENT WITHOUT APOLOGY

21. Hon. Franklin MithikaLinturi, MP
22. Hon. WafulaWamunyinyi, MP
23. Hon. EjidiusNjoguBarua, MP
24. Hon. JohanaKipyegonNgeno, MP
25. Hon. John MuchiriNyaga, HSC, MP
26. Hon. Mary Sally Keraa, MP
27. Hon. OnesmusMuthomiNjuki, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim - Clerk Assistant I
2. Ms. Rose Wanjohi - Clerk Assistant II
3. Mr. Philip Lekarkar - Clerk Assistant III

4. Mr. Charles Atamba - Research Officer III

OFFICE OF AUDITOR GENERAL

1. Mr. Obed K. Chweya - Senior Manager, Audit
2. Ms. Jane Kariuki - Manager, Audit

MIN.NO. /PIC/1197/2015: PRELIMINARIES& PRAYER

The Chair called the meeting to order at twelve minutes to threeo'clock. The Prayer wasread by Hon. (Dr.) Paul NyongesaOtuoma, EGH, MP, followed by self-introduction of those present.

MIN. NO./PIC/1198/2015: CONFIRMATION OF MINUTES

Confirmation of Minutes of the previous sitting was deferred to the next sitting.

MIN.NO./PIC/1199/2015: EVIDENCE BY THE YOUTH ENTERPRISE DEVELOPMENT FUND BOARD

Mr. Emmanuel J. Odero, Ag. Chief Executive Officer, Youth Enterprise Development Fund Board accompanied byMr. Robert Mrima (Senior Accountant), Ms. Judy Kimeto,(Lending & Investment Manager), and Mr. BensonMuthendi (Recovery Manager)appeared before the Committee to adduce evidence on the matter of the alleged loss of funds at the Board.

MIN.NO./PIC/1200/2015: EVIDENCE: LOSS OF FUNDS

The Ag. CEO informed the Committee as follows: THAT

1. The Fund had a balance of Kshs. 400 million in its fixed deposit account number 0017054604027 as at the beginning of the FY 2015/2016. On 13th July 2015, the Fund transferred Kshs. 120 million from Chase Bank to its KCB operations account. This therefore left a balance Kshs. 280 million plus interest earned at Chase Bank fixed deposit account.
2. The Board held its 11thSpecial Committee meeting on 21stOctober, 2015 and during the meeting, Chairman of the Audit Committee of the Board presented two letters allegedly written by the former Ag. Chief Executive Officer (Ms. Catherine A. Namuye) on 11thFebruary, 2015 and 27thApril 2015 and which authorizedthe transfer of Kshs. 115,710,000.00 and 65,184,946.00 to Quorandum Limited, Ac No. 0052075584001 at Chase Bank, Riverside Mews Branch.
3. The Board of Directors in its meeting directed the Audit Committee of the Board to immediately convene a meeting and review the letters of instructions to Chase Bank and give their recommendations on the way forward to the full Board. The Audit Committee met on 22ndOctober, 2015 and recommended to the Full Board to send the

former Ag. Chief Executive Officer(Ms. Catherine A. Namuye) and the Finance Manager (Mr. Benedict Atavachi) on leave to pave way for investigations.

4. The full Board held a special meeting on 23rdOctober, 2015 at 2.00pm and sent both the former Ag. Chief Executive Officer and Finance Manager on leave as recommended by the Audit Committee and appointed a new Acting Chief Executive Officer.

5. On the same date, 23rd October, 2015 the Chairman of the Board wrote to the Directorate of Criminal Investigation (CID) to move in and undertake forensic investigation on the alleged transfer of funds. On 3rdNovember, 2015,the Ag. Chief Executive Officer sent another letter to the Directorate of Criminal Investigation with all Bank account details of the Fund and requested for a forensic audit of all the accounts of the Fund. The former Principal Secretary,Ministry of Devolution and Planningalso invited EACC to undertake forensic investigation on the same.

6. The Fund gave instructions on 27thOctober, 2015 to all its Bankers to delete both Ms. Catherine A. Namuye and Mr. Benedict Atavachi from being signatories to its accounts as a matter of internal control check.

7. The CID officers and Investigators from EACC have already launched investigations and are taking statements from staff.

8. The current Fund management, procurement unit and the Tender Committee members do not know Quorandum Limited, the providers of the consultancy services. The supplier has never been prequalified by the Fund. The Fund did not advertise for the said Consultancy services. The Tender Committee did not approve such a service and the Fund does not have Tender minutes for the same nor any contract with Quorandum ltd.

9. On 5thNovember, 2015 the Fund gave instructions to Chase Bank to provide it with the actual amount in its fixed deposit account as at 5th November, 2015. The bank gave the balance in the account as Kshs. 104,297,489.45.

Directors and Details of Bank transactions with Quarandum Ltd.

10. The Fund does not have details of the directorship of Quorandum Ltd since it has never dealt with it at all. The Fund wrote to the Registrar of Companies on 18thNovember, 2015 to furnish it with the details of the Directors of Quorandum Ltd.

11. The details of bank transaction as per the alleged letters of instruction by the former Ag. Chief Executive Officer to Chase Bank to make payment to Quorandum Ltd were"to make payment to our supplier Quorandum Ltd for consultancy services rendered to their Ac No. 0052075584001 at Chase Bank, Riverside Mews Branch".

The Board's Fixed Deposit Account(s)

The Fund has one fixed deposit account at Chase Bank, City Centre, and Account No. 001705460427. The following were the signatories:-

a)	Ms. Catherine A. Namuye	-	Ag. Chief Executive Officer (Class A)
b)	Ms. Judy Kimeto	-	Lending & Investment Manager (Class A)
c)	Mr. Benedict Atavachi	-	Finance Manager (Class B)
d)	Mr. Robert Mrima	-	Senior Accountant (Class B)

Management Responses to Committee Queries

The Committee sought the following clarifications:-

1. **Ms. Namuye's status in office at the time of the writing of the two letters on 11th February 2015 and 27th April 2015:**The Ag. CEO informed the Committee that Ms. Namuye was still in acting capacity contrary to the letter which signed off as the substantive office holder.

2. **The Board's policy on funds transfer instructions:** The Ag. CEO responded that no transaction can occur **without the designated signatures being appended** to the document with the transfer instructions. The Bank has the same instructions as contained in the Fund policy on payments. There are no Board minutes authorizing any other set of instructions..Therefore, in effecting the transactions, the Bank did so contrary to the Fund's payment policy and mandates.

3. Can one person The signing mandates to the Bank and the segregation parameters in terms of the amounts that can be authorized: Can one person authorize money transfers? There is a payments policy which provides that to make payments two signatories must sign for payment to be effected. Two designated class As can sign or a class A and B. But two classBs cannot authorize payments.

   Ms. Judy Kimeto, a Class A signatory, informed the Committee that she was not involved or consulted in the transfer of the lost funds.

4. **Action(s) taken by the Fund following breach of agreement on the transfer of the Board's funds:** The Ag. CEO informed the Committee that other than a request for statement's of their account, the Fund has not taken any action against the Bank.

5. **Was Quorandum Ltd on the prequalified list of service providers?**The Ag. CEO informed the Committee that the Company was not listed on the prequalified list of service providers.

6. **Disparity in book vs bank balance:**

   The Ag CEO informed the Committee as follows: - THAT

a) Chase Bank had confirmed that the account held Kshs. 104,297,489.45 as at 5thNovember 2015 while the book balance indicated a balance of Kshs. 280 million plus interest earned.

b) The Fund receives a statement when afixed amount is deposited. Once the fixed deposit has matured, the Bank receives further instructions on what to do with the interest earned.

c) Bank reconciliations areauthorized by Mr. Robert Mrima, Senior Accountant (class B signatory) who supervises six other staff. He then forwards the report to the Finance Manager for reviewing.

d) It appears Kshs. 10 million was withdrawn from the fixed deposit account as interest accrued but only Kshs. 2 million returned. The Board has written to the Banking Fraud Unit to investigate the matter.

e) Kshs. 400 million deposit was meant to be deposited for 2 months (from 23rd August to 23rd October 2014).

f) Ms. JedidahKabiruacted as Chase Bank's Relationship Manager and was the link between the Bank and the Board.She is the one who misled the Bank by confirming that the Bank's fixed deposit account had Kshs. 104, 297,489.45.

7. **Lack of clear flow of funds from one fixed deposit to the nextshowing the debiting of the matured account and the crediting of the new fixed deposit with both the principal and interest accrued from the matured account:**the Committee heard Ms. Namuyetook over the running of the account and the Investment Committee of the Fund had little input on the matter.

8. **Treasury Approval:** The Committee heard that the Fund had the approval from National Treasury to deposit fundswhich are not for immediate use in a fixed deposit account. The Board chose Chase Bank which is a private bank. The Policy on fixed deposits is however silent on whether to bank with private or public bank.

9. **Deleting of MsNamuye and Mr. Atavachias signatories:**the management informed the Committee that it had written to various banks to delete the two signatories from the bank's accounts with the view of barring them from making any further transactions. The Committee however queried why the Fund would write such letters without Board approval with full knowledge that the Bank will not effect payment without Board approval.

   The Ag. CEO informed the Committee that the Board is scheduled to sit on 1stDecember 2015 to pronounce itself on the matter.

10. The management confirmed that it is irregular/unprocedural for the Board to draw funds from a fixed deposit account to pay for goods and services.

11. The Committee further sought to establish the circumstances leading to the death of a staff member of the Fund. The Ag CEO informed the Committee that the deceased was a driver assigned to drive Mr. Clement Ouko who is one of the Fund's directors, to a training workshop organized by SCAC in the South Coast. He was found dead in the hotel swimming pool. He added that investigations are ongoing. Preliminary findings indicate that the cause of death is drowning.

Committee Resolution

The Committee resolved that the Fund avails the following additional information:-

(i) Copy of the Fund's payment authorization policy, instructionsto the Bank and account signatories;

(ii) Copy of Treasury approval to deposit funds in the fixed deposit account;

(iii) Copies of bank reconciliations and statements for the periodJuly 2014 to December 2015;

(iv) Confirmation of fixed deposit balance as at June 2015;

(v) Confirmation of bank balance in all accounts held by the Fund;

(vi) Movement of funds in Chase Bank deposit account from August 2014 and calculation of interests payables;

(vii) Certified copies of Board Minutes from 2014 to December 2015;

(viii) Copies of instructions to Chase Bank deleting Ms. Namuyeand Mr. Atavachi as signatories;

(ix) Letter by Board Chairman, Mr. Bruce Odhiamboappointing Ms. Catherine Namuyeas the sole signatory.

(x) Copy of letter to Chase Bank to furnish the Bank with term deposit contract advice for the term deposits placed with them from Oct 2014 to December 2015;

(xi) Copy of letter to Chase Bank seeking explanation on the erroneous entries on the Fund's Account No 0017054604027;

(xii) Action taken by the Board to safeguard the balance of Kshs. 104,297,489.45 at Chase Bank following the loss of funds.

The Committee further resolved to invite the following witnesses to appear before it:-

(i) The suspended Ag. CEO Ms. Catherine Namuye and suspended Finance Manager Mr. Benedict Atavachi

(ii) YEDF Chairman, Mr. Bruce Odhiambo

(iii) Chase Bank CEO

(iv) Ms. Iman Hussein – Chase Bank General Manager, Islamic and SME Banking

(v) Mr. Ken Ouko, Chase Bank Director- Business Development

(vi) Ms. Ms. JedidahKabiru – Chase Bank Relationship Manager

The information to be submitted latest **7th December 2015.**

MIN. NO./PIC/1201/2015: ANY OTHER BUSINESS

There was no other business before the Committee.

MIN. NO./PIC/1202/2015: ADJOURNMENT

There being no other business, the meeting was adjourned at twenty five minutes past fouro'clock until Tuesday, 1st December 2015 at 9:30 am .

Signed.....

(Chairman)

Date 15/12/2015

MINUTES OF THE 4TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON TUESDAY, 1ST MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 9:30 A.M.

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Dr. Oburu Oginga, MGH, MP
4. Hon. Adan Mohammed Nooru, MP
5. Hon. Wafula Wamunyinyi, MP
6. Hon. Elias Bare Shill, MP
7. Hon. Sammy Silas Komen Mwaita, MP
8. Hon. John Olago Aluoch, MP
9. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
10. Hon. (Eng). John Kiragu, MP
11. Hon. Abdullswamad Sheriff Nassir, MP
12. Hon. Beatrice Nkatha Nyaga, HSC, MP
13. Hon. Bernard Munywoki Kitungi, MP
14. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
15. Hon. Cornelly Serem, MP
16. Hon. Ejidius Njogu Barua, MP
17. Hon. Irungu Kang'ata, MP
18. Hon. Korei Ole Lemein, MP
19. Hon. John Muchiri Nyaga, HSC, MP
20. Hon. Mary Sally Keraa, MP

ABSENT WITH APOLOGY

21. Hon. Francis Mwanzia Nyenze, MP
22. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
23. Hon. John Ogutu Omondi, MP
24. Hon. Onesmus Muthomi Njuki, MP

ABSENT WITHOUT APOLOGY

25. Hon. Dorcas Kedogo, MP
26. Hon. Franklin Mithika Linturi, MP
27. Hon. Johana Kipyegon Ngeno, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim - Clerk Assistant I
2. Mr. Philip Lekarkar - Clerk Assistant III
3. Mr. Charles Atamba - Research Officer III
4. Ms. Clara Kimeli - Legal Counsel II
5. Ms. Rose Ometere - Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1. Mr. Obed Chweya - Senior Manager, Audit
2. Ms. Jane Kariuki - Manager, Audit

MINISTRY OF PUBLIC SERVICE, YOUTH AND GENDER AFFAIRS

Mr. Kobia Wakamau - Secretary for Administration

MIN.NO./PIC/033/2016: PRELIMINARIES

The Chair called the meeting to order at forty eight minutes past nine O'clock. Prayer was read by Hon. Elias Bare Shill, MP.

MIN.NO./PIC/034/2016: ADMINISTRATION OF OATH

The witness was put under oath pursuant to Article 125 (2)a of the Constitution.

MIN.NO./PIC/035/2016: EVIDENCE: MR. BENEDICT ATAVACHI

Mr. Benedict Atavachi, the suspended Finance Manager Youth Enterprise Development Fund Board appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund.

MIN.NO./PIC/036/2016: CIRCUMSTANCES LEADING TO HIS SUSPENSION AS THE YOUTH ENTERPRISE DEVELOPMENT FUND MANAGER

Mr. Benedict Atavachi informed the Committee as follows:-

In the course of performing his duties he noticed that the documents relating to investments held by the Fund at Chase Bank were missing and on investigation, he realized that some funds had been withdrawn. He engaged the bank to find out how the withdrawal was made since this was an investment and not an account where the regular transactions including withdrawals can be handled. Since the investment was a call account, the institution was at liberty to recall the money if need be by terminating the investment and the investment and issue new instructions which could have been signed as follows;

Mandatory Signatories

1. Chief Executive Officer - Ms. Catherine Namuye
2. Lending & Investment Manager – Ms. Judy Kimetto

Others

1. Finance Manager – Mr. Benedict Atavachi
2. Senior Accountant – Mr. Robert Mrima
3. Accountant – Mr. Benson Musyoki

Signing Mandate

Any two can sign with one being a mandatory signatory

The engagement with the Bank was not easy since the relationship Manager was neither

picking his calls nor responding to his emails. Finally she sent an email that she was proceeding for her maternity leave and provided the names of the bank officers to be contacted in her absence. These were Ms. Mary Muteti, Mr. Edwin Gachimu and Mr. Abdillahi Adan. Communication with the said officers bore no fruits as they too failed to pick his calls or give appropriate response to the emails he sent them.

He further engaged the Chief Executive Officer, Ms. Catherine Namuye since she had signed and sent the last instructions for roll-over of the investment after maturity to the bank for her to avail a copy of instructions. This was done both through telephone and email.

He personally visited the bank and after a long wait a Ms. Mary Muteti gave him a sealed envelope addressed to the Chief Executive Officer and advised him that he should seek further information from the Chief Executive Officer. He submitted the documents to the CEO' s office and sought for further clarification from her on the transactions done. He received a Certificate of Deposit after a long wait of 2 months despite several reminders to her.

In September 2014, after the investment period had long expired and the Fund had not received the full investment amount back and the Relationship Manager Ms. Jedidah Kabiru had resumed, he again visited the Bank and was received by her and Ms. Mary Muteti. He was informed that the signatories authorized to operate the call deposit account held by the Fund at Chase Bank had been changed purportedly by the Board to give the CEO Ms. Catherine Namuye, sole responsibility of signing off instructions and in her absence two signatories must sign with one being a mandatory signatory. (As contained in YEDF Letter YEDFB/CEO/1339/2015 dated 17th February 2015 signed by the Chairman Mr. Bruce Odhiambo and the CEO Ms. Catherine Namuye).

The paragraph on signing mandate was not as per what the other operation accounts were being handled since it had given the CEO the sole responsibility of validating a transaction. Since the Board Chair and the Board Secretary/CEO had signed the instructions he could not understand what was happening and had no other senior staff member to consult. He used an intermediary to deliver documents relating to the decision of change of signatories and the missing funds to the Chair of the Audit Committee.

On Monday 26th October, 2015 he received a letter from the Board Chairman informing him that the Board had been presented with the documents showing questionable payments from investment account held at Chase Bank and that he should leave the office with immediate effect to pave way for investigations. The letter Ref. YEDFB/CEO/377/2015 was signed by the Board Chair Mr. Bruce Odhiambo and copied to the then Cabinet Secretary and the then Principal Secretary, Ministry of Devolution and Planning. He left office without being accorded any fair hearing by the Board.

Committee Observations:

The Committee observed that:-

(i) The Fund had invested Sh400 million in a fixed deposit account that was to mature in two months at an interest rate of 10.5 per cent with effect from 13th April 2015 to 15th

June 2015.

(ii) The Fund cannot account for the balance of Kshs. 155 million left in the account.

(iii) The CEO Ms. Catherine Namuye and the Board Chairman Mr. Bruce Odhiambo took over the running of the Investment account of the Fund and Finance Department had little input.

(iv) Upon maturity of the investment, the then CEO, Ms. Catherine Namuye, transferred Kshs. 180,894,946 million to a company called Quorandum Limited.

(v) There were disparities in the dates of writing and receiving the letters instructing Chase Bank on change of account signatories.

(vi) It was unprocedural for the Chairman to write to the Finance Manager sending him on leave and copying the same to the CS and PS for Ministry of Devolution and Planning. The communication ought to have been done by the CEO.

MIN.NO./PIC/037/2016: FUND'S POLICY ON APPOINTMENT OF SIGNATORIES, TRANSFER OF FUNDS AND UTILIZATION OF INTREREST ACCRUING FROM FIXED DEPOSITS

As a practice at the Fund, the Board appoints the officers who become signatories to the accounts who sign off the instructions. As at February 2015, when the first amount was transferred the signatories were:

Mandatory Signatories

Chief Executive Officer - Ms. Catherine Namuye

Lending & Investment Manager – Ms. Judy Kimetto

Others

Finance Manager – Mr. Benedict Atavachi

Senior Accountant – Mr. Robert Mrima

Accountant – Mr. Benson Musyoki

Signing Mandate

Any two can sign with one being a mandatory signatory.

This means that the Finance Manager is not a mandatory signatory and any transaction can still be completed without his signature.

Its only the Board Chair Mr. Bruce Odhiambo and the suspended CEO Ms. Catherine Namuye who can confirm the position adopted in the letter on change of signatories to the Bank.

Transfer of funds is usually carried out after authorization of the same by the CEO. Based on demand, Finance Department initiates a Memo requesting for transfer clearly stating the reason. No direct transfer from investment is done since the monies are usually recalled back to the collection account and disbursement/payment is made from other operational

accounts.

Interest accruing from fixed deposit accounts is usually sent directly to the operations account held with Equity Bank since it is budgeted under recurrent revenue. This in turn is used to pay recurrent expenditure.

Committee Observations

The Committee observed that:-

(i) At the time of the writing of the two letters on 11th February 2015 and 27th April 2015, the Ms. Namuye was still in acting capacity and not a substantive office holder who can authorize change of bank account signatories and transfer of funds.

(ii) Its was not clear whether the Board approved the decision to change signatories and gave Ms. Catherine Namuye authority to sign instructions as the sole authority.

MIN.NO./PIC/038/2016: CIRCUMSTANCES SURROUNDING THE LOSS OF FUNDS AMOUNTING TO KSHS. 180,894,946 FROM YEDF BOARD CHASE BANK ACCOUNT NO. 00170540427

The Fund received interest for investment made in the months of February – April 2015 in full hence it was initially difficult to detect the investments had reduced.

Committee Observation

The Committee observed that the investment continued accruing interest in full even after the principal amount had reduced after withdrawals of Kshs. 115, 710,000 had been made on 11th February 2015 and Kshs. 65,184,946 on 27th April, 2015. This points to a case of collusion between YEDF and Bank officials

MIN.NO./PIC/039/2016: PROCUREMENT PROCESS LEADING TO PREQUALIFICATION OF QUORANDUM LTD AS YEDF SERVICE PROVIDER AND ACTUAL SERVICES PROVIDED BY THE COMPANY

On prequalification of Quorandum Ltd, Mr. Ben Atavachi informed the Committee that as the Finance Manager and Tender Committee member since 2013, none of the tender committee meetings prequalified Quorandum Ltd for provision of any service or supply of goods to the Fund. No documents were received and processed in the Finance Department.

The Committee observed that:

(i) Quorandum Ltd was not in the list of the Fund's prequalified companies and had not offered any services or delivered goods to the Fund hence the payment of Kshs. 180,894,946 from YEDF Board Chase Bank account was fraudulent.

(ii) The payment to Quorandum Ltd was inconsistent with the Public Finance Management Act, and was made without following the due process as Finance Department was not involved in processing the Company for consultancy services purported to have been rendered.

(iii) There was no contract to show the consultancy services Quorandum Ltd. offered to the Youth Enterprise Fund.

Additional Information Requested

The Committee directed Mr. Benedict Atavachi to submit the following information by Tuesday, 8th March, 2016.

(i) A list of all deposits made by the Fund since its inception in various banks

(ii) A copy of the letter he wrote to the Human Resource Department, YEDF following his suspension

(iii) Documentary evidence of salary, benefits and other allowances while in YEDF.

MIN. NO./PIC/040/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/041/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 11:50 am until 12:00 pm same day.

Signed..... **Date**29/3/2016

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

MINUTES OF THE 5TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON TUESDAY, 1ST MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 12:00 NOON

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Dr. Oburu Oginga, MGH, MP
4. Hon. Adan Mohammed Nooru, MP
5. Hon. Wafula Wamunyinyi, MP
6. Hon. Elias Bare Shill, MP
7. Hon. Sammy Silas Komen Mwaita, MP
8. Hon. John Olago Aluoch, MP
9. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
10. Hon. (Eng). John Kiragu, MP
11. Hon. Abdullswamad Sheriff Nassir, MP
12. Hon. Beatrice Nkatha Nyaga, HSC, MP
13. Hon. Bernard Munywoki Kitungi, MP
14. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
15. Hon. Cornelly Serem, MP
16. Hon. Ejidius Njogu Barua, MP
17. Hon. Irungu Kang'ata, MP
18. Hon. Korei Ole Lemein, MP
19. Hon. John Muchiri Nyaga, HSC, MP
20. Hon. Mary Sally Keraa, MP

ABSENT WITH APOLOGY

21. Hon. Francis Mwanzia Nyenze, MP
22. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
23. Hon. John Ogutu Omondi, MP
24. Hon. Onesmus Muthomi Njuki, MP

ABSENT WITHOUT APOLOGY

25. Hon. Dorcas Kedogo, MP
26. Hon. Franklin Mithika Linturi, MP
27. Hon. Johana Kipyegon Ngeno, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim - Clerk Assistant I
2. Mr. Philip Lekarkar - Clerk Assistant III
3. Mr. Charles Atamba - Research Officer III

4. Ms. Clara Kimeli - Legal Counsel II
5. Ms. Rose Ometere - Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1. Mr. Obed Chweya - Senior Manager, Audit
2. Ms. Jane Kariuki - Manager, Audit

MINISTRY OF PUBLIC SERVICE, YOUTH AND GENDER AFFAIRS

Mr. Kobia Wakamau - Secretary for Administration

MIN.NO./PIC/042/2016: PRELIMINARIES

The Chair called the meeting to order at ten minutes past noon.

MIN.NO./PIC/043/2016: ADMINISTRATION OF OATH

The witness Mr. Bruce Odhiambo was put under Oath pursuant to Article 125 (2)a of the Constitution.

MIN.NO. /PIC/044/2016: EVIDENCE: MR. BRUCE ODHIAMBO

Mr. Bruce Odhiambo, the Youth Enterprise Development Fund Board Chairman appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund.

MIN.NO./PIC/045/2016: CIRCUMSTANCES LEADING TO HIS SUSPENSION AS THE YOUTH ENTERPRISE DEVELOPMENT FUND MANAGER

Mr. Bruce Odhiambo informed the Committee as follows:-

The Board had on many occasions emphasized the need to improve and re-strategize operations of the Fund in different departments like Human Resource, Public Relations and Information, Communication Technology and thus approved a budget presented to the Board yearly, how the money is spent or disbursed is totally on the Secretariat who in turn are meant to submit their spending to the General Purpose Committee every quarter. As the Chairman of the Board, he first heard of the missing funds at a Board meeting in which documents were tabled by the Audit Committee Chair in which the Principal Secretary was present.

MIN.NO./PIC/046/2016: PROCUREMENT PROCESS LEADING TO PREQUALIFICATION OF QUORANDUM LTD AS YEDF SERVICE PROVIDER AND ACTUAL SERVICES PROVIDED BY THE COMPANY

The YEDF Board does not take part in any procurement process whatsoever. Procurement function lies with the Secretariat who make commitment and purchases and payments on the basis of an approved budget and procurement plan.

MIN.NO./PIC/047/2016: FUND'S POLICY ON APPOINTMENT OF SIGNATORIES, TRANSFER OF FUNDS AND UTILIZATION OF INTREREST ACCRUING FROM FIXED DEPOSITS

Appointment of signatories is usually undertaken as a proposal to the Board by the Management. The requests can be on the basis of need for additional new signatory or change of signatory. Changes of signatories is mainly due to exit of staff or changes in staff title/responsibilities between grade 1- 5.

Transfer of funds is a managerial function with reports presented to the Board on quarterly basis or upon specific requests by the Board. The Board had also realized the need to review the existing Fund policies, a process that has been received with a lot of resistance.

MIN.NO./PIC/048/2016: STATUS OF INVESTIGATIONS INTO THE MATTER

The Fund is yet to receive any status report from the Ethics and Anti- Corruption Commission. Investigations are still ongoing.

He further informed the Committee that when he was appointed as the Chair of the Board, the Ag. CEO informed him that the Fund was experiencing challenges related to transfer of funds due infighting and that there was a need to address the challenge.

The Fund lost money from the Call Deposit Account held at Chase Bank in two instalments of Kshs. 115, 710,00 on 11th February 2015 and Kshs. 65, 184,946 on 27th April 2015 but could not ascertain whether it was lost or paid for services rendered by a supplier.

COMMITTEE OBSERVATIONS

The Committee observed that:

(i) The Chairman together with the CEO acted unilaterally to change the authorized account signatories for the call deposit account held by the Fund at Chase Bank without the Board's approval. A provision that the CEO can sign off any transaction alone that overrode the earlier arrangement that required two signatories to sign off as the sole signatory to the Fund's investment accounts at Chase Bank was made contrary to advise from the Board's recommendation for multiple signatories.

(ii) The letter addressed to the Bank to change the authorized account signatories dated 17th February, 2015 was done 10 days before the Board meeting (Board meeting was held on 26th February, 2015) that purportedly resolved to change the signatories. Thus the CEO and the Chair made the decision in anticipation that the Board will ratify their decision. This was done in spite of a Board resolution that sought to increase the number of bank signatories for the Fund investments accounts. Furthermore, the Board Minutes for the said meeting were confirmed on 14th September, 2015.

(iii) The Fund's documents had been forged and used to transfer Kshs. 180 million to an account registered in the name of Quorandum Ltd Acc. No. 0052075584001 Chase Bank, Riverside Mews Branch.

(iv) Despite being a non-executive Board Member, he suspended the Finance Manager Mr. Benedict Atavachi, who was the whistle-blower, and copied the letter to the former Devolution and Planning Cabinet Secretary Ms. Anne Waiguru and the Principal Secretary Eng. Peter Mangiti.

(v) The Committee also noted that the witness had two different signatures on his documents. He explained that his official signature is what is contained in the Board documents. The signature on his submission to the Committee is shorter and more convenient when signing several documents.

Way Forward:

The witness was found to be non-responsive to the issues canvassed before the Committee and was allowed additional time to submit a well organized response which will include the following:-

(i) Justification for change of authorized signatories and appointment of a sole signatory without the Board's approval;

(ii) Circumstances surrounding the suspension of the Finance Manager, Mr. Benedict Atavachi without according him a fair hearing;

(iii) Justification for investing of excess funds in a fixed deposit account in a privately-owned bank contrary to guidelines requiring that the funds be invested in Treasury Bills or Bonds.

(iv) His detailed curriculum vitae.

The Committee directed Mr. Bruce Odhiambo to submit the information by Tuesday, 8th March, 2016.

MIN. NO./PIC/049/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/050/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 12:40pm until 10:00am on Thursday 3rd, March 2016.

Signed..... **Date**..29/3/2016

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

MINUTES OF THE 6TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON THURSDAY, 3RD MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 3:00 PM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Cornelly Serem, MP - **Chaired Meeting**
4. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
5. Hon. John Olago Aluoch, MP
6. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
7. Hon. (Eng). John Kiragu, MP
8. Hon. Bernard Munywoki Kitungi, MP
9. Hon. Irungu Kang'ata, MP
10. Hon. Korei Ole Lemein, MP
11. Hon. John Ogutu Omondi, MP
12. Hon. Mary Sally Keraa, MP
13. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP

ABSENT WITH APOLOGY

14. Hon. Francis Mwanzia Nyenze, EGH, MP
15. Hon. Dorcas Kedogo, MP
16. Hon. Onesmus Muthomi Njuki, MP

ABSENT WITHOUT APOLOGY

17. Hon. Dr. Oburu Oginga, MGH, MP
18. Hon. Adan Mohammed Nooru, MP
19. Hon. Wafula Wamunyinyi, MP
20. Hon. Elias Bare Shill, MP
21. Hon. Sammy Silas Komen Mwaita, MP
22. Hon. Franklin Mithika Linturi, MP
23. Hon. Abdullswamad Sheriff Nassir, MP
24. Hon. Beatrice Nkatha Nyaga, HSC, MP
25. Hon. Ejidius Njogu Barua, MP
26. Hon. Johana Kipyegon Ngeno, MP
27. Hon. John Muchiri Nyaga, HSC, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim - Clerk Assistant I
2. Mr. Philip Lekarkar - Clerk Assistant III
3. Mr. Charles Atamba - Research Officer III
4. Ms. Clara Kimeli - Legal Counsel II
5. Ms. Rose Ometere - Audio Officer

MIN.NO./PIC/051/2016: PRELIMINARIES

The Chair called the meeting to order at ten minutes past three O'clock and read the prayers afterwards.

MIN.NO./PIC/052/2016: CONFIRMATION OF MINUTES

Confirmation of Minutes was deferred to the next Sitting.

MIN.NO./PIC/053/2016: APPEARANCE OF THE WITNESS – SUSPENDED YOUTH ENTERPRISE DEVELOPMENT FUND CEO MS. CATHERINE NAMUYE

The Secretariat informed the Committee that the Suspended Youth Enterprise Development Fund CEO Ms. Catherine Namuye was scheduled to appear before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund. However, the witness had sent apology vide letter dated 3rd March 2016, that she could not attend the meeting because she is indisposed and admitted at the Nairobi Hospital. She attached a copy of the Admission Form from the Hospital as she was indeed indisposed.

The Committee accepted the apology and resolved that:-

(i) The Secretariat should write to the Hospital to confirm that the witness is indeed admitted at the hospital;

(ii) The witness should be invited again as soon as it is practically possible within the next ten days.

MIN. NO./PIC/054/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/055/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 3:40pm until 10:00am on Tuesday, 8th March, 2016.

Signed..... **Date**.29/3/2016

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

MINUTES OF THE 7TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON TUESDAY, 8TH MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 AM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Dr. Oburu Oginga, MGH, MP
4. Hon. Franklin Mithika Linturi, MP
5. Hon. Wafula Wamunyinyi, MP
6. Hon. Elias Bare Shill, MP
7. Hon. John Olago Aluoch, MP
8. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
9. Hon. (Eng). John Kiragu, MP
10. Hon. Bernard Munywoki Kitungi, MP
11. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
12. Hon. Cornelly Serem, MP
13. Hon. Korei Ole Lemein, MP
14. Hon. John Ogutu Omondi, MP
15. Hon. Mary Sally Keraa, MP
16. Hon. Onesmus Muthomi Njuki, MP

ABSENT WITH APOLOGY

17. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
18. Hon. Francis Mwanzia Nyenze, EGH, MP
19. Hon. Dorcas Kedogo, MP
20. Hon. Irungu Kang'ata, MP
21. Hon. Beatrice Nkatha Nyaga, HSC, MP
22. Hon. Ejidius Njogu Barua, MP

ABSENT WITHOUT APOLOGY

23. Hon. Adan Mohammed Nooru, MP
24. Hon. Sammy Silas Komen Mwaita, MP
25. Hon. Abdullswamad Sheriff Nassir, MP
26. Hon. Johana Kipyegon Ngeno, MP
27. Hon. John Muchiri Nyaga, HSC, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim - Clerk Assistant I
2. Mr. Philip Lekarkar - Clerk Assistant III
3. Mr. Charles Atamba - Research Officer III
4. Ms. Clara Kimeli - Legal Counsel II

5. Mr. Joash Kosiba - Fiscal Analyst
6. Ms. Rose Ometere - Audio Officer

MIN.NO./PIC/056/2016: PRELIMINARIES

The Chair called the meeting to order at fifteen minutes past ten O'clock and prayer was read by Hon. Anthony Ichung'wah Kimani, MP.

MIN.NO./PIC/057/2016: EVIDENCE: DIRECTORS OF QUORANDUM LTD ONTHE LOSS OF FUNDS AT THE YPOUTH ENTERPRISE DEVELOPMENT FUND

Mr. Mukuria Ngamau, Managing Director/ Chief Executive Director of Quorandum Limited appeared accompanied by before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF)

He informed the Committee as follows:-

1. He is a civil engineer by training however he is not a registered engineer by Engineer Registration Board. He worked as an engineer in several companies sincee 1999 including Safaricom and Kencell Ltd (now Zain). He has also been subcontracted by China Roads and Bridge Construction Company and the Judiciary among others.
2. Quorandum Limited was incorporated in 2002 Registration No. C. 100827 as a private limited company originally with three directors namely Mukuria Ngamau ID No. 11590409, Doreen Waithera Ng'ang'a ID No. 22513641 (Mr. Ngamau's wife) who is a non-executive director with no responsibilities and Ms. Wanjiku Tabitha Ngamau- now 70 years old and is no longer a director as she resigned from directorship on 11th September 2008 (Mr. Ngamau's mother). Currently the Company ha stwo directors Mr. Mukuria Ngamau and Doreen Waithera Ng'ang'a.
3. He met Ms. Catherine Namuye, the Chief Executive Officer of the Youth Enterprise Development Fund sometime in early May whereupon she informed him that the Youth Enterprise Development Fund through its Board of Directors was looking into getting someone to help them come up with an Information Communication Technology (ICT) strategy plan and Enterprise Resource Planning (ERP) system that will enable them to transform the Youth Enterprise Development Fund into a modern institution able to provide financial services in line with their vision and mission in support of vision 2030.
4. After the meeting he contacted Information Communication Technology /Enterprise Resource Planning a specialist from USA Donnie Collins Reeves who was the lead consultant on the project and agreed to put forward a proposal for the work.
5. On 20th May 2014, he held a meeting with Youth Enterprise Development Fund Ms. Catherine Namuye and Donnie Collins Reeves through **skype** to understand the requirements of the YEDF.

6. On 26th May, 2014 he wrote a letter Ref. No. Q1/YEDF/01 to the YEDF Chief Executive Officer Ms. Catherine Namuye containing proposed outline of the project after which Quorandum Ltd was called to collect a letter Ref. No. YEDF/CEO/1408/2014 on 2nd June, 2014 indicating that Quorandum's proposal met the needs of the Fund and thus they were to provide a quotation for the work as well as sample proforma invoices which were to be submitted to YEDF Board of Directors to seek consent and approval for implementation of the proposal. The letter indicated *"that this is a highly sensitive project and utmost confidentiality and utmost confidentiality is expected in regards to any information shared"*
7. In reply to letter from the CEO, the Company sent two quotations of Kshs. 65,985,600 for ICT Strategic plan and Kshs. 114,909,946.20 for design of specification for ERP both totaling **Kshs. 180,895,546.20** inclusive of value added tax.
8. Quorandum Ltd prepared the sample invoices with random figures to show how invoices look and delivered them to the YEDF CEO Ms. Catherine Namuye. They were received on 10th June 2014 at the Fund.
9. After a period of three months, by a letter Ref. No. YEDF/CEO/129/2014 dated 2nd September, 2014, YEDF confirmed that the Board during its 51st sitting held on 6th August, 2014 approved and accepted the proposal for consultancy services for the design of a comprehensive ERP system and ICT strategy for the Fund and that the contract was awarded to the Company. The letter further stated that *"due to the sensitivity of the undertaking, a contract will be negotiated for the purposes of immediate implementation".*
10. Quorandum Ltd subsequently entered into an agreement with YEDF to design a comprehensive ICT strategy and ERP design. The contract was made, entered into and signed on 17th November 2014 by and between Youth Enterprise Development Fund Board and Quorandum Ltd. Ms. Catherine Namuye being the CEO YEDDF signed on behalf of YEDF Board while Mr. Mukuria Ngamau being the director on behalf of Quorandum Ltd. The lead consultant Mr. Donnie Collins Reeves did not sign but had his name appended in place of his signature.
11. By a letter dated 26th January 2015 Ref. No. QL/YEDF/06/ICT/2015 and received by YEDF on 28th January 2015, Quorandum Ltd submitted the final report of the ICT strategic plan to YEDF.
12. The final report outlined restructuring and upgrading of the YEDF operations and infrastructure in areas such as:-
    (i) Proper business continuity and security and protocol
    (ii) Up to date loan monitoring, support and default recovery protocols;
    (iii) Modern document handling and storage protocols;
    (iv) Areal-time information, asset and finance monitoring platform
    (v) Nationwide collection of loan applications, processing and tracking which currently is done manually.
13. With the contractual obligations satisfied, the Quorandum Ltd received payment

from the Fund in full of a total of **Kshs. 180,895,546.20** in two tranches through their Chase Bank account no. 0052075584001. The Company paid value added tax to Kenya Revenue Authority upon forwarding of invoices to the Fund.

14. Of Kshs. 180,895,546.20 received by Quorandum Ltd for the consultancy services, approximately Kshs 115 million was wired to the lead consultant Mr. Donnie Collins Reeves' accounts in Michigan in USA and a further Kshs. 43 milion was paid as value added tax to Kenya Revenue Authority the remaining dues were retained by the Company.
15. Upon completion of the project he did not conduct any training for the YEDF staff to familiarize themselves with the Information Communication Technology strategy plan and Enterprise Resource Planning system. He was not issued with a completion certificate for the consultancy offered.
16. That he had not transacted any other business with the Fund before this particular transaction and during this transaction he was not dealing with any other officer of the Fund except the CEO Ms. Catherine Namuye whom she addressed all communications. He occasionally interacted the Chairman of the Fund Mr. Bruce Odhiambo at social events outside the offices of the fund.

COMMITTEE OBSERVATIONS

The Committee observed that:-

1. The award of the contract for the alleged consultancy services rendered by Quorandum Ltd to YEDF did not comply with the provisions of Article 227 of the Constitution, Section 27 (4) of the Public Procurement and Disposal Act 2005; as the service was not planned for nor authorized by the Board of Directors. Further, prequalification of the Company was not undertaken, no advertisement was done, no expression of interest was advertised, no tendering and no evaluation was done before the award of the contract.
2. The Fund did not undertake proper due diligence to establish the technical and professional capacity of Quorandum Ltd to provide the said ICT AND ERP consultancy services and ability to carry out its obligations with all due diligence, efficiency, economy and professionalism. Quorandum Ltd did not demonstrate any capability - human resource and any advanced technology - to undertake such a project.
3. Mr. Mukuria Ngamau and YEDF CEO Ms. Catherine Namuye met informally and in private whereupon they came up with a proposal to strategize the development of the ICT strategy plan and ERP design. This was done without the requisite approval of the Board. In addition Mr. Mukuria Ngamau did not meet the lead consultant, Donnie Collins Reeves allegedly from Michigan in person to discus the consultancy services.
4. The Kshs. 180,895,546.20 contract was discussed and concluded by only two parties: The Fund's CEO Ms. Catherine Namuye and Mr. Mukuria Ngamau the director of Quorandum Ltd. Thus the two connived to defraud the fund Kshs. 180,895,546.20 through a fictitious and illegal contract.
5. The contract entered into by Quorandum Ltd and YEDF did not constitute a valid

contract as it lacked important components including signatures of both parties on right and left hand sides of the document as required and seals of both parties.

6. The processing of the payment to Quorandum by the Fund took a record time of 2 months. The contract was signed on 17th November 2014 and final payment made on 15th January 2015. Tellingly, both parties held accounts in Chase Bank where transfer of funds was conveniently done allegedly with the involvement of some bank officers.
7. Correspondences between YEDF CEO and Quorandum Ltd were inconsistent and erratic as some had apparently been stamped as received at a date earlier than the date of writing. The correspondences were meant to be treated with *"utmost confidentiality"* as the contract was regarded *"very sensitive"*
8. The Curriculum vitae of one Donnie Collins Reeves was found to be unclear, vague and ambiguous and inconsistent information.

The Committee instructed Mr. Mukuria Ngamau to provide the following information by 16th March 2015:-

(i) His curriculum vitae and academic certificates;
(ii) Bank statements for accounts he/Quorandum holds at Chase Bank;
(iii) Certificate of incorporation, articles of memorandum and profile of the of the Quorandum Ltd Company
(iv) A copy of the ICT consultancy design report and EPR design specifications allegedly rendered to YEDF;
(v) Copies of Quorandum returns to Kenya Revenue Authority and ETR roll-outs showing taxes remitted to KRA ;
(vi) Original copy of the contract between YEDF and Quorandum Ltd
(vii) Copies of all invoices to YEDF

MIN. NO./PIC/058/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/059/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 12:40pm until 10:00am on Wednesday 9th March, 2016.

Signed..... **Date** 29/3/2016

Hon. Adan Wehliye Keynan, CBS, MP
(Chairman)

MINUTES OF THE 8TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON WEDNESDAY, 9TH MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 AM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Dr. Oburu Oginga, MGH, MP
4. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
5. Hon. Wafula Wamunyinyi, MP
6. Hon. Sammy Silas Komen Mwaita, MP
7. Hon. John Olago Aluoch, MP
8. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
9. Hon. (Eng). John Kiragu, MP
10. Hon. Bernard Munywoki Kitungi, MP
11. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
12. Hon. Cornelly Serem, MP
13. Hon. Johana Kipyegon Ngeno, MP
14. Hon. John Ogutu Omondi, MP
15. Hon. Korei Ole Lemein, MP
16. Hon. Mary Sally Keraa, MP

ABSENT WITH APOLOGY

17. Hon. Francis Mwanzia Nyenze, EGH, MP
18. Hon. Franklin Mithika Linturi, MP
19. Hon. Beatrice Nkatha Nyaga, HSC, MP
20. Hon. Dorcas Kedogo, MP
21. Hon. Ejidius Njogu Barua, MP
22. Hon. John Muchiri Nyaga, HSC, MP

ABSENT WITHOUT APOLOGY

23. Hon. Adan Mohammed Nooru, MP
24. Hon. Elias Bare Shill, MP
25. Hon. Abdullswamad Sheriff Nassir, MP
26. Hon. Irungu Kang'ata, MP
27. Hon. Onesmus Muthomi Njuki, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim - Clerk Assistant I

2. Mr. Philip Lekarkar - Clerk Assistant III
3. Mr. Charles Atamba - Research Officer III
4. Ms. Clara Kimeli - Legal Counsel II
5. Mr. Joash Kosiba - Fiscal Analyst
6. Ms. Rose Ometere - Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1. Mr. Obed Chweya - Senior Manager, Audit
2. Ms. Jane Kariuki - Manager, Audit

THE NATIONAL TREASURY

Mr. John Munge - Accountant I

MIN.NO./PIC/060/2016: PRELIMINARIES

The Chair called the meeting to order at ten minutes past ten O'clock and prayer was read by Hon. John Olago Aluoch, MP.

MIN.NO./PIC/061/2016: EVIDENCE: ON THE LOSS OF FUNDS AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

Ms. Sicily Kariuki the Cabinet Secretary Public Service, Youth and Gender Affairs accompanied the Principal Secretary Ms. Lillian Mbogo-Omollo; Mr. Kobia Wakamau Secretary for Administration, Ms. Rosina Mule Legal Officer, Mr. Mbugua Sammy Head of Accounts, Ms. Wangari Ndia Deputy Director, Ms. Carolyne Okello Senior Youth Development Officer, Nixon Obarah Finance Officer, Mr. Joram Mbui and Mr. Emmanuel Odero Acting Chief Executive Officer YEDF appeared accompanied by before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF)

The Cabinet Secretary informed the Committee as follows:-

MIN.NO./PIC/062/2016: INVESTMENT OF SURPLUS FUNDS

The investment of surplus funds by semi-autonomous government agencies under the Ministry of Public Service, Youth and Gender Affairs is guided by the legal framework establishing each of the agencies.

In the case of YEDF, the Youth Enterprise Development Fund Order, 2007 of the State Corporations Act (Revised in 2012) provides guidelines on how funds are to be invested. Section 12(2) states that: *"the Board may place on deposit with such bank or banks as it may determine any moneys not immediately required for the purposes of the Board".*

It is this legal provision that the Board of YEDF used to place Kshs. 400 million in a call deposit account at Chase Bank.

MIN.NO./PIC/063/2016: OVERSIGHT OF THE FUND

In light of the requirements that all semi-autonomous government agencies operate under the new Mwongozo Code of Governance for State Corporations, the Ministry of Public Service, Youth and Gender Affairs embarked on review of Board composition of all SAGAS under its jurisdiction. The review is ongoing.

The Order establishing YEDF bestows on the Board the duty to manage and administer the Fund. Section 5 of the Order stipulates the composition of the Board a non-executive chairman appointed by the President, the Principal Secretary responsible for youth affairs, the Principal Secretary responsible for finance and eight other members appointed by the Minister.

The Order therefore grants the Ministry the opportunity to determine the direction of the Fund through appointment of a majority of board members as well as through actual presence in the Board. In addition to Board representation, the Ministry exercises oversight in YEDF affairs through approvals of expenditure of the Fund as provided for in Section 8 of the Order. In this regard the budgets of the Fund are reviewed and approved by the Ministry together with those of other SAGAS before submission to the National Treasury.

Further the Public Finance Management Act of 2012 grants the respective ministers responsible for state corporations responsibility over financial performance. Section 88 (1) of the Act states that: *The respective Cabinet Secretary responsible for matters relating to a state corporation is responsible for monitoring-*

(a) The financial performance of that state corporation and government -linked corporations; and

(b) The performance of that state corporation and the activities affecting its financial performance; and

(c) *Reporting to the Cabinet on the financial performance of the state corporation.*

MIN.NO./PIC/064/2016: LOSS OF KSHS. 180.91 MILLION FROM THE FUND

On 17th February 2015 the Chairman of the YEDF Board Mr. Bruce Odhiambo and the then Acting. Chief Executive Officer Ms. Catherine Namuye issued instructions to Chase Bank notifying them about change of signatories to the YEDF call deposit account held at the bank.

One of the instructions was that the Acting CEO Ms. Catherine Namuye could sign off any instructions on her own. The instructions to Chase Bank by the Board Chairman and the

Acting CEO indicated that the Board had made the resolution to change the signing instructions, however, the record of Board minutes to this effect has not been availed.

On 21st October 2015, a Special Board Meeting was held during which the Chairman of the Board Audit Committee presented copies of the two letters allegedly written by the Acting CEO on 11th February 2015 and 27th April 2015.

The letters authorized Chase Bank to transfer Kshs. 115,710,000 and Kshs. 65,184,946 respectively to Quorandum Ltd for consultancy services rendered to YEDF.

On 23rd October, 2015, the Board held another Special Meeting and sent the Acting CEO and the Finance Manager Mr. Benedict Atavachi on suspension as recommended by the Audit Committee to allow for investigations on the alleged loss of funds from Chase Bank. On the same date the Chairman of the Board wrote to the Directorate of Criminal Investigation to undertake forensic investigation on the alleged transfer of funds to Quorandum Ltd.

On 27th October, 2015, the Fund gave instructions to all its bankers asking them to delete Ms. Catherine Namuye and Mr. Benedict Atavachi from being signatories to its accounts and not to honour any instructions from the two individuals.

On 4th November, 2015 the Principal Secretary, State Department of Planning wrote to the Secretary/ CEO of Ethics and Anti- Corruption Commission (EACC), inviting the Commission to investigate the alleged financial malpractice at the Fund. The DCI and EACC commenced investigations at the Fund on 11th December 2015 and the reports of the investigations are still awaited.

Following the suspension of the CEO and the Finance Manager, the Fund sought bank statements for the accounts held at Chase Bank but the statements were not availed. Eventually the statements that were availed had erroneous cash deposits. The Fund then wrote to the Central Bank on 20th November 2015 protesting against the significant misinformation by Chase Bank and requesting the CBK to compel Chase Bank to furnish it with correct and up to date bank statements.

In order to safeguard the Fund's money, on 1st December 2015, the YEDF Board adopted the recommendation of the Audit Committee to transfer the funds amounting to Kshs. 102,297,489.45 held in the call deposit account at Chase Bank to the development account held by the Fund at Kenya Commercial Bank.

The Fund had earlier transferred Kshs 120 million from the call deposit account at Chase Bank to the Funds operational account at Kenya Commercial Bank.

Since the suspension of the Acting CEO, the management of YEDF have reviewed the relevant financial and procurement documentation and have confirmed that:-

(a) The payment for the alleged consultancy services rendered by Quorandum did not comply with the Public Procurement and Disposal Act 2005 and Regulations 2007;

(b) There is no evidence that the Board discussed, tendered or authorized the procurement of the services to develop an ICT strategy for the Fund. The alleged consultancy service was not planned for, nor authorized by the Board.

(c) There was no tender committee meeting and tender minutes which approved such a service; and

(d) There was no evidence that the Board discussed or authorized the procurement of the services to develop an ICT strategy.

~~MIN.NO./PIC/065/2016: MEASURES TAKEN TO GUARD AGAINST FUTURE LOSS~~ OF FUNDS

On 6th January, 2016, the Office of the Auditor General commenced a special audit of YEDF. The audit is still ongoing.

The Ministry has instructed the Fund to instruct their bankers that any communication regarding change in bank signatories must be accompanied by certified Board minutes.

On 2nd January 2016, the Ministry invited the Inspectorate of State Corporations to carry out a comprehensive management audit of the YEDF Board and recommend a way forward especially in regard to the procedural and governance challenges the Board seems to be facing. The report of this audit is expected by 31st March 2016.

The Inspectorate of State Corporations, from their preliminary inquiries had recommended that the directors of the Fund are required to step aside to pave way for further investigations subsequently she directed that the Chairperson and the Directors of the Board be barred from transacting any business or accessing the Fund facilities to pave way for investigations. The Ag CEO was further instructed to stop all payments to the Board Chair and its Members.

COMMITTEE OBSERVATIONS

The Committee observed that:-

1. The YEDF Chair Mr. Bruce Odhiambo and the Acting CEO Ms. Catherine Namuye unilaterally instructed Chase Bank to change signatories to the YEDF call deposit account held at the Bank without the approval of the Board and any duly signed Board minutes.
2. The manner in which Chase Bank conducted itself by acting on the instructions of change of signatories to a sole signatory without supporting extract of Board minutes was questionable and that it did not conduct sufficient due diligence before effecting the transfer of such a large amount of money to Quorandum account.
3. The Board Chairman abused his powers by suspending the Fund's Finance Manager Mr. Benedict Atavachi. The suspension was therefore irregular. The Ag CEO Mr.

Emmanuel Odero was instructed by the CS to remedy the situation by signing the suspension letter.

4. The Chairman had also tried to unilaterally suspend Mr. Emmanuel Odero as the acting CEO but the CS intervened.
5. The National Treasury did not authorize the opening and operationalization of a bank account in a commercial bank in accordance with Public Finance Management Act Section 28 (1) and Treasury Circular No. 10/1992 on investments of surplus funds in Treasury bills and Treasury bonds.
6. The Fund had an existing ICT strategy secured from another company Macro Flex Computers in 2013 at a cost of Kshs. 5.9 million and there was therefore no need to procure another one.
7. Payment for the ICT services purportedly rendered to the Fund was blatant theft and abuse of office.
8. The Chair of the Fund, Mr. Bruce Odhiambo was irregularly assigned a GoK vehicle by the Youth Enterprise Fund.
9. The CS does not have legal authority to suspend the YEDF Board. She has however recommended to the Head of Civil Service for his sacking.
10. The Fund continued to receive its full interest accruing from the fixed deposit account at Chase Bank despite the two transfers to Quorandum Ltd.
11. There is no policy on suspension of public officers and benefits entitled to them.

Way Forward

The Committee resolved as follows:-

1. That pursuant to Art. 94 and 95 (4) (c) of the Constitution of Kenya and 7 (3) of the State Corporations Act, the appointing authority, His Excellency the President immediately suspend the Chair and Board members of the Fund to allow for expeditious investigations by the investigatory agencies;
2. That the Head of Public Service, Dr. Joseph Kinyua be invited to shed more light on procedural and governance issues facing the Fund.
3. That the Ministry should facilitate expeditious recruitment of a competent CEO for the Fund.

MIN. NO./PIC/066/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/067/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 12:11pm until 10:00am on Thursday 10th March, 2016.

Signed..... **Date**.....29/3/2016

Hon. Adan Wehliye Keynan, CBS, MP
(Chairman)

MINUTES OF THE 9TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON THURSDAY, 10TH MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 A.M.

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Dr. Oburu Oginga, MGH, MP
4. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
5. Hon. Wafula Wamunyinyi, MP
6. Hon. Sammy Silas Komen Mwaita, MP
7. Hon. John Olago Aluoch, MP
8. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
9. Hon. Bernard Munywoki Kitungi, MP
10. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
11. Hon. Cornelly Serem, MP
12. Hon. Johana Kipyegon Ngeno, MP
13. Hon. John Ogutu Omondi, MP
14. Hon. Korei Ole Lemein, MP
15. Hon. Mary Sally Keraa, MP
16. Hon. Franklin Mithika Linturi, MP
17. Hon. Elias Bare Shill, MP
18. Hon. Abdullswamad Sheriff Nassir, MP
19. Hon. Beatrice Nkatha Nyaga, HSC, MP
20. Hon. Irungu Kang'ata, MP
21. Hon. Onesmus Muthomi Njuki, MP
22. Hon. John Muchiri Nyaga, HSC, MP

ABSENT WITHOUT APOLOGY

23. Hon. Francis Mwanzia Nyenze, EGH, MP
24. Hon. Dorcas Kedogo, MP
25. Hon. Ejidius Njogu Barua, MP
26. Hon. (Eng). John Kiragu, MP
27. Hon. Adan Mohammed Nooru, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim - Clerk Assistant I
2. Mr. Philip Lekarkar - Clerk Assistant III
3. Mr. Mohamed Boru - Clerk Assistant III
4. Mr. Charles Atamba - Research Officer III
5. Ms. Clara Kimeli - Legal Counsel II
6. Mr. Joash Kosiba - Fiscal Analyst

7. Mr. Abdi Salat - Senior Sergeant-at-Arms
8. Ms. Rose Ometere - Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1. Mr. Obed Chweya - Senior Manager, Audit
2. Ms. Jane Kariuki - Manager, Audit

THE NATIONAL TREASURY

Mr. John Munge - Accountant I

MIN.NO./PIC/068/2016: PRELIMINARIES

The Chair called the meeting to order at twenty five minutes past ten o'clock and the prayer read by Hon. Abdullswamad Sheriff Nassir, MP.

MIN.NO./PIC/069/2016: CONFIRMATION OF MINUTES

Minutes of the 148th sitting held on 17th November, 2015 were confirmed as a true record of proceedings, having been proposed by Hon. Korei Ole Lemein, MP and seconded by Hon. Bernard Kitungi, MP.

Minutes of the 149th sitting held on 24th November, 2015 were confirmed as a true record of proceedings, having been proposed by Hon. John Olago Oluoch, MP and seconded by Hon. John Ogutu Omondi, MP.

Minutes of the 150th sitting held on 30th November, 2015 were confirmed as a true record of proceedings, having been proposed by Hon. Korei Ole Lemein, MP and seconded by Hon. John Ogutu Omondi, MP

Minutes of the 151st sitting held on 1st December, 2015 were confirmed as a true record of proceedings, having been proposed by Hon. Beatrice Nyaga, MP and seconded by Hon. (Dr.) Chrisanthus Wamalwa, MP.

Minutes of the 152nd sitting held on 1st December, 2015 were confirmed as a true record of proceedings, having been proposed by Hon. Korei Ole Lemein, MP and seconded by Hon. Wafula Wamunyinyi, MP.

MIN.NO./PIC/070/2016: MATTERS ARISING

1. **Under Min. No. PIC/1200/2015**

The Committee was informed that all the documents requested had been submitted by the Youth Enterprise Development Fund.

The Hon. Wafula Wamunyinyi, MP also confirmed that he was not absent without apology during the 150th sitting as indicated but was out of the country on official duty.

MIN.NO./PIC/071/2016: FAILED APPEARANCE OF SECRETARY, STATE CORORATIONS ADVISORY COMMITTEE

The Committee noted the absence of the State Corporations Advisory Committee who had been invited to attend the sitting but failed to do so.

The Committee was informed that the Clerk of the National Assembly had received a letter from the Head of Public Service (REF OP/CAB.1/40A) dated 9th March, 2016 indicating that the term of the State Corporations Advisory Committee had expired on 16th February, 2016 and there was therefore no Committee to handle the matter. The Head of Public Service advised the Committee to meet with the Inspector General of State Corporations instead.

The Committee noted that the Head of Public Service acted in contempt of the Committee and directed that the Secretary, SCAC, who is also copied in the letter by the Head of Civil Service, appears before the Committee on Tuesday, 15th March 2016.

The Committee also expressed concern on the lack of a properly constituted SCAC owing to expiry of term of the previous Committee.

The Head of Civil Service will also be invited to apprise the Committee on the implementation status of Mwongozo Code of Governance for State Corporations.

MIN.NO./PIC/072/2016: EVIDENCE: ACTING INSPECTOR GENERAL OF STATE CORPORATIONS

Mr. Titus Muriithi, the Ag. Inspector General of State Corporations and Mr. David Gichuhi, the Senior Assistant Inspector General of State Corporations appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF).

On the loss of funds at the Youth Enterprise Development Fund, the Ag. Inspector General informed the Committee as follows:-

MIN.NO./PIC/073/2016: ADHERENCE OF STATE CORPORATIONS TO TREASURY CIRCULAR NO. 10 OF 1992 ON INVESTEMENT OF FUNDS IN TREASURY BILLS AND BONDS

Treasury circular no. 10 of 1992 on Financial Management of State Corporations directed that all surplus funds of State Corporations must, without fail be invested in Treasury Bills and Treasury Bonds. This was necessitated by the de-regulation of interest rates in 1991, and the fact that Treasury Bills and Treasury Bonds provide absolute security. All State Corporations are required to comply and also obtain specific approval of their Board of Directors before submitting investment proposals to Treasury.

On 29th November 2002, Treasury issued circular No. 12/2002 reiterating the requirement on investment of surplus funds in Treasury Bills and Bonds or seeking approval from Treasury to invest such funds in commercial banks. The circular further required State Corporations to submit to Treasury returns on all balances held in Treasury Bills and Bonds, commercial banks, financial institutions and all other institutions on a quarterly basis.

Section 12 of the Youth Enterprise Development Fund Order 2007 requires that the Fund obtains Treasury approval for investment of surplus funds. With regards to the investment amounting to Kshs. 400 Million, the Fund did not adhere to the requirements of the two aforementioned circulars and its enabling instrument.

MIN.NO./PIC/074/2016: POLICY ON APPOINTMENT AND SUSPENSION OF OFFICERS AND STAFF OF STATE CORPORATIONS AND BENEFITS PAYABLE TO SUCH OFFICERS IN EVENT OF SUSPENSION

Recruitment of staff should be competitively carried out in State Corporations by the Board of Directors. This is provided for under the *Guidelines on Terms and Conditions of Service for State Corporations' Chief Executive Officers, Chairmen and Board Members, Management Staff and Unionisable Staff* of 23rd November, 2014.

With regards to disciplinary matters in State Corporations, the Board is responsible for the suspension of staff. However, the Board may delegate the recruitment and disciplinary matters of low cadre staff to management.

The benefits payable to a suspended staff is specified in the suspension clause contained in the *Human Resource Policies and Procedures Manual* of the respective State Corporation. In the case of the Youth Enterprise Development Fund, the suspension clause provides that an employee on suspension is entitled to house and medical allowances only.

MIN.NO./PIC/075/2016: THE ROLE OF THE BOARD CHAIRMAN IN THE YOUTH ENTERPRISE DEVELOPMENT FUND AFFAIRS INCLUDING SISGNING SUSPENSION LETTERS TO MS. CATHERINE NAMUYE, AND MR. BENEDICT ATAVACHI,

The Board is responsible for the appointment and removal of the CEO as per Section 5 (3) of the State Corporations Act. In this regard, the disciplinary process of a CEO is vested in the Board of Directors. In the event that the Board suspends a CEO, an Acting CEO is expected to be appointed to perform the duties of the office.

In the case of Ms. Catherine Namuye, the immediate former Ag. CEO and Mr. Benedict Atavachi, the Finance Manager, the Board vide minute Min.2/SBM/23/10/2015 resolved that the Ag. CEO and the Finance Manager be suspended to facilitate investigations into the irregular transfer of Kshs. 180.9 Million from the Youth Enterprise Development Fund Investment account held in Chase Bank to Quorandum Limited.

The Chairman vide a letter (REF YEDFB/CEO/377/2015) dated 23rd October, 2015 directed the Ag. CEO Ms. Namuye and the Finance Manager, Mr. Atavachi to proceed on leave until further notice. At the same meeting, the Board appointed a new acting CEO.

The Chairman unilaterally varied the Board's decision to suspend Ms. Namuye and Mr. Atavachi and instead wrote letters asking the two to proceed on leave. The Chairman had the mandate to write to the Ag. CEO despite the content of the letter but the letter to the Finance Manager should have been written by the newly appointed Ag. CEO.

The new Ag. CEO issued another letter to the Finance Manager (REF YEDFB/CEO/591/2015) dated 17th November, 2015 informing him that he had been suspended with effect from 23rd October, 2015. The action by the Ag, CEO regularized the suspension as per the Board resolution.

MIN.NO./PIC/076/2016: STATUS OF THE INSPECTORATE'S INVESTIGATION INTO MISAPPROPRIATION OF FUNDS AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

The Inspector General (Corporations) vide letter dated 15th February, 2016 constituted a team of inspectors to conduct a management audit at Youth Enterprise Development Fund. The team's terms of reference include examination of policies and practices relating to human resources, procurement, financial management and any other pertinent issue relating to the affairs of the Fund.

The team had gathered the necessary documentation and information and was analyzing the same. The team plans to interview persons implicated in the various issues by 20th March, 2016 and would have a report ready by the end of March, 2016.

COMMITTEE OBSERVATIONS

The Committee observed that:-

1. The Youth Enterprise Development Fund did not adhere to the requirements of Treasury Circulars No. 10 of 1992 and No. 12/2002 on investment of surplus funds in Treasury Bills and Treasury Bonds.
2. The letter by the Chairman directing the Fund Finance Manager Mr. Benedict Atavachi to proceed on leave was unprocedural and irregular, thus he acted in abuse of office. The letter should have been written by the newly appointed Ag. CEO.
3. The new Ag. CEO issued another letter to the Finance Manager (REF YEDFB/CEO/591/2015) dated 17th November, 2015 informing him that he had been suspended with effect from 23rd October, 2015. The action by the new Ag, CEO regularized the suspension as per the Board resolution.
4. The suspension clause of the Youth Enterprise Development Fund's *Human Resource Policies and Procedures Manual* provides that an employee on suspension is entitled to house and medical allowances only.
5. The Inspectorate of State Corporations began investigating the management of the Fund in February 2016 after PIC commenced its investigations into the matter in November 2015.
6. The State Corporations Act does not provide the qualifications required of a Chairman of a State Corporation. However, the *Mwongozo* Code of Governance offers guidelines on the same. The Chairmen are entitled to a monthly honorarium of Kshs 80,000, a sitting allowance of Kshs. 20,000 per sitting, out-of-station accommodation allowance of Kshs 18,200 per day, accident cover worth Kshs. 2,000,000 and lunch allowance during meetings of Kshs. 2,000 per day. They also

get a landline phone, airtime allowance and mileage reimbursement in the event that they are not provided official vehicle. In the event that a Chairman irregularly allocates himself allowances and/or facilities not provided for, they can be surcharged to recover the cost.

7. The Inspectorate of State Corporations is handicapped in the execution of its mandate due to budgetary constraints and staff shortage. The Inspectorate has 15 Inspectors handling more than 300 State Corporations.

8. The Inspectorate produced reports on the management of the Youth Enterprise Development Fund in 2009 and 2013. Both reports had glaring issues related to mismanagement of the Fund.

Way Forward

The Committee resolved that:-

1. The immediate former Cabinet Secretary and Principal Secretary in the Ministry of Devolution and Planning should appear before the Committee to provide any information on the misappropriation of the funds at the Youth Fund which is domiciled under the aforementioned Ministry;

2. The former officials of the State Corporations Advisory Committee who were in office when the loss of funds at the Youth Enterprise Development Fund took place should appear before the Committee to provide any relevant information they may have on the matter;

3. The Inspectorate of State Corporations should submit the two reports on the management of the Youth Enterprise Development Fund in 2009 and 2013.

MIN. NO./PIC/076/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/077/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 1:15pm. The next meeting will be held on Thursday 10th March, 2016 at 10:00am.

Signed..... **Date**.....29/3/2016

Hon. Adan Wehliye Keynan, CBS, MP
(Chairman)

MINUTES OF THE 10TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON TUESDAY, 15TH MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 A.M.

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Dr. Oburu Oginga, MGH, MP
4. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
5. Hon. Wafula Wamunyinyi, MP
6. Hon. Sammy Silas Komen Mwaita, MP
7. Hon. John Olago Aluoch, MP
8. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
9. Hon. Bernard Munywoki Kitungi, MP
10. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
11. Hon. Cornelly Serem, MP
12. Hon. Johana Kipyegon Ngeno, MP
13. Hon. John Ogutu Omondi, MP
14. Hon. Korei Ole Lemein, MP
15. Hon. Franklin Mithika Linturi, MP
16. Hon. Elias Bare Shill, MP
17. Hon. Abdullswamad Sheriff Nassir, MP
18. Hon. Beatrice Nkatha Nyaga, HSC, MP
19. Hon. Onesmus Muthomi Njuki, MP
20. Hon. John Muchiri Nyaga, HSC, MP
21. Hon. Dorcas Kedogo, MP
22. Hon. Ejidius Njogu Barua, MP
23. Hon. (Eng). John Kiragu, MP
24. Hon. Adan Mohammed Nooru, MP

ABSENT WITHOUT APOLOGY

25. Hon. Francis Mwanzia Nyenze, EGH, MP
26. Hon. Irungu Kang'ata, MP
27. Hon. Mary Sally Keraa, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Mr. Philip Lekarkar - Clerk Assistant III
2. Mr. Mohamed Boru - Clerk Assistant III

3.	Mr. Charles Atamba	-	Research Officer III
4.	Ms. Clara Kimeli	-	Legal Counsel II
5.	Mr. Joash Kosiba	-	Fiscal Analyst
6.	Mr. Abdi Salat	-	Senior Sergeant-at-Arms
7.	Ms. Rose Ometere	-	Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1.	Elizabeth Meurimea	-	Director, Audit
2.	Mr. Obed Chweya	-	Senior Manager, Audit
3.	Ms. Jane Kariuki	-	Manager, Audit

THE NATIONAL TREASURY

Mr. John Munge		-	Accountant I

THE INSPECTORATE OF STATE CORPORATIONS

Mr. Osman Mohamed		-	Inspector

CHASE BANK LIMITED

1.	Mr. Patrick Ole Narikae	-	Director of External and Regulatory Affairs
2.	Ms. Iman Hussein	-	General Manager, Consumer and Islamic Banking
3.	Mr. Ken Ouko	-	Former Director of Business Development, Chase Bank
4.	Ms. Jedidah Kabiru	-	Relationship Manager
5.	Mr. Okalle Makanda	-	Chase Bank Head of Legal
6.	Mr. Cecil Miller	-	Advocate for Chase Bank

MIN.NO./PIC/078/2016: PRELIMINARIES

The Chair called the meeting to order at five minutes past ten o'clock and the Prayer was read by Hon. Sammy Mwaita, MP.

The Committee was informed that Bank's Chief Executive Officer to whom the invitation was addressed was not available to attend the meeting due to prior engagements. The Director of External and Regulatory Affairs was mandated to represent the Bank at the meeting.

The Committee noted that the document presented by the Bank officials was not admissible before the Committee due to glaring errors and omissions including lack of an official letterhead and lack of titles of signatories. The Chairperson directed that the officials brief the Committee and provide a revised version of the document presented before the Committee within three days.

MIN.NO./PIC/079/2016: ADMINISTRATION OF OATH

The Chase Bank officials were put under oath pursuant to Article 125 (2) (a) of the Constitution of Kenya.

MIN.NO./PIC/080/2016: EVIDENCE BY CHASE BANK OFFICIALS ON THE ALLEGED LOSS OF FUNDS AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

Mr. Patrick Ole Narikae, the Director of External and Regulatory Affairs at Chase Bank accompanied by Ms. Iman Hussein, General Manager, Consumer and Islamic Banking; Mr. Ken Ouko, Former Director of Business Development at Chase Bank; Ms. Jedidah Kabiru, Relationship Manager; Mr. Okalle Makanda; Chase Bank Head of Legal and Mr. Cecil Miller, the Advocate for Chase Bank appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF).

The Director of External and Regulatory Affairs informed the Committee as follows: THAT:

1. The Youth Enterprise Development Bank has been Chase Bank's client for the last four years and operates a fixed deposit account and a current account. The Fund placed various deposits with the Bank over this period and on maturity, they would either renew the principal amount for a new tenure or transfer profits to their other Youth Enterprise Development Fund accounts in other banks.
2. The Fund placed a deposit of Kshs. 400 Million with Chase Bank on 22nd August, 2014 that was to mature in two months. Upon maturity, the principal fund was rolled over to mature in January 2015.
3. On the 4th of February, 2015, the bank received notice to roll over the principal to mature in April 2015. However, eight days later, the Fund wrote to the Bank instructing the latter to pay Quorandum Limited Kshs. 115,710,000.00 out of the fixed deposit account which had been rolled over on February 4th, 2015. The letter in reference was written by the Fund's CEO Ms. Catherine Namuye and was addressed to the Bank's Business Development Manager, Mr. Ken Ouko.
4. The Bank officials sought clarifications on the instructions to liquidate the deposit placed a few days earlier and were informed that the Fund needed to make payments. The Bank's General Manager and Business Development Manager upon further consultations with the Relationship Manager realized that the Fund required two signatories and the letter from the CEO had only one signatory. The Bank officials also confirmed that the beneficiary account Quorandum Limited had only received Kshs. 3000 during the lifetime of the account.
5. The Banks' General Manager and Business Development Manager then jointly wrote a letter to the YEDF CEO dated 13th February, 2015 in which they noted that the mandate and instructions of the account did not match and therefore the instructions could not be effected.
6. On 20th February, 2015, the Bank received a board extract from the Fund signed by the Chairperson and the CEO giving two categories of signatories. Category 1 had the CEO

Ms. Namuye and the Lending Investment Manager, Ms. Jusy Kimeto as the signatories while category 2 had the Finance Manager, Mr. Benedict Atavachi and the Senior Accountant, Mr. Robert Mrima as signatories. The Board extract was then followed by signature cards which were used to update the account.

7. The Board extract indicated that the CEO could sign off any instructions on her own and in her absence, two signatories could sign, with one being a mandatory signatory.

8. The Bank at this point had sufficient documentation to transfer the funds and went ahead to do the same. However, the bank was still uncomfortable with the transaction and in keeping with Central Bank of Kenya guidelines, the Proceeds of Crime and Money Laundering Act and in the interest of protecting public funds, the Bank froze Quorandum Limited's account and restricted access to the funds on the day of payment.

9. Quorandum Limited was asked to provide supporting documents for the payment and on 24th February, 2015, the bank was provided with invoices for services provided. The Bank was still not satisfied and requested for a contract between the Fund and Quorandum which the latter delivered on 25th February, 2015. Further, the Fund's CEO confirmed the contract and the supporting documents on 25th February, 2015 via email.

10. Despite completing the transaction, the Bank still felt uncomfortable about it and reported the transaction to the Financial Reporting Center (FRC) on 5th March, 2015. The Center acknowledged receipt of the report on 11th March, 2015. At the time of reporting to FRC, only Kshs. 6,402,439.00 out of the Kshs. 115,710,000.00 had been removed from the Quorandum Limited account.

11. On 27th April, 2015, the Bank received further instruction to transfer Kshs. 65,184,946.00 to Quorandum Limited but the account did not have sufficient funds. Amended instructions were then sent to the Bank by the Fund's CEO to transfer Kshs. 64,654,789.00 to Quorandum Limited's account.

12. Based on the fact that the account had been flagged earlier, the Bank officials sought the advice of their Risk Department and were told to proceed with the instructions since due diligence had been done.

13. Thereafter, on 6th April, 2015, the balance of Kshs. 219,815,054.00 was booked in the fixed deposit account and rolled over for two months as per instructions issued by the Fund.

14. In July, 2015 the Bank received instructions from YEDF to liquidate the deposit of Kshs. 219,815,054.00 and transfer Kshs. 120,000,000.00 to the Fund's account held at Kenya Commercial Bank (KCB), which was effected. In August 2015, the bank rolled over Kshs. 99,815,054.00 for two months as per the Fund's instructions. On maturity, the amount was rolled over since there were no new instructions.

15. In December 2015, Chase Bank received a one-off signing mandate for operating the Youth Enterprise Development Fund account signed by Chairman Bruce Odhiambo and the Ag. Chief Executive Officer Mr. Emmanuel Odero to transfer the remaining funds held at Chase Bank to the Fund's KCB account.

16. The Ag. CEO Mr. Odero wrote to the Bank on 11th December, 2015 requesting for several documents related to the operation of the Fund's account. The Bank replied on 18th December, 2015 reiterating that the Fund had issued a new mandate and the Ag. CEO was not included in the list of mandates. The Bank further noted that the latest mandate was only related to a specific transaction and was a one-off sign off mandate. The Bank did not honour the request. A repeat attempt by the Ag. CEO to seek information regarding the Fund's account at Chase Bank on 25th February, 2016 was met with the same response.

MIN.NO./PIC/081/2016: STEPS TAKEN BY THE BANK TO PREVENT MISAPPRORPIATION AND LOSS OF PUBLIC FUNDS

The Director of External and Regulatory Affairs informed the Committee as follows: THAT

1. The Bank had undertaken several steps to prevent misappropriation and loss of public funds. These included questioning the nature of the instructions emanating from the Youth Enterprise Development Fund and the type of relationship existing between the Fund and Quorandum Limited.
2. The Bank also questioned the nature of transaction that resulted or required the transfer of such huge funds and delayed effecting the Fund's instructions. Further, the Bank froze the Quorandum Limited account to prevent misappropriation of public funds.
3. The Bank also reported the entire transaction to the Financial Reporting Center as a suspicious transaction.

COMMITTEE OBSERVATIONS

The Committee observed that:-

1. The Chairperson and the Youth Enterprise Development Fund CEO wrote a letter to Chase Bank on 20th February, 2015 in which they gave two categories of signatories. Category 1 had the CEO Ms. Namuye and the Lending Investment Manager, Ms. Jusy Kimeto as the signatories while category 2 had the Finance Manager, Mr. Benedict Atavachi and the Senior Accountant, Mr. Robert Mrima as signatories.

   The letter made reference to Board Minutes extract indicating that the CEO could sign off any instructions on her own and in her absence, two signatories could sign, with one being a mandatory signatory.

2. The CEO Ms. Namuye signed off two letters dated 4th of February, 2015 and 27th April, 2015 instructing Chase Bank to pay Quorandum Limited Kshs. 115,710,000.00 and Kshs. 65,184,946.00 respectively. The second amount was revised to Kshs. 64,654,789.00 upon realization that the account had insufficient balance to transfer the instructed amount.

   The amounts were to be paid from the Fund's Fixed Deposit Account held with Chase Bank in which Kshs. 400 Million was deposited on 22nd August, 2014.

3. The Quorandum Limited account at Chase Bank, which was the beneficiary account, had only received Kshs. 3,000 during its lifetime before the transaction with the Youth Enterprise Development Fund took place.

4. The Bank suspected the nature of the transaction and took several steps to stop loss of public funds. These included questioning the nature of the instructions emanating from the Youth Enterprise Development Fund and the type of relationship existing between the Fund and Quorandum Limited.

5. The Bank also questioned the nature of transaction that resulted or required the transfer of such huge funds and delayed effecting the Fund's instructions. The Bank then paid the amount to the Quorandum Limited account but went ahead to freeze the account to prevent misappropriation of public funds. Once all the necessary documentation including invoices and a contract had been provided to prove the nature of the transaction, Quorandum account was unfrozen.

6. The invoices and contract presented by Quorandum Limited differed from those presented by Chase Bank.

7. Chase Bank reported the transaction to the Financial Reporting Center (FRC) on 5th March, 2015. The Center acknowledged receipt of the report on 11th March, 2015 and asked for details of the account and transaction, which was honoured by the Bank. At the time of reporting to FRC, only Kshs. 6,402,439.00 out of the Kshs. 115,710,000.00 had been withdrawn from the Quorandum Limited account.

8. Quorandum Limited account at Chase Bank was opened in September 2014 yet Quorandum stated the account was opened in 2004.

9. The Ag. CEO Mr. Emmanuel Odero wrote to Chase Bank on 11th December, 2015 and 25th February, 2016 requesting for several documents related to the operation of the Fund's account. The Bank did not honour the request and noted that the account was subject of investigation by law enforcement agencies.

10. There was no transaction from the Quorandum Limited account paying a Mr. Donnie Reeves Kshs. 117 Million as claimed by the Directors of the company.

11. Any transaction by the Quorandum Limited account required two signatories hence

Ms. Doreen Ng'ang'a was involved in all transactions as a signatory. This was contrary to what the Committee heard from Ms. Ng'ang'a when she appeared before it.

Way Forward/Committee Resolutions

The Committee resolved that:-

1. Chase Bank must provide a revised version of the document they presented before the Committee on official letterhead and with titles of signatories within three days.
2. The Bank should also provide a history of the Youth Enterprise Development account held at Chase Bank including a list of all the signatories throughout the lifetime of the account.
3. The Bank was also asked to provide a list of all the accounts held by quasi-government bodies and their rules of engagement.
4. The Secretariat should seek information from the Registrar of Societies on company details including Directorship at GigTych Africa Limited, Duchess Park Development and Gigsavvy Plus Limited.
5. The Directors of GigTych Africa Limited, Gigsavvy Plus Limited and Duchess Park Development as well as Advocate Ngigi Mbugua should appear before the Committee to explain the nature of transactions they had with Quorandum Limited.

MIN. NO./PIC/082/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/083/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 1:15pm. The next meeting will be held on Thursday 17th March, 2016 at 10:00am.

Signed..... **Date** 29/3/2016

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

MINUTES OF THE 11TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON THURSDAY, 17TH MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 AM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
4. Hon. Adan Mohammed Nooru, MP
5. Hon. Wafula Wamunyinyi, MP
6. Hon. John Olago Aluoch, MP
7. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
8. Hon. Bernard Munywoki Kitungi, MP
9. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
10. Hon. Cornelly Serem, MP
11. Hon. John Ogutu Omondi, MP
12. Hon. Korei Ole Lemein, MP
13. Hon. Mary Sally Keraa, MP
14. Hon. Franklin Mithika Linturi, MP
15. Hon. Abdullswamad Sheriff Nassir, MP
16. Hon. Beatrice Nkatha Nyaga, HSC, MP
17. Hon. Irungu Kang'ata, MP
18. Hon. Onesmus Muthomi Njuki, MP
19. Hon. Dorcas Kedogo, MP
20. Hon. (Eng). John Kiragu, MP

ABSENT WITH APOLOGY

21. Hon. Francis Mwanzia Nyenze, EGH, MP
22. Hon. Dr. Oburu Oginga, MGH, MP

ABSENT WITHOUT APOLOGY

23. Hon. Elias Bare Shill, MP
24. Hon. Johana Kipyegon Ngeno, MP
25. Hon. Sammy Silas Komen Mwaita, MP
26. Hon. Ejidius Njogu Barua, MP
27. Hon. John Muchiri Nyaga, HSC, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Mr. Philip Lekarkar - Clerk Assistant III
2. Mr. Mohamed Boru - Clerk Assistant III
3. Mr. Charles Atamba - Research Officer III

4.	Ms. Clara Kimeli	-	Legal Counsel II
5.	Mr. Joash Kosiba	-	Fiscal Analyst I
6.	Mr. Abdi Salat	-	Senior Sergeant-at-Arms
7.	Ms. Rose Ometere	-	Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1.	Elizabeth Meurimea	-	Director, Audit
2.	Mr. Obed Chweya	-	Senior Manager, Audit
3.	Ms. Jane Kariuki	-	Manager, Audit

THE NATIONAL TREASURY

Mr. John Munge	-	Accountant I

THE INSPECTORATE OF STATE CORPORATIONS

Mr. Osman Mohamed	-	Inspector

MIN.NO./PIC/084/2016: PRELIMINARIES

The Chairman called the meeting to order at twenty minutes past ten O'clock and requested Hon. Kimani Ichungwah, MP to read the Prayer.

The Committee observed that Ms. Namuye had twice been invited to appear before the Committee but failed to do so on medical grounds.

MIN.NO./PIC/085/2016: DECLARATION OF INTEREST

Hon. Paul Otuoma, MP declared interest in the matter under deliberation as per SO 90, noting that he was the Minister of Youth and Sports when the witness, Ms. Namuye was acting as the General Manager at the Youth Enterprise Development Fund.

MIN.NO./PIC/086/2016: ADMINISTRATION OF OATH

The witness was put under oath pursuant to Article 125 (2) (a) of the Constitution of Kenya.

MIN.NO./PIC/087/2016: EVIDENCE BY MS. CATHERINE NAMUYE ON THE MISAPPROPRIATION OF FUNDS AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

Ms. Catherine Namuye, the former acting Chief Executive Officer at the Youth Enterprise Development Fund appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF).

She informed the Committee as follows:

MIN.NO./PIC/088/2016: CIRCUMSTANCES LEADING TO HER SUSPENSION FROM THE YOUTH ENTERPRISE DEVELOPMENT FUND

1. During a special Board meeting held on 21st October, 2015, a Board Member circulated documents alleging the existence of fraudulent transactions amounting to Kshs 180, 894,946 at the Fund's fixed deposit account held at Chase Bank. A series of Board meetings followed in the days after in the absence of management.
2. On 23rd October, 2015, some Board Members and the Chairman verbally informed her not to report to the office the following week and that details of the Board decision would be sent to her on 26th October, 2015.
3. On 28th October, 2015, the Board Chairman summoned her to the Fund's offices. The Chairman and the Chair of the Board's Audit Committee instructed her to urgently write and present a report on the allegations to be submitted by close of business on the same day. She was further instructed to work from her office but due to the circumstances surrounding her suspension, her request to work from home was agreed to by the two gentlemen.
4. She sought the advice of her lawyers who wrote to the Fund's Chairman on 29th October, 2015 decrying the nature of disciplinary action taken against their client and the lack of communication on the particulars of the allegations against her. The lawyer demanded the revocation of the forced leave, provision of details on particularity of the alleged offence committed and enough time and access to documents to respond to the accusations levelled.

MIN.NO./PIC/089/2016: PROCUREMENT PROCESS LEADING TO PRE-QUALIFICATION OF QUORANDUM LIMITED AND SERVICES PROVIDED

1. The procurement was done in line with the YEDF Board directive as discussed in the 51st meeting held on 6th August, 2014. Under the 'Annual Budget for the 2014/15 Financial Year', Kshs. 192 Million was indicated as the budget for 'Information System Development and Upgrades.'
2. In the Fund's 'Annual Procurement Plan,' the Board approved Kshs. 192 Million for 'Information System Development and Upgrades' under a restricted tender. The Board also approved a 'Request for Quotation' for these services.
3. She questioned the authenticity of the minutes of the 51st meeting provided to her by the Fund. She noted that by practice, there was initialization of documents at the Fund to prove authenticity and ownership of the document. The former CEO pointed out that there was initialization on the Annual Procurement Plan but not on the Minutes of the 51st meeting hence raising doubts on the latter's authenticity.

MIN.NO./PIC/090/2016: **YEDF POLICY ON TRANSFER OF FUNDS AND INSTRUCTIONS TO CHASE BANK TO TRANSFER KSHS. 180 MILLION TO QUORANDUM LIMITED**

1. The Youth Enterprise Development Fund's policy on transfer of funds is guided by the Fund's Legal Order and the State Corporations Act (2012).
2. Funds transfer and investment depends on cash flow/needs analysis as presented by departmental heads as two to three-month projection. This is communicated to the office of the CEO through the finance team after intense deliberations. Thereafter, the finance team recommends what amount to re-invest or transfer to the YEDF main account.
3. The balance she left in the Chase Bank account as at 21st October, 2015 was Kshs. 104 Million. At the close of the 2014/15 Financial Year, the balance was Kshs. 219 Million.
4. The letter she was provided by the Fund indicating she authorized the transfer of funds to Quorandum had different number of stamps from the one before the Committee. She questioned the validity of the letter notwithstanding the similar content in both letters.
5. She then admitted to authorizing the payment to Quorandum Limited but asked to be heard in camera to disclose further information on the matter.

MIN.NO./PIC/091/2016: **CAMERA SESSION**

During the session held in camera, the Committee heard the following:

Procurement of Services from Quorandum Limited

1. Members of the Youth Enterprise Development Fund gave instructions to the effect that Ms. Namuye becomes the sole signatory at the Fund's Chase Bank account.
2. The Inspectorate of State Corporations was not represented in the Fund's Board meetings. Letters and agenda of the Fund's Board meetings were not being copied to the Inspectorate.
3. There were specific Board interests with regards to the contract to procure services from Quorandum Limited. The Board and management colluded in the matter. The Board involved itself in procurement matters despite the existence of a tender committee. The procurement plan for the 2015/16 Financial Year had not been approved as at 20th October, 2015 due to Board interests.
4. The Youth Enterprise Development Fund is a financial institution and needed an Enterprise Resource Planning System to manage funds. Quorandum Limited was to carry out a consultancy on what kind of system would be suitable for use by the Fund but would not be installing such a system.

5. The Board resolved to sack a Mr. Alumasa who was serving as an ICT officer with the Fund. The matter of the ICT officer was discussed several times at Board level. The Chairperson and Director Mwaniki in particular insisted they were ICT experts and in their opinion, Mr. Alumasa was not qualified for his work. Ms. Namuye in her capacity as CEO vouched for Mr. Alumasa as per his appraisal.
6. The Board disregarded the 2013 ICT Strategy despite Director Mwaniki sitting as a Board member when it was approved.
7. The services of Quorandum Limited were procured procedurally but on short notice. The tender was restricted to avoid raising questions as to why there was a need for an ICT strategy despite the previous one done in 2013 expected to be implemented until 2017.
8. There was no Skype meeting between the YEDF and Quorandum Limited as claimed by the latter.
9. Quorandum Limited carried out the consultancy as per the contract and submitted documentation on the work carried out.
10. The payment to Quorandum Limited was done by Ms. Namuye with pressure from the Board Chairman and Director Mwaniki. The amount was paid from the Investment account and not the Operations account so as to fast track the payment.
11. Ms. Namuye stated that she did not have any contact with the Principal Secretary or the Cabinet Secretary of her parent Ministry.
12. There was an unofficial meeting between the Chairman and the Board members to consolidate their positions once the matter of the loss of funds came to the attention of Parliament.
13. She made sure the Board's approval was captured when making the payment to Quorandum Limited by ensuring Board members initialized their names on the payment documents. She requested the Committee's help to get the original payments.
14. Ms. Namuye suspected there was a connection between the Chairperson of the Fund, Quorandum Limited and Duchess Park Limited.

Death of Youth Enterprise Development Fund Driver, Mr. Simon Mwangi

5. There was a Board meeting held in Mombasa on 19th October, 2015 but she did not attend as she was sitting for academic examinations in Nairobi.
6. On the morning of 20th October, 2015, Ms. Namuye was called by the Fund Chairman who then informed her that Mr. Mwangi had died and that she should call the Fund's Director Mr. Clement Ayungo. Mr. Ayungo's cellphone was switched off and the Chairman therefore asked her to call a Mr. Babu Owino who was with Mr. Ayungo.

7. She made arrangements to have a lawyer pre-qualified by the Fund to travel to Mombasa. She also arranged to have the body moved to Aga Khan Hospital in Mombasa as per the Fund's Insurance policy.

8. Director Clement Ayungo called the police and had Mr. Mwangi's body moved to Diani Hospital. This happened before a lawyer could take a statement.

9. The post-mortem conducted on Mr. Mwangi's body revealed that he vomited before drowning. The body had a scar on the skull.

10. The late Mwangi's widow suspected that her husband's death was caused by foul play and that the late Mr. Mwangi had allegedly told her that he heard some Board members discussing how to 'fix Madam', in an apparent reference to Ms. Namuye.

11. The Board was accommodated in the North Coast while Mr. Mwangi's death occured in Diani, South Coast where Mr. Ayungo had booked him, as it was getting late.

12. Mr. Ayungo was the first person to see Mr. Mwangi's body.

YEDF Anniversary Event

13. The YEDF Board was to hold its Anniversary Celebrations at the Kenyatta International Conference Center (KICC) Tsavo Ball Room but the venue was changed owing to a double booking at that particular venue. An agreement was reached between the Fund and KICC to push forward the payment to cover a future event.

14. The venue of the event was later changed to the University of Nairobi grounds but the event was cancelled at the last minute despite four days of preparation having been done. The management was pressurized to pay for the event by the Board proving the extent to which the Board engaged in procurement matters and forcing management to toe the line.

Committee Observations and Findings

The Committee observed that:-

1. Ms. Catherine Namuye had recorded a statement with the Ethics and Anti-Corruption Commission on the matter under investigation by the Committee.

2. The Ethics and Anti-Corruption Commission had written to the then Chairman of the Fund, Mr. Gor Semelango on 16th January, 2014 indicating Ms. Namuye was under

investigations for a matter in which she was adversely mentioned. She recorded a statement with EACC in 2013 in a matter that is now the subject of a court case which she is not a part of.

3. Ms. Namuye was confirmed as the CEO of the Youth Enterprise Development Fund in January 2014 but reverted to being an Acting CEO beginning March 2015 to October 2015 when she left the Fund.

4. As per Minute 03/03/2013 of the Fund, the Board recommended to the Principal Secretary, Ministry of Devolution and Planning, the appointment of Ms. Namuye as the substantive CEO. No confirmation was received.

5. Ms. Namuye signed off two letters dated 4th of February, 2015 and 27th April, 2015 instructing Chase Bank to pay Quorandum Limited Kshs. 115,710,000.00 and Kshs. 65, 184,946.00 respectively. The second amount was revised to Kshs. 64,654,789.00 upon realization that the account had insufficient balance to transfer the instructed amount. The amounts were to be paid from the Fund's Fixed Deposit Account held with Chase Bank in which Kshs. 400 Million was deposited on 22nd August, 2014.

6. The contract between YEDF and Quorandum Limited as provided by Ms. Namuye differed from that presented to the Committee by Chase Bank. The Committee noted the anomaly in Ms. Namuye's declaration that both contracts were valid and that one was prepared after the other in order to be more elaborate.

7. She further informed the Committee that she had recorded a statement with the Ethics and Anti-Corruption Commission on the matter under investigation by the Committee.

8. The Ethics and Anti-Corruption Commission had written to the then Chairman of the Fund, Mr. Gor Semelango on 16th January, 2014 indicating Ms. Namuye was under investigations for a matter in which she was adversely mentioned. She recorded a statement with EACC in 2013 in a matter that is now the subject of a court case which she is not a part of.

9. She added that as per Minute 03/03/2013 of the Fund, the Board recommended to the Principal Secretary, Ministry of Devolution & Planning for her appointment as the YEDF CEO but the no confirmation was received on the matter. She was however

confirmed as the CEO of the Youth Enterprise Development Fund at some point in January 2014 but reverted to being an Acting CEO from March 2015 to October 2015 when she left the Fund.

10. She signed off two letters dated 4th of February, 2015 and 27th April, 2015 instructing Chase Bank to pay Quorandum Limited Kshs. 115,710,000.00 and Kshs. 65, 184,946.00 respectively. The second amount was revised to Kshs. 64,654,789.00 upon realization that the account had insufficient balance to transfer the instructed amount. The amounts were to be paid from the Fund's Fixed Deposit Account held with Chase Bank in which Kshs. 400 Million was deposited on 22nd August, 2014.

11. The contract between YEDF and Quorandum Limited as provided by Ms. Namuye differed from that presented to the Committee by Chase Bank. The Committee noted the anomaly in Ms. Namuye's declaration that both contracts were valid and that one was prepared after the other in order to be more elaborate.

Way Forward/Resolutions:

The Committee resolved that:-

1. Ms. Namuye should respond to the questionnaire provided by the Committee and submit to the Committee by 24th March, 2016;
2. Ms. Namuye should also present a copy of the statement she recorded with EACC on the matter under investigation.

MIN. NO./PIC/092/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/093/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 1:45pm. The next meeting will be held on Tuesday 15th March, 2016 at 10:00am.

WITH AMENDMENTS

Signed..... **Date** 06/4/16

for **Hon. Adan Wehliye Keynan, CBS, MP**

(Chairman)

MINUTES OF THE 12TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON TUESDAY, 22ND MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 AM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Dr. Oburu Oginga, MGH, MP
4. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
5. Hon. Wafula Wamunyinyi, MP
6. Hon. Sammy Silas Komen Mwaita, MP
7. Hon. John Olago Aluoch, MP
8. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
9. Hon. Bernard Munywoki Kitungi, MP
10. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
11. Hon. Cornelly Serem, MP
12. Hon. Johana Kipyegon Ngeno, MP
13. Hon. John Ogutu Omondi, MP
14. Hon. Korei Ole Lemein, MP
15. Hon. Franklin Mithika Linturi, MP
16. Hon. Elias Bare Shill, MP
17. Hon. Abdullswamad Sheriff Nassir, MP
18. Hon. Beatrice Nkatha Nyaga, HSC, MP
19. Hon. Onesmus Muthomi Njuki, MP
20. Hon. (Eng). John Kiragu, MP
21. Hon. Mary Sally Keraa, MP

ABSENT WITH APOLOGY

22. Hon. Francis Mwanzia Nyenze, EGH, MP
23. Hon. John Muchiri Nyaga, HSC, MP

ABSENT WITHOUT APOLOGY

24. Hon. (Eng). John Kiragu, MP
25. Hon. Adan Mohammed Nooru, MP
26. Hon. Dorcas Kedogo, MP
27. Hon. Ejidius Njogu Barua, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Mr. Philip Lekarkar - Clerk Assistant III
2. Mr. Mohamed Boru - Clerk Assistant III

3.	Mr. Charles Atamba	-	Research Officer III
4.	Ms. Clara Kimeli	-	Legal Counsel II
5.	Mr. Joash Kosiba	-	Fiscal Analyst I
6.	Ms. Rose Ometere	-	Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1.	Mr. Obed Chweya	-	Senior Manager, Audit
2.	Ms. Jane Kariuki	-	Manager, Audit

THE NATIONAL TREASURY

Mr. John Munge	-	Accountant I

THE INSPECTORATE OF STATE CORPORATIONS

Mr. Osman Mohamed (Corporations)	-	Representative of Inspector General

STATE CORPORATIONS ADVISORY COMMITTEE (SCAC)

1.	Mr. Simon Indimuli	-	Head of Governance
2.	Mr. Christopher Mbega	-	Secretariat
3.	Ms. Jane Mugambi	-	Former Secretary, SCAC

MIN.NO./PIC/094/2016: PRELIMINARIES

The Chair called the meeting to order at twenty five minutes past ten O'clock and the prayer read by Hon. Bare Shill, MP.

The Committee was informed that the term of the State Corporations Advisory Committee had lapsed and the former officials were awaiting communication on renewal of their terms.

The Committee resolved to hear from Ms. Mugambi as an individual and not as a representative of SCAC.

MIN.NO./PIC/095/2016: EVIDENCE BY THE STATE CORPORATIONS ADVISORY COMMITTEE ON THE ALLEGED LOSS OF FUNDS AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

Mr. Simon Indimuli, the Head of Governance at the State Corporations Advisory Committee accompanied by Mr. Christopher Mbega and Ms. Jane Mugambi, the former Secretary to the Committee, appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF).

and the fact that Treasury Bills and Treasury Bonds provide absolute security. All State Corporations are required to comply and also obtain specific approval of their Board of Directors before submitting investment proposals to Treasury.

On 29th November 2002, Treasury issued Circular No. 12/2002 reiterating the requirement on investment of surplus funds in Treasury Bills and Bonds or seeking approval from Treasury to invest such funds in commercial banks.

Section 12 of the Youth Enterprise Development Fund Order 2007 requires that the Fund obtains Treasury approval for investment of surplus funds. With regards to the investment amounting to Kshs. 400 Million, the Fund blatantly ignored the requirements of the two circulars.

MIN.NO./PIC/097/2016: POLICY ON APPOINTMENT AND SUSPENSION OF OFFICERS AND STAFF OF STATE CORPORATIONS AND BENEFITS PAYABLE TO SUCH OFFICERS IN EVENT OF SUSPENSION

Section 5 (3) of the State Corporations Act provides that a State Corporations may engage and employ such number of staff, on such terms and conditions as the Cabinet Secretary may approve, in consultation with the State Corporations Advisory Committee.

With regards to disciplinary matters in State Corporations, the Board is responsible for the suspension of staff. However, the Board may delegate the recruitment and disciplinary matters of low cadre staff to management.

The benefits payable to a suspended staff is specified in the suspension clause contained in the *Human Resource Policies and Procedures Manual* of the respective State Corporation. In the case of the Youth Enterprise Development Fund, the suspension clause provides that an employee on suspension is entitled to house and medical allowances but no basic salary.

MIN.NO./PIC/098/2016: THE ROLE OF THE BOARD CHAIRMAN IN SUSPENDING BOARD EMPLOYEES

The Board is responsible for the appointment and removal of the CEO as per Section 5 (3) of the State Corporations Act. In this regard, the disciplinary process of a CEO is vested in the Board of Directors, In the event that the Board suspends a CEO, an acting CEO is expected to be appointed to perform the duties of the office.

Board Chairmen in State Corporations are non-executive and their role as provided under Section 8 (1) of the State Corporations Act is to preside over meetings and provide overall leadership of the Board. With regards to signing employment contracts, disciplinary and other Human Resource related matters in respect of the CEO, the Board Chairman is required to execute Board decisions by signing relevant documents.

In the case of Ms. Catherine Namuye, the immediate former Ag. CEO and Mr. Benedict Atavachi, the Finance Manager, the Board vide minute Min.2/SBM/23/10/2015 resolved that the Ag. CEO and the Finance Manager be suspended to facilitate investigations into the

irregular transfer of Kshs. 180.0 Million from the Youth Enterprise Development Fund Investment account held in Chase Bank to Quorandum Limited.

The Chairman vide a letter (REF YEDFB/CEO/377/2015) dated 23rd October, 2015 directed the Ag. CEO Ms. Namuye and the Finance Manager, Mr. Atavachi to proceed on leave until further notice. At the same meeting, the Board appointed a new acting CEO.

The Chairman then wrote letters asking the two officials of the Fund to proceed on leave. The Chairman had the mandate to write to the Ag. CEO but the letter to the Finance Manager should have been written by the newly appointed Ag. CEO.

MIN.NO./PIC/099/2016: GOOD GOVERNANCE IN STATE CORPORATIONS

The State Corporations Advisory Committee had partnered with the Public Service Commission and developed a code of conduct dubbed 'Mwongozo – Code of Governance for State Corporations' that seeks to entrench good corporate governance practices in affairs of State Corporations.

Some of the salient features of *Mwongozo* relevant in this matter are:

i. **Board Operations**: The Board is required to exercise its role collectively and not individually. The Chairman of YEDF was therefore out order in the matter of bank signing instructions by purporting to exercise his powers without the requisite resolution of the Board.

ii. **Role of Chairperson**: The Chairperson of YEDF is non-executive since *Mwongozo* proscribes any form of executive powers for Board Chairpersons in State Corporations. Instances of the Fund's Chairperson exercising executive powers such as signing of work tickets and disciplinary letters are out rightly in contravention of *Mwongozo*.

iii. **Role of Chief Executive Officer**: The Chief Executive Officer's role is very critical and it is therefore desirable to have a substantive CEO and not an acting one at all times. The YEDF Board however did not bother to have the post filled substantively since 2010.

iv. **Role of Corporation Secretary**: *Mwongozo* requires each Board to hire the services of a Corporation Secretary whose overall duty is to provide guidance to the Board on their duties and responsibilities and on matters of governance. The Board of YEDF has yet to implement this even as glaring malpractices continue to manifest in Board operations.

COMMITTEE OBSERVATIONS

The Committee observed that:-

1. The Youth Enterprise Development Fund should not be having any surplus funds given the demand by Kenyan youth for such funds. The amounts should have been disbursed and not kept in a fixed deposit account.

2. The Youth Enterprise Development Fund Board should be held collectively responsible for the loss of funds.
3. The State Corporations Advisory Committee held discussions with the Cabinet Secretary for Youth and Public Service with a view to remove the Youth Fund Board. The State Corporation Advisory Committee only gives advice upon request by Ministries. SCAC did not hold any meeting with the former Cabinet Secretary for Devolution and Planning under whose Ministry the Fund was domiciled when the matter came to the public.
4. A board member by the name Paul Gathura Ng'ang'a has never attended any Board meeting since being appointed to the Board on 2nd October, 2015.
5. The Presidential Taskforce on Parastatal Reforms recommended the merging of the Youth Fund, Women Fund, Uwezo Fund and the Kenya Industrial Estates and pool their resources together, which amounted to Kshs. 20 Billion in 2014.
6. Representatives of parent Ministries and the National Treasury sit in Boards to articulate government position. The Alternate to the two Principal Secretaries sitting in the YEDF Board should have dissented to the decision to invest surplus funds in banks.
7. As per *Mwongozo* guidelines, individuals are personally responsible for any omission or commission as Board members. This also applies to Alternates of Principal Secretaries who sit in Boards.

ADD: OBSERVATION ON THE UNPROCURED LETTER TO THE FINANCE MINISTER.

Way Forward/Resolutions

The Committee resolved that the State Corporations Advisory Committee should submit to the Committee, the Curriculum Vitae of all Board members of the Youth Enterprise Development Fund to ascertain their academic credentials.

MIN. NO./PIC/100/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/101/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 11:50am. The next meeting will be held on Tuesday 22nd March, 2016 at 12:00noon.

WITH AMENDMENTS.

Signed..... **Date** 06/4/16

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

MINUTES OF THE 13TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON TUESDAY 22ND MARCH, 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 12:00 NOON

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Dr. Oburu Oginga, MGH, MP
4. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
5. Hon. Wafula Wamunyinyi, MP
6. Hon. Sammy Silas Komen Mwaita, MP
7. Hon. John Olago Aluoch, MP
8. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
9. Hon. Bernard Munywoki Kitungi, MP
10. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
11. Hon. Cornelly Serem, MP
12. Hon. Johana Kipyegon Ngeno, MP
13. Hon. John Ogutu Omondi, MP
14. Hon. Korei Ole Lemein, MP
15. Hon. Franklin Mithika Linturi, MP
16. Hon. Elias Bare Shill, MP
17. Hon. Abdullswamad Sheriff Nassir, MP
18. Hon. Beatrice Nkatha Nyaga, HSC, MP
19. Hon. Onesmus Muthomi Njuki, MP
20. Hon. (Eng). John Kiragu, MP
21. Hon. Mary Sally Keraa, MP

ABSENT WITH APOLOGY

22. Hon. Francis Mwanzia Nyenze, EGH, MP
23. Hon. John Muchiri Nyaga, HSC, MP

ABSENT WITHOUT APOLOGY

24. Hon. (Eng). John Kiragu, MP
25. Hon. Adan Mohammed Nooru, MP
26. Hon. Dorcas Kedogo, MP
27. Hon. Ejidius Njogu Barua, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Mr. Philip Lekarkar - Clerk Assistant III
2. Mr. Mohamed Boru - Clerk Assistant III
3. Mr. Charles Atamba - Research Officer III
4. Ms. Clara Kimeli - Legal Counsel II
5. Mr. Joash Kosiba - Fiscal Analyst I
6. Ms. Rose Ometere - Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1. Mr. Obed Chweya - Senior Manager, Audit
2. Ms. Jane Kariuki - Manager, Audit

THE NATIONAL TREASURY

Mr. John Munge - Accountant I

THE INSPECTORATE OF STATE CORPORATIONS

Mr. Osman Mohamed - Inspector

MIN.NO./PIC/102/2016: PRELIMINARIES

The Chair called the meeting to order at five minutes past twelve O'clock.

MIN. NO./PIC/103/2016: EVIDENCE BY THE FORMER PRINCIPAL SECRETARY IN THE MINISTRY OF DEVOLUTION AND PLANNING

Eng. Peter Mangiti, the immediate former Principal Secretary in the Ministry of Devolution and Planning appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF).

He informed the Committee as follows:

MIN. NO./PIC/104/2016: ROLE OF THE MINISTRY IN MANAGEMENT AND SUPERVISION OF THE FUND

The Ministry of Devolution and Planning exercised oversight and supervision of the Fund in several ways including approving the annual budget of the Fund with the National Treasury and determining the composition of the Board by appointing majority of Board members.

The Ministry also monitors the financial and general performance of the Fund and reports to the Cabinet on these matters. The Principal Secretary for Youth Affairs is represented in the YEDF Board.

MIN. NO./PIC/105/2016: CIRCUMSTANCES LEADING TO THE LOSS OF KSHS. 180 MILLION FROM THE YOUTH ENTERPRISE DEVELOPMENT FUND

He informed the Committee that he enquired from the Chairman of the Youth Fund Board the date of the next Board meeting on or about 19th October 2015. He wished to personally attend the meeting as he wanted to offer advice on the matter of Disposal of Hatcheries by the Fund which was to on the agenda.

A special meeting had been scheduled for 21st October, 2015 which the he attended. The Chair of the Audit Committee presented two letters allegedly signed by the then Acting CEO

Ms. Namuye, giving instructions for transfer of funds from the YEDF account at Chase Bank.

The Acting CEO upon questioning by Board Members denied having signed the letters and indicated she had no prior notice of the letters' existence. The Board deliberated and resolved to call in investigative agencies in the matter.

MIN. NO./PIC/106/2016: MEASURES INITIATED BY THE PRINCIPAL SECRETARY AS THE MINISTRY'S ACCOUNTING OFFICER

The Principal Secretary gave proper direction with regards to steps to be taken when the matter came up during the special meeting held on 21st October, 2015. He also briefed the Cabinet Secretary on the matter.

On 22nd October, 2015, he called Ms. Catherine Namuye to his office and further questioned her on the two letters authorizing payment to Quorandum Limited. Once again, she denied knowledge of the letters. She stated that no money had left the account. The Principal Secretary advised the CEO to get documentary proof from the Bank, which she undertook to do by the close of that working day. However, no documents were submitted and Ms. Namuye did not respond to calls from the Principal Secretary thereafter.

The Chairman of the Board wrote to the Directorate of Criminal Investigations (DCI) on 23rd October, 2015 in line with the Board resolution. The Principal Secretary noted that contrary to his advice, the Ethics and Anti-Corruption Commission (EACC) had not been invited to look into the matter.

On 26th October, 2015, the Principal Secretary wrote to Board Chairman advising him to call the EACC. He also copied his Cabinet Secretary in the letter. The Cabinet Secretary in a comment on the same letter asked him to get an administrative report from the CEO. He did not act on these instructions since the officer had been suspended by an administrative action of the Board and the matter was under investigations by independent agencies.

On 4th November, ~~2016~~ 2015, he wrote a letter directly to the EACC and invited them to move in and investigate the matter. This was after he saw that the Board Chair had not heeded his advice to call in the Commission. This letter was copied to the Chief of Staff and Head of Public Service and the Chairman of the Fund. The EACC acknowledged that they had taken up the matter.

MIN. NO./PIC/107/2016: THE SUSPENSION OF FORMER ACTING CEO AND MR. BENEDICT ATAVACHI

The Principal Secretary was briefed by his alternate who sits in the YEDF Board that the Audit Committee met on the 22nd October, 2015 to deliberate on the matter and made a recommendation to the Board to suspend Ms. Namuye and Mr. Atavachi pending the outcome of the investigations.

The Board in a special meeting held on 23rd October, 2015 accepted this recommendation against the officers after which the Chairman wrote to the two informing them of the Board decision. The Principal Secretary and Cabinet Secretary were copied in the two letters.

MIN. NO./PIC/108/2016: ROLE OF THE BOARD CHARIMAN IN RUNNING THE AFFAIRS OF THE FUND

In keeping with the provisions of the State Corporation Act and the Youth Enterprise Development Fund Order 2007, the position of the Chairman of YEDF Board is non-executive. His role is limited to organizing and coordinating Board affairs, calling for and chairing meetings as well as presiding over the evaluation of the performance of management.

COMMITTEE OBSERVATIONS

The Committee observed that:-

1. The former Principal Secretary was not aware of the loss of Kshs. 180 Milion at YEDF until he attended the sitting of 21st October, 2015. The Board appeared to be equally in the dark on the matter up to that point.
2. The unilateral changing of signatories in contravention of the Public Finance Management Act is an act of fraud since it was not a Board decision.
3. Surplus funds are declared by State Corporations and are not re-absorbed back into the budget. The law allows the YEDF to invest surplus funds if the demand does not outstrip supply.

MIN. NO./PIC/109/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/110/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 2:00pm. The next meeting will be held on Wednesday 23rd March, 2016 at 3:00pm.

Signed.....

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

Date.....

MINUTES OF THE 14TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON WEDNESDAY, 23RD MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 3:00 PM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Francis Mwanzia Nyenze, EGH, MP
4. Hon. Dr. Oburu Oginga, MGH, MP
5. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
6. Hon. Irungu Kang'ata, MP
7. Hon. Sammy Silas Komen Mwaita, MP
8. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
9. Hon. Bernard Munywoki Kitungi, MP
10. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
11. Hon. Johana Kipyegon Ngeno, MP
12. Hon. John Ogutu Omondi, MP
13. Hon. Franklin Mithika Linturi, MP
14. Hon. Elias Bare Shill, MP
15. Hon. Abdullswamad Sheriff Nassir, MP
16. Hon. Beatrice Nkatha Nyaga, HSC, MP
17. Hon. Onesmus Muthomi Njuki, MP
18. Hon. Dorcas Kedogo, MP

ABSENT WITH APOLOGY

19. Hon. John Olago Aluoch, MP
20. Hon. Wafula Wamunyinyi, MP
21. Hon. Cornelly Serem, MP

ABSENT WITHOUT APOLOGY

22. Hon. Ejidius Njogu Barua, MP
23. Hon. (Eng). John Kiragu, MP
24. Hon. Adan Mohammed Nooru, MP
25. Hon. Mary Sally Keraa, MP
26. Hon. John Muchiri Nyaga, HSC, MP
27. Hon. Korei Ole Lemein, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1.	Mr. Philip Lekarkar	-	Clerk Assistant III
2.	Mr. Mohamed Boru	-	Clerk Assistant III
3.	Mr. Charles Atamba	-	Research Officer III

4. Ms. Clara Kimeli - Legal Counsel II
5. Mr. Joash Kosiba - Fiscal Analyst I
6. Mr. Abdi Salat - Senior Sergeant-at-Arms
7. Ms. Rose Ometere - Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1. Mr. Obed Chweya - Senior Manager, Audit
2. Ms. Jane Kariuki - Manager, Audit

THE NATIONAL TREASURY

Mr. John Munge - Accountant I

THE INSPECTORATE OF STATE CORPORATIONS

Mr. Osman Mohamed - Representative of Inspector General (Corporations)

MIN.NO./PIC/111/2016: PRELIMINARIES

The Chair called the meeting to order at ten minutes past three O'clock and requested Hon. Anthony Ichung'wah Kimani, MP to lead the Prayer.

The Committee was informed that the Director of Duchess Park Development Limited, Mr. Daniel Ojijo was unavailable due to a prior engagement and he would be represented by Mr. William Onyango, the Company's General Manager.

The Committee was also informed that the Company Secretary in attendance was an employee of Duchess Park Development since inception in 2010 and draws a salary from the company.

MIN.NO./PIC/112/2016: DECLARATION OF INTEREST

The Hon. Oburu Oginga, MP declared interest in the matter in accordance with Standing Order 90by stating that he knows the Duchess Park Development Limited and its Director, Mr. Daniel Ojijo by virtue of a previous transaction.

MIN.NO./PIC/113/2016: ADMINISTRATION OF OATH

The witnesses were put under oath pursuant to Article 125 (2) (a) of the Constitution of Kenya.

MIN.NO./PIC/114/2016: EVIDENCE BY DUCHESS DEVELOPMENT PARK LIMITED ON THE ALLEGED LOSS OF FUNDS AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

Mr. William Opanga, the General Manager of Duchess Park Development Limited

accompanied by Ms. Muthoni Kamau; Company Secretary at Duchess Development Park and Mr. Stephen Mureithi of Duchess Development Park appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF).

He informed the Committee as follows:

1. Duchess Park Development Limited is a development company that was incorporated solely for the purpose of construction and sale of Duchess Park Apartments located along Hatheru Road, consisting of 62 apartments of 3 bedrooms, 4 bedrooms and 5 bedroom duplexes. INTER NO. - - 7
2. The project commenced in 2013 and has been advertised on various platforms. The project is 60% completed and is expected to be fully completed by the end of 2016.
3. The Directorship of Duchess Park Development Limited is as follows:
   I. Sigimo Enterprises (owned by Mr. Daniel Ojijo and Mentor Group Limited);
   II. Nygel Enterprises (owned by Ms. Ritah Abongo Ongendo and Ms. Elly Owuor Obuya);
   III. Mr. Daniel Ojijo;
   IV. Mr. Eric Opon Nyamunga.
4. At some point between late 2014 and early 2015, Duchess Park Development Limited received an inquiry from Mr. Mukuria Ngamau showing interest to purchase one unit at Duchess Park. After a few site visits and price negotiation meetings with Mr. Mukuria, an agreement for the sale and purchase of a 5 bedroom duplex apartment Number C 16 at Kshs. 48,500,000 was arrived at.
5. A sale agreement for this was drawn and signed between Duchess Park Development Limited and Quorandum Limited on 30th March, 2015. Payments were thereafter received from the purchasing company towards the purchase of the said unit.
6. The nature of business between Duchess Park Development Limited and Quorandum Limited is solely limited to the sale and purchase of Duplex Apartment Number C16 at Duchess Park Apartments and nothing else.

COMMITTEE OBSERVATIONS

The Committee observed that:-

1. There was a sale agreement between Quorandum Limited and Duchess Park Development Limited for the sale of Apartment Number C16 at Duchess Park Apartments; O ~ LP - - - - -
2. The purchaser (Quorandum Limited) did not engage the services of a lawyer when the sale agreement was drafted and signed;

3. The property in question (Apartment Number C16 at Duchess Park Apartments) had not been transferred to Quorandum Limited as yet;
4. The transaction between Quorandum Limited and Duchess Park Development Limited had not yet been registered at the Ministry of Lands. No duty had therefore been paid; as the project is still ongoing.
5. The mode of payment by Quorandum Limited varied from the conditions set out in the sale agreement. The full amount of Kshs. 48,500,000 was paid out before the agreed date and the vendor did not raise any objections to being paid in advance of the agreed date;
6. There was no transaction between Duchess Park Development Limited and the Youth Enterprise Development Fund Chairman, Mr. Bruce Odhiambo. There was also no personal relationship between the two entities;
7. The RTGS transferring funds from Quorandum Limited to Duchess Park Development Limited had indicated the purpose of transaction as 'Office purchase' yet Duchess Park Apartments is a purely residential facility.

Way Forward/Committee Resolutions

The Committee resolved that:-

1. The Auditor General and the Attorney General should invoke the 'Proceeds of Crime and Money Laundering' Act to recover the property in question as it was purchased with proceeds of crime.
2. Duchess Park Development Limited should protect public interest and funds by ensuring any transfer of the property in question (Apartment Number C16 at Duchess Park Apartments) is put on hold;
3. The Company Secretary of Duchess Park Development Limited should submit to the Committee a copy of her 'Certificate of Practice', her curriculum vitae and documentary proof of employment at the firm including bank statements.

MIN. NO./PIC/115/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/116/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 3:50pm. The next meeting will be held on Wednesday 23rd March, 2016 at 4:00pm.

Without amendments

Signed..... **Date**.....

for Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

MINUTES OF THE 15TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON WEDNESDAY, 23RD MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 4:00 PM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Francis Mwanzia Nyenze, EGH, MP
4. Hon. Dr. Oburu Oginga, MGH, MP
5. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
6. Hon. Irungu Kang'ata, MP
7. Hon. Sammy Silas Komen Mwaita, MP
8. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
9. Hon. Bernard Munywoki Kitungi, MP
10. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
11. Hon. Johana Kipyegon Ngeno, MP
12. Hon. John Ogutu Omondi, MP
13. Hon. Franklin Mithika Linturi, MP
14. Hon. Elias Bare Shill, MP
15. Hon. Abdullswamad Sheriff Nassir, MP
16. Hon. Beatrice Nkatha Nyaga, HSC, MP
17. Hon. Onesmus Muthomi Njuki, MP
18. Hon. Dorcas Kedogo, MP

ABSENT WITH APOLOGY

19. Hon. John Olago Aluoch, MP
20. Hon. Wafula Wamunyinyi, MP
21. Hon. (Eng). John Kiragu, MP
22. Hon. Cornelly Serem, MP

ABSENT WITHOUT APOLOGY

23. Hon. Ejidius Njogu Barua, MP
24. Hon. Adan Mohammed Nooru, MP
25. Hon. Mary Sally Keraa, MP
26. Hon. John Muchiri Nyaga, HSC, MP
27. Hon. Korei Ole Lemein, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Mr. Philip Lekarkar - Clerk Assistant III
2. Mr. Mohamed Boru - Clerk Assistant III
3. Mr. Charles Atamba - Research Officer III
4. Ms. Clara Kimeli - Legal Counsel II
5. Mr. Joash Kosiba - Fiscal Analyst I
6. Mr. Abdi Salat - Senior Sergeant-at-Arms
7. Ms. Rose Ometere - Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1. Mr. Obed Chweya - Senior Manager, Audit
2. Ms. Jane Kariuki - Manager, Audit

THE NATIONAL TREASURY

Mr. John Munge - Accountant I

THE INSPECTORATE OF STATE CORPORATIONS

Mr. Osman Mohamed - Representative of Inspector General (Corporations)

WITNESS

Allan Ngigi Mbugua - Ngigi Mbugua & Company Advocates

MIN.NO./PIC/117/2016: PRELIMINARIES

The Chair called the meeting to order at ten minutes past three O'clock and a prayer was ~~read by~~ Hon. Anthony Ichung'wah Kimani, MP.

MIN.NO./PIC/118/2016: ADMINISTRATION OF OATH

The witness was put under oath pursuant to Article 125 (2) (a) of the Constitution of Kenya.

MIN.NO./PIC/119/2016: ADMINISTRATION OF OATH

The witness was put under oath pursuant to Article 125 (2) (a) of the Constitution of Kenya.

MIN. NO./PIC/120/2016: EVIDENCE BY ADVOCATE NGIGI MBUGUA ON THE ALLEGED LOSS OF FUNDS AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

Mr. Ngigi Mbugua, an Advocate with Ngigi Mbugua and Company Advocates appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF).

He informed the Committee as follows:

1. He is the sole practitioner of a law firm based in Eldoret and has been practicing since 1991.
2. The Advocate got to know Quorandum Limited in 2013 when he was instructed by his client, Great Lakes Limited to demand and recover sums totaling Kshs. 18,096,653.91 through litigation or otherwise from the firm. He had represented Great Lakes Limited prior to and subsequent to the Quorandum brief.
3. Mr. Mbugua began by issuing a demand notice to require the creditor to either pay or be notified of impending action. A couple such letters were written to Quorandum Limited but did not elicit any reaction.

4. The recovery was not successful and in early 2015, a case was filed in the Commercial Division of the High Court.
5. On 20th May, 2015, Great Lakes Limited asked Mr. Mbugua to drop the court case and supply details of their account to Quorandum Limited. The creditor proceeded to pay Kshs. 8,000,000 and Kshs. 10,000,000 on 21st and 25th May respectively which was acknowledged by Mr. Mbugua and disbursed to his client. The case file was then closed by the Advocate.
6. A balance of Kshs 96,653.91 was still owed to Great Lakes Limited but the lawyer did not follow up on this amount as he was not instructed to do so by the client.

COMMITTEE OBSERVATIONS

The Committee observed that Great Lakes Limited was sub-contracted by Quorandum Limited to carry out repair works to four Courts based in Bomet, Wanguru, Othaya and Marimanti Law Courts. The firm was later paid after engaging the services of Ngigi Mbugua and Company Advocates who successfully demanded the payment from Quorandum Limited.

Way Forward/Resolutions

The Committee resolved that the Advocate submits the following additional information:

1. A copy of the sub-contract between Great Lakes Limited and Quorandum Limited;
2. Evidence of remittance of funds to Great Lakes Limited from Mr. Ngigi Mbugua and Company Advocates;
3. A copy of Great Lakes Limited's 'Article of Association'.

MIN. NO./PIC/121/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/122/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 5:00pm. The next meeting will be held on Thursday 24th March, 2016 at 10:00am.

With Amendments

Signed.....

Date 04/4/16.....

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

MINUTES OF THE 16TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON THURSDAY, 24TH MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 AM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Dr. Oburu Oginga, MGH, MP
4. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
5. Hon. Irungu Kang'ata, MP
6. Hon. Sammy Silas Komen Mwaita, MP
7. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
8. Hon. Bernard Munywoki Kitungi, MP
9. Hon. Johana Kipyegon Ngeno, MP
10. Hon. Franklin Mithika Linturi, MP
11. Hon. Beatrice Nkatha Nyaga, HSC, MP
12. Hon. Onesmus Muthomi Njuki, MP
13. Hon. Dorcas Kedogo, MP
14. Hon. (Eng). John Kiragu, MP
15. Hon. Mary Sally Keraa, MP
16. Hon. Korei Ole Lemein, MP

ABSENT WITH APOLOGY

17. Hon. John Olago Aluoch, MP
18. Hon. Wafula Wamunyinyi, MP
19. Hon. Cornelly Serem, MP

ABSENT WITHOUT APOLOGY

20. Hon. Francis Mwanzia Nyenze, EGH,
21. Hon. Elias Bare Shill, MP
22. Hon. Abdullswamad Sheriff Nassir, MP
23. Hon. Ejidius Njogu Barua, MP
24. Hon. Adan Mohammed Nooru, MP
25. Hon. John Muchiri Nyaga, HSC, MP
26. Hon. John Ogutu Omondi, MP
27. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1.	Mr. Philip Lekarkar	-	Clerk Assistant III
2.	Mr. Mohamed Boru	-	Clerk Assistant III
3.	Mr. Charles Atamba	-	Research Officer III
4.	Ms. Clara Kimeli	-	Legal Counsel II
5.	Mr. Joash Kosiba	-	Fiscal Analyst I
6.	Mr. Abdi Salat	-	Senior Sergeant-at-Arms
7.	Ms. Rose Ometere	-	Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1. Mr. Obed Chweya - Senior Manager, Audit
2. Ms. Jane Kariuki - Manager, Audit

THE NATIONAL TREASURY

Mr. John Munge - Accountant I

THE INSPECTORATE OF STATE CORPORATIONS

Mr. Osman Mohamed - Representative of Inspector General (Corporations)

WITNESS

Ms. Anne Waiguru - Former Cabinet Secretary, Devolution and Planning

MIN.NO./PIC/123/2016: PRELIMINARIES

The Chair called the meeting to order at fifteen minutes past ten O'clock and requested Hon. Anthony Ichung'wah Kimani, MP to read the Prayer.

MIN.NO./PIC/124/2016: ADMINISTRATION OF OATH

The witness was put under oath pursuant to Article 125 (2) (a) of the Constitution of Kenya.

MIN.NO./PIC/125/2016: EVIDENCE BY MS. ANNE WAIGURU ON THE ALLEGED LOSS OF FUNDS AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

Ms. Anne Waiguru, the immediate former Cabinet Secretary for Devolution and Planning appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF).

She informed the Committee as follows:

MIN.NO./PIC/126/2016: THE ROLE OF THE MINISTRY OF DEVOLUTION IN MANAGEMENT AND SUPERVISION OF THE FUND TO REALIZE ITS OBJECTIVES

1. The role of the parent Ministry with regards to State Corporations is defined in the State Corporations Act (1986) and the National Government Coordination Act (2013). The role of the Ministry is general policy formulation and guidance including forwarding the annual budget proposals to Treasury for approval.

2. The Board of the Youth Enterprise Development Fund is responsible for the supervision of the activities of the Fund. The Youth Enterprise Development Order of 2007 mandates the Board to manage and administer the Fund in such a manner as to realize the objects and purposes for which the Fund is established.

3. Section 15 of the State Corporations Act provides that a Board shall be responsible for the proper management of the affairs of a State Corporation and shall be accountable for the monies, the financial business and the management of the State Corporations.

4. The *Mwongozo* Code of Governance for State Corporations provides that the Boards should ensure the development of a policy on risk management which should take into account sustainability, ethics and compliance risks.

5. The Principal Secretary, State Department of Planning represented the Ministry on the Board during the former Cabinet Secretary's tenure in accordance with Section 6 (c) of the State Corporations Act and rule 5 of the Youth Enterprise Development Fund Order, 2007.

6. The Principal Secretary as a member of the Board is under the collective obligation to adhere to the aforementioned mandate. As the accounting officer in the parent Ministry, the Principal Secretary has over and above the other Board members a fiduciary duty to comply with the principles of public finance as articulated under Article 201 of the Constitution of Kenya.

7. As the link between the Ministry and the State Corporation, the Principal Secretary had a duty to brief the Cabinet Secretary on issues of concern that came to his attention. On the loss funds at YEDF, at no point did the Principal Secretary issue a written brief to the Cabinet Secretary.

MIN.NO./PIC/127/2016: CIRCUMSTANCES UNDER WHICH THE YOUTH ENTERPRISE DEVELOPMENT FUND IRREGULARLY TRNSFERED KSHS 180 MILLION FROM ITS INVESTMENT ACCOUNT AT CHASE BANK TO QUORANDUM LIMITED

The former Cabinet Secretary informed the Committee that she did not know the circumstances under which the alleged fraud took place.

MIN.NO./PIC/128/2016: CIRCUMSTANCES THAT LED TO THE SUSPENSION OF THE FORMER CEO MS. CATHERINE NAMUYE AND THE FUND MANAGER MR. BENEDICT ATAVACHI

1. The former Cabinet Secretary was informed of the suspension of Ms. Namuye vide a letter dated 23rd October, 2015 from the Chairman of the Board. On the same letter, he instructed the then Principal Secretary, Eng. Peter Mangiti to follow up on the matter.

2. On the same day, she was copied in a letter written by the Board Chairman inviting the Directorate of Criminal Investigations to carry out investigations on suspicious transactions at the YEDF account.

3. The former Principal Secretary wrote to the Board Chairman in a letter dated 26th October, 2015, asking him to invite the Ethics and Anti-Corruption Commission and copied this letter to the former Cabinet Secretary. On the same letter, she asked the Principal Secretary to obtain an administrative report which was meant to provide details on circumstances that led to Ms. Namuye's suspension. This was because the former Cabinet Secretary did not know the details of the suspension at this point.
4. On 4th November, 2015, she was copied in a letter by the fromer Principal Secretary inviting the Ethics and Anti-Corruption Commission to investigate the matter.
5. The former Cabinet Secretary resigned from Cabinet on 21st November, 2015 before she could receive the administrative report.

MIN.NO./PIC/129/2016: MEASURES TAKEN BY CABINET SECRETARY TO CURB FRAUDULENT TRANSACTIONS AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

1. She was not aware of the matter until she was copied in correspondence between the Board Chair of YEDF, the suspended CEO of the Fund and the Principal Secretary. She noted that two key government agencies were investigating the matter as per the aforementioned correspondence and so she asked the Principal Secretary to get an administrative report from the Fund.
2. She emphasized on the use of the word 'also' in her handwritten note to indicate that the administrative report was in addition to the action by law enforcement agencies investigating the matter.
3. The former Cabinet Secretary also had the matter of the National Youth Saga loss of funds to deal with at the time.
4. As the Cabinet Secretary, she could did not institute separate measures other than those provided under the State Corporations Act, Public Finance Management Act, the Public Audit Act and the *Mwongozo* Code of Governance as she did not have the necessary powers to do so.

MIN.NO./PIC/130/2016: ROLE OF BOARD CHARIMAN IN RUNNING AFFAIRS OF THE FUND

The role of the Board Chairperson of the Fund is like any other Chairperson as articulated under section 15 of the State Corporations Act and the *Mwongozo* Code of Governance. The role is non-executive in nature.

MIN.NO./PIC/131/2016: COMMITTEE QUERIES AND RESPONSES FROM THE WITNESS

The Committee observed that:-

1. The action by the Fund Chairman to change signatories to the Investment Account at Chase Bank was unilateral;
2. There were investigations against a sitting Member of YEDF with regards to loss of funds at the National Youth Service (NYS). The investigations are separate from the one involving the loss of Kshs. 791 Million at NYS in which the former Cabinet Secretary is under investigation;
3. The particular YEDF Board Member under investigations by the EACC was appointed by the former CS, Ministry of Devolution & Planning, as was the case with all Board Members in State Corporations;
4. The Board of the YEDF had been involved in legal tussles that predated the former Cabinet Secretary's tenure at the Ministry. Some of these cases were still ongoing;
5. The former Cabinet Secretary did not recall any request from the Board to confirm Ms. Namuye as the substantive CEO of the Fund. She received a letter from the then YEDF Board Chairman, Mr. Gor Semelango dated 20th January, 2014 asking her to advise on who among five listed candidates should be appointed CEO. She did not pronounce herself on the issue owing to court cases involving the matter;
6. The Inspectorate of State Corporations had not raised any matter against the Board of the YEDF during the former Cabinet Secretary's tenure;
7. The former Cabinet Secretary did not publicize the loss of funds at the Youth Enterprise Development Fund as she did the NYS saga because investigative agencies were already handling the matter when she found out about it, unlike the NYS case that was unknown at the time.

COMMITTEE RESOLUTION

The Committee resolved that the Ministry of Public Service, Youth and Gender Affairs should provide a written account on the nature and genesis of court cases involving the Youth Enterprise Development Fund since inception.

MIN. NO./PIC/132/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/133/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 11:20am. The next meeting will be held on Thursday 24th March, 2016 at 11:30am.

Signed..... Date 19/4/2016

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

MINUTES OF THE 17TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON THURSDAY, 24TH MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 11:30 AM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - Chairperson
2. Hon. Anthony Ichung'wah Kimani, MP - Vice Chairperson
3. Hon. Dr. Oburu Oginga, MGH, MP
4. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
5. Hon. Irungu Kang'ata, MP
6. Hon. Sammy Silas Komen Mwaita, MP
7. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
8. Hon. Bernard Munywoki Kitungi, MP
9. Hon. Johana Kipyegon Ngeno, MP
10. Hon. Franklin Mithika Linturi, MP
11. Hon. Beatrice Nkatha Nyaga, HSC, MP
12. Hon. Onesmus Muthomi Njuki, MP
13. Hon. Dorcas Kedogo, MP
14. Hon. (Eng). John Kiragu, MP
15. Hon. Mary Sally Keraa, MP
16. Hon. Korei Ole Lemein, MP
17. Hon. John Ogutu Omondi, MP
18. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP

ABSENT WITH APOLOGY

19. Hon. Francis Mwanzia Nyenze, EGH,
20. Hon. John Olago Aluoch, MP
21. Hon. Wafula Wamunyinyi, MP
22. Hon. Cornelly Serem, MP

ABSENT WITHOUT APOLOGY

23. Hon. Elias Bare Shill, MP
24. Hon. Abdullswamad Sheriff Nassir, MP
25. Hon. Ejidius Njogu Barua, MP
26. Hon. Adan Mohammed Nooru, MP
27. Hon. John Muchiri Nyaga, HSC, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1.	Mr. Philip Lekarkar	-	Clerk Assistant III
2.	Mr. Mohamed Boru	-	Clerk Assistant III
3.	Mr. Charles Atamba	-	Research Officer III
4.	Ms. Clara Kimeli	-	Legal Counsel II
5.	Mr. Joash Kosiba	-	Fiscal Analyst I
6.	Mr. Abdi Salat	-	Senior Sergeant-at-Arms
7.	Ms. Rose Ometere	-	Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1. Mr. Obed Chweya - Senior Manager, Audit
2. Ms. Jane Kariuki - Manager, Audit

THE NATIONAL TREASURY

Mr. John Munge - Accountant I

THE INSPECTORATE OF STATE CORPORATIONS

Mr. Osman Mohamed - Inspector

MIN.NO. /PIC/134/2016: PRELIMINARIES

The Chair called the meeting to order at thirty minutes past eleven O'clock.

MIN.NO./PIC/135/2016: ADMINISTRATION OF OATH

The witnesses were put under Oath pursuant to Article 125 (2) (a) of the Constitution of Kenya.

MIN. NO./PIC/136/2016: FAILED APPEARANCE BY BOARD MEMBERS MS. SABRA HUSSEIN AND MS. STELLA BOGONKO

The Committee noted the failed appearance by Youth Enterprise Development Fund Board members Ms. Sabra Hussein and Ms. Stella Bogonko. The Chairman directed that the two should appear before the Committee on the same day at 3:30pm.

MIN.NO./PIC/137/2016: EVIDENCE BY THE YOUTH ENTERPRISE DEVELOPMENT FUND BOARD ON THE ALLEGED LOSS OF FUNDS AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

The following Board Directors of the Youth Enterprise Development Fund appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF): Mr. Nicholas Mwaniki, Mr. Michael Wamae, Ms. Jane Mutinda, Mr. Clement Ayungo, Mr. Stephen Jalenga (Alternate to the Principal Secretary, Ministry of Public Service, Youth and Gender Affairs) and Mr. Samuel Macharia (Alternate to the Principal Secretary, National Treasury).

They informed the Committee as follows:

MIN. NO./PIC/138/2016: BOARD'S APPROVAL OF THE PROCUREMENT AND PAYMENT OF THE ICT STRATEGY AND ERP SYSTEM DURING TH 2014/15 FINANCIAL YEAR

1. The Board did not approve the procurement of an ICT Strategy and ERP System. There was budgetary allocation for an ERP system but not ICT Strategy.
2. The procurement of an ICT Strategy had been done by the previous Board in 2013. This strategy was still in its second year and had been done by Microflex Limited. The ICT

Strategy is a good strategy document.

3. On the procurement of an ERP System, the Board had put this on hold due to lack of manpower within the Fund to implement an ERP System. The recruitment of an ICT Manager would require the clearance of Head of Public Service as per circular OB/CAB9/1/5 dated 16th December 2013.
4. The Audit Committee met on 20th January, 2015 and recommended to the Board to implement austerity measures as the Fund was running low on funds for recurrent expenditure.

MIN.NO./PIC/139/2016: CIRCUMSTANCES UNDER WHICH THE YOUTH ENTERPRISE DEVEOPMENT FUND BOARD IRREGULARLY TRANSFERED KSHS. 180 MILLION FROM THE FUND'S INVESTMENT ACCOUNT

The Board noted that this was theft of public funds as they had not sanctioned it.

MIN. NO./PIC/140/2016: ROLE OF THE BOARD CHAIRMAN IN RUNNING THE AFFAIRS OF THE FUND INCLUDING SUSPENSION OF THE ACTING CEO AND THE FINANCE MANAGER

1. The role of the Board, including the Chairman, in running the affairs of the YEDF is non-executive.
2. The Audit and Risk Committee met on 22nd October, 2015 to discuss these fraudulent transactions. The Committee then recommended the suspension of the Ag. CEO and the Finance Manager to allow for investigations. The Committee resolved to invite the Bank Anti-Fraud Unit to investigate the matter.
3. The Board Chairman wrote letters to the Ag. CEO and the Finance Manager asking them to proceed on compulsory leave to allow for investigations into the fraudulent transfer of Kshs. 180 Million from the YEDF Board Investment Account held at Chase Bank.

MIN. NO./PIC/141/2016: MEASURES INSTITUTED BY THE BOARD TO GUARD AGAINST FRAUDULENT TRANSACTIONS AT YEDF AFTER THE MATTER WAS BROUGHT TO THE BOARD'S ATTENTION ON 21/10/2015

1. After the matter of fraudulent transactions was brought to light, the Board appointed Mr. Emmanuel Odero as the Ag. CEO on 23rd October, 2015. To ensure no further fraud occurred, Chase Bank was informed of the changes to Ag. CEO's position and the bank was advised of changes to the account signatories.
2. The Board also directed the management to transfer the amount held in Chase Bank to KCB Bank.

MIN. NO./PIC/141/2016: CIRCUMSTANCES LEADING TO THE DEATH OF YOUTH FUND DRIVER, MR. SIMON MWANGI

Mr. Clement Ayungo, a Board member of the Youth Enterprise Development Fund informed the Committee as follows:

1. That he had been invited to a party hosted by one Mr. Babu Owino in Diani. Mr. Simon Mwangi, a YEDF driver based in Mombasa dropped him off at the Mtongwe Ferry at about 11:30pm from where he took a taxi to Diani. He was later joined at the party by Mr. Mwangi at about 12:30am;
2. At the party held by the poolside, he took alcohol and swam in the pool in the company of the other revelers, including the late Mr. Mwangi. After a while, the revelers left the swimming pool area and he also left the pool to change clothes. He came back to the pool area to get his phone when he noticed someone in the pool. He dived in and tried to rescue the person while shouting out for help;
3. Upon rescuing of the drowning person, they realized it was Mr. Mwangi. They searched the website for Diani Beach Hospital where they rushed him for treatment. Unfortunately, he was declared dead on arrival and the doctor-in-charge called the police;
4. He called the Board Chairman and later spoke to the Ag. CEO who sent the YEDF Regional Officer to deal with the matter on behalf of the Fund;
5. Those present including Mr. Ayungo, Mr. Babu Owino and Mr. Steve Mbogo were asked to record statements and were later summoned to Mombasa by the police for further interrogation;
6. Mr. Ayungo informed the Committee that he did not know who signed the work ticket that allowed Mr. Mwangi to drive the company car outside of office hours.

MATTERS ARISING FROM THE WITNESS SUBMISSIONS

The Committee was further informed as follows:- THAT

1. The Board did not approve the change of signatories at the YEDF account held at Chase Bank. The letter by the Board Chair authorizing the change of signatories was illegal.
2. The two letters instructing Chase Bank to transfer a total of Kshs. 180 Million were submitted to the Chairman of the Audit Committee, Mr. Mwaniki by Board member, Mr. Macharia who said he received the said information from Mr. Atavachi, the then Finance Manager.
3. There was no approval from the YEDF Board or the National Treasury for the deposit of Kshs. 400 Million to the YEDF Chase Bank account.
4. There was a purported attempt by the Board Chairman (vide a letter **REF YEDF/CEO/328/15** dated 8th October, 2015) to transfer Mr. Mwaniki from his position as Audit Committee Chair once he started following up on details of the

YEDF Chase Bank letter.

5. Mr. Wamae is a Director at Lukenya Earth Movers, a company under investigations by the Ethics and Anti-Corruption Commission with regards to a National Youth Service (NYS) contract. He applied for an NYS contract in 2012 but wasn't successful until March 2015, worth Kshs. 147 Million. His company undertook some of the contracted work and received partial payment but the project was suspended once investigations started.
6. Mr. Wamae first learnt of the loss of funds during the Board meeting held on 21st October, 2015. He sought clarifications from the Ag. CEO who denied signing the letters authorizing transfer of funds to Quorandum Limited. Mr. Wamae asked this to be minuted. He sent an email to the Board Chair on 22nd October, 2015 requesting for a special Board meeting to send the Ag. CEO on forced leave.
7. The Directors denied knowledge of a company by the name Severin Holdings Limited.
8. The Fund paid Kshs. 44,741,603 for a cancelled event that was to be held at University of Nairobi grounds. Mr. Ayungo alleged that the Board Chairman indicated that the amount had to be paid since the then Cabinet Secretary for Devolution had said so.
9. The Alternate to the Principal Secretary, Ministry of Devolution and Planning informed the Committee that he kept reminding the Board members that there were plans to merge the Youth, Women and Uwezo Funds, and that a circular from the Head of Public Service noted that approval had to be sought before major strategic decisions were made.
10. Mr. Clement Ayungo's date of birth as per his passport is 18th February, 1985 contrary to his claims that he's 29 years old.
11. The YEDF has two offices: One at Renaissance Park and the other at Lonrho House. The Board made a decision to relocate from National Bank of Kenya building and all staff stationed there were moved to Renaissance Park. A conditional offer of office space at Kenya Industrial Estates was not taken up by the Board.
12. All the Board members denied writing their initials on the payment documents to Quorandaum Limited.
13. A two-day event was held in former Cabinet Secretary for Devolution and Planning's house in Kirinyaga County during the 2014/15 financial year. Payment for this event was made by the YEDF.
14. All the Board members present indicated their willingness to resign from their positions as YEDF Directors to allow for investigations to take place.

Way Forward/Resolutions

The Committee resolved that Mr. Clement Ayungo should provide a written statement on the chronology of events that led to the death of Mr. Simon Mwangi.

MIN. NO./PIC/142/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/143/2016: **ADJOURNMENT**

There being no other business, the meeting was adjourned at 1:30pm. The next meeting will be held on Thursday 24th March, 2016 at 3:00pm.

Signed..... Date 19/4/2016

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

MINUTES OF THE 18TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON THURSDAY, 24TH MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 3:00 PM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
4. Hon. Irungu Kang'ata, MP
5. Hon. Sammy Silas Komen Mwaita, MP
6. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
7. Hon. Johana Kipyegon Ngeno, MP
8. Hon. John Ogutu Omondi, MP
9. Hon. Beatrice Nkatha Nyaga, HSC, MP
10. Hon. Onesmus Muthomi Njuki, MP
11. Hon. Dorcas Kedogo, MP
12. Hon. (Eng). John Kiragu, MP
13. Hon. Cornelly Serem, MP
14. Hon. Korei Ole Lemein, MP
15. Hon. Mary Sally Keraa, MP

ABSENT WITH APOLOGY

16. Hon. Francis Mwanzia Nyenze, EGH, MP
17. Hon. John Olago Aluoch, MP
18. Hon. Wafula Wamunyinyi, MP
19. Hon. Bernard Munywoki Kitungi, MP
20. Hon. Dr. Oburu Oginga, MGH, MP

ABSENT WITHOUT APOLOGY

21. Hon. Ejidius Njogu Barua, MP
22. Hon. Adan Mohammed Nooru, MP
23. Hon. John Muchiri Nyaga, HSC, MP
24. Hon. Franklin Mithika Linturi, MP
25. Hon. Elias Bare Shill, MP
26. Hon. Abdullswamad Sheriff Nassir, MP
27. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Mr. Philip Lekarkar	-	Clerk Assistant III
2. Mr. Mohamed Boru	-	Clerk Assistant III
3. Mr. Charles Atamba	-	Research Officer III
4. Ms. Clara Kimeli	-	Legal Counsel II

5. Mr. Joash Kosiba - Fiscal Analyst I
6. Mr. Abdi Salat - Senior Sergeant-at-Arms
7. Ms. Rose Ometere - Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1. Mr. Obed Chweya - Senior Manager, Audit
2. Ms. Jane Kariuki - Manager, Audit

THE NATIONAL TREASURY

Mr. John Munge - Accountant I

THE INSPECTORATE OF STATE CORPORATIONS

Mr. Osman Mohamed - Inspector

MIN.NO. /PIC/144/2016: PRELIMINARIES

The Chair called the meeting to order at five minutes past three O'clock and requested Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP to read the Prayer.

MIN.NO./PIC/145/2016: ADMINISTRATION OF OATH

The witness was put under oath pursuant to Article 125 (2) (a) of the Constitution of Kenya.

MIN.NO./PIC/146/2016: EVIDENCE BY MS. DOREEN WAITHERA NG'ANG'A ON THE ALLEGED LOSS OF FUNDS AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

Ms. Doreen Waithera Ng'ang'a, a Director at Quorandum Limited appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF).

She informed the Committee as follows:

THAT

1. She is a marketer by profession and has been the CEO of Marketing Society since April 2012.

2. She replaced Ms. Tabitha Ngamau as Director when the latter resigned on 11th September, 2008 citing health reasons. As a non-executive Director, Ms. Ng'ang'a only fulfills statutory requirements with no responsibilities and involvement in the day to day running of the Company.

3. Her role is limited to being a second signatory to Quorandum accounts. She denied involvement in sourcing for projects, securing contracts or running any Quorandum business. She therefore had no details of the Youth Enterprise Development Fund ICT Strategy Plan and the ERP system and did she participate in securing or executing the contract.

4. She became aware of the Project as an alleged scandal once it featured in the newspapers whereupon she requested for more information, documentation and communication between Quorandum Limited and YEDF. Mr. Ng'amau, the other Director of Quorandum Limited, provided the project documentation and informed her that the Company had carried out the works as requested and delivered as per contract.

5. To date, Ms. Ng'ang'a has signed a sale agreement for purchase of one company asset. She was informed by her co-Director that the funds for purchasing the residential unit for the Company was acquired from the sale of Quorandum-owned land in Karen;

6. She pre-signs company cheques then Mr. Mukuria issues them as and when needed to make payments for the Company.

7. Ms. Ng'ang'a is an authorized second bank signatory for the following accounts:

   i. Chase Bank Account Number 0052075584001

   ii. Standard Chartered Account Number 0102497392600

8. To the best of her recollection, Ms. Ng'ang'a has never received any direct payment from Quorandum Limited and that her personal accounts have never been used to hold money in transit from Quorandum Limited;

Way Forward/Committee Resolution

The Committee resolved that Ms. Ng'ang'a should provide the following additional information:-

1. Statements of her CFC Stanbic bank account and any other personal account for the last two years;
2. Statements of Quorandum's account held at Standard Chartered Bank for the last two years;
3. The documents shared by Mr. Mukuria on the transactions between Quorandum and YEDF.

MIN. NO./PIC/147/2016: **ANY OTHER BUSINESS**

No other business arose.

MIN. NO./PIC/148/2016: **ADJOURNMENT**

There being no other business, the meeting was adjourned at 3:45pm. The next meeting will be held on Thursday, 24th March, 2016 at 4:00pm.

Signed..... **Date** 18/4/16

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

MINUTES OF THE 19TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON THURSDAY, 24TH MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 3:00 PM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - Chairperson
2. Hon. Anthony Ichung'wah Kimani, MP - Vice Chairperson
3. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
4. Hon. Irungu Kang'ata, MP
5. Hon. Sammy Silas Komen Mwaita, MP
6. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
7. Hon. Johana Kipyegon Ngeno, MP
8. Hon. John Ogutu Omondi, MP
9. Hon. Beatrice Nkatha Nyaga, HSC, MP
10. Hon. Onesmus Muthomi Njuki, MP
11. Hon. Dorcas Kedogo, MP
12. Hon. (Eng). John Kiragu, MP
13. Hon. Cornelly Serem, MP
14. Hon. Korei Ole Lemein, MP
15. Hon. Mary Sally Keraa, MP

ABSENT WITH APOLOGY

16. Hon. Francis Mwanzia Nyenze, EGH, MP
17. Hon. John Olago Aluoch, MP
18. Hon. Wafula Wamunyinyi, MP
19. Hon. Bernard Munywoki Kitungi, MP
20. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
21. Hon. Dr. Oburu Oginga, MGH, MP

ABSENT WITHOUT APOLOGY

22. Hon. Ejidius Njogu Barua, MP
23. Hon. Adan Mohammed Nooru, MP
24. Hon. John Muchiri Nyaga, HSC, MP
25. Hon. Franklin Mithika Linturi, MP
26. Hon. Elias Bare Shill, MP
27. Hon. Abdullswamad Sheriff Nassir, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Mr. Philip Lekarkar - Clerk Assistant III
2. Mr. Mohamed Boru - Clerk Assistant III
3. Mr. Charles Atamba - Research Officer III
4. Ms. Clara Kimeli - Legal Counsel II

5. Mr. Joash Kosiba - Fiscal Analyst
6. Mr. Abdi Salat - Senior Sergeant-at-Arms
7. Ms. Rose Ometere - Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1. Mr. Obed Chweya - Senior Manager, Audit
2. Ms. Jane Kariuki - Manager, Audit

THE NATIONAL TREASURY

Mr. John Munge - Accountant I

THE INSPECTORATE OF STATE CORPORATIONS

Mr. Osman Mohamed - Inspector

MIN.NO./PIC/149/2016: PRELIMINARIES

The Chair called the meeting to order at ten minutes past four O'clock.

MIN.NO./PIC/150/2016: ADMINISTRATION OF OATH

The witness was put under oath pursuant to Article 125 (2) (a) of the Constitution of Kenya.

MIN. NO./PIC/151/2016: EVIDENCE BY LIVE GIGS LIMITED ON THE ALLEGED LOSS OF FUNDS AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

Mr. Tom Owando, the Managing Director of Live Gigs Limited appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF).

He informed the Committee as follows:

THAT

1. Live Gigs Limited is a privately owned limited liability company incorporated on 13th April, 2006. It is a full-service equipment rental and event consulting company. It also offers event and venue management consulting services including long range planning, program and policy development, needs assessments and general management assistance.
2. The Directors and shareholders of the Company since inception are as follows:

Names	Address	Nationality	Shares
Tom Owando	P. O. Box 50323-00200, Nbi	Kenyan	500
Mohamed Shafique Manjothi	P.O.Box 50323 -00200, Nbi	Kenyan	500
		Total	**1,000**

3. Live Gigs Ltd. has never rendered any service or received any direct payment from YEDF. The Company has however participated in an event organized by YEDF as a sub-contracted supplier.

4. Live Gigs was sub-contracted by M/S K-SUSU International Limited (the company contracted by the YEDF) in March 2015 to offer professional film production services. The assignment required Live Gigs to produce a short film showcasing YEDF's role in transforming the lives of the youth.

5. There was no contractual agreement between Live Gigs Limited and M/S K-SUSU Limited. There was only a verbal agreement to undertake the job after the former was approached by a Mr. Hillary Yegon representing M/S K-SUSU.

6. As per the client's instructions, the Company delivered successfully and received payment of Kshs. 3,493,526 on 19th May, 2015 as per the invoice addressed to K-Susu Ltd and bank statement from Diamond Trust Bank

7. At the time of the event, Live Gigs was overstretched in its capacity to deliver the service and they further sub-contracted M/S Film Crew in Africa Limited to carry out the film production.

8. The payment received from M/S K-SUSU was used to pay M/S Film Crew in Africa Limited.

9. The Company met its tax obligations through filing and payments to the Kenya Revenue Authority as evidenced by payment slip of Kshs. 981,312 dated 19th June 2015 and Kshs. 490,656 dated 18th September, 2015.

MIN. NO./PIC/152/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/153/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 5:05pm. The next meeting will be held on Tuesday 29th March, 2016 at 10:00am.

Signed.....

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

Date 18/4/2016

MINUTES OF THE 20TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON TUESDAY, 29TH MARCH 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 AM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - Chairperson
2. Hon. Anthony Ichung'wah Kimani, MP - Vice Chairperson
3. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
4. Hon. Dr. Oburu Oginga, MGH, MP
5. Hon. Sammy Silas Komen Mwaita, MP
6. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
7. Hon. John Ogutu Omondi, MP
8. Hon. Beatrice Nkatha Nyaga, HSC, MP
9. Hon. Onesmus Muthomi Njuki, MP
10. Hon. Cornelly Serem, MP
11. Hon. Korei Ole Lemein, MP
12. Hon. John Olago Aluoch, MP
13. Hon. Wafula Wamunyinyi, MP
14. Hon. John Muchiri Nyaga, HSC, MP
15. Hon. Franklin Mithika Linturi, MP
16. Hon. Elias Bare Shill, MP
17. Hon. Abdullswamad Sheriff Nassir, MP
18. Hon. Bernard Munywoki Kitungi, MP

ABSENT WITH APOLOGY

19. Hon. Francis Mwanzia Nyenze, EGH, MP

ABSENT WITHOUT APOLOGY

20. Hon. Ejidius Njogu Barua, MP
21. Hon. Dorcas Kedogo, MP
22. Hon. Adan Mohammed Nooru, MP
23. Hon. Mary Sally Keraa, MP
24. Hon. Johana Kipyegon Ngeno, MP
25. Hon. Irungu Kang'ata, MP
26. Hon. (Eng). John Kiragu, MP
27. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim - Clerk Assistant I
2. Mr. Philip Lekarkar - Clerk Assistant III
3. Mr. Mohamed Boru - Clerk Assistant III
4. Mr. Charles Atamba - Research Officer III
5. Ms. Clara Kimeli - Legal Counsel II

6. Mr. Joash Kosiba - Fiscal Analyst I
7. Mr. Abdi Salat - Senior Sergeant-at-Arms
8. Ms. Rose Ometere - Audio Officer

MIN.NO./PIC/154/2016: PRELIMINARIES

The Chair called the meeting to order at ten minutes past ten o'clock and the Prayer was said by Hon. Korei Ole Lemein, MP.

MIN.NO./PIC/155/2016: CONFIRMATION OF PREVIOUS MINUTES

The Committee confirmed Minutes of the Previous Sittings as follows:-

1. Minutes of 1st sitting were confirmed as a true record of the proceedings having been proposed by Hon. Korei Ole Lemein, MP and seconded by Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP.

2. Minutes of 2nd sitting were confirmed as a true record of the proceedings having been proposed by Hon. Korei Ole Lemein, MP and seconded by Hon. Dr. Oburu Oginga, MGH, MP.

3. Minutes of 3rd sitting were confirmed as a true record of the proceedings having been proposed by Hon. Dr. Oburu Oginga, MGH, MP and seconded by Hon. Cornelly Serem, MP

4. Minutes of 4th sitting were confirmed as a true record of the proceedings having been proposed by Hon. Dr. Oburu Oginga, MGH, MP and seconded by Hon. Cornelly Serem, MP.

5. Minutes of 5th sitting were confirmed as a true record of the proceedings having been proposed by Hon. John Olago Aluoch, MP and seconded by Hon. Beatrice Mkatha Nyaga, HSC, MP.

6. Minutes of 6th sitting were confirmed as a true record of the proceedings having ~~been proposed by Hon. Cornelly Serem, MP and seconded by Hon. Korei Ole Lemein,~~ MP.

7. Minutes of 7th sitting were confirmed as a true record of the proceedings having been proposed by Hon. Korei Ole Lemein, MP and seconded by Hon. John Olago Aluoch, MP.

8. Minutes of 8th sitting were confirmed as a true record of the proceedings having been proposed by Hon. Cornelly Serem, MP and seconded by Hon. Dr. Oburu Oginga, MGH, MP.

9. Minutes of 9th sitting were confirmed as a true record of the proceedings having been proposed by Hon. Dr. Oburu Oginga, MGH, MP and seconded by Hon. Beatrice Mkatha Nyaga, HSC, MP.

10. Minutes of 10th sitting were confirmed as a true record of the proceedings having been proposed by Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP and seconded by Hon. Beatrice Nkatha Nyaga, HSC, MP.

MIN. NO./PIC/156/2016: MATTERS ARISING

1. <u>Under the 3rd sitting of 25th February, 2016</u>

   a. Hon. Wafula Wamunyinyi, MP was wrongfully recorded as absent without apology while he had communicated his apology to the Secretariat. The secretariat was implored upon to be accurate in recording of the Members' attendance and apologies when given.

   b. The Chairman advised Members that recording of Minutes should conform to Standing Order 187 and requested Members to communicate their apology where to necessary to himself or the Secretariat.

   c. The Committee noted that Athi Water Services Board had not submitted the additional information as requested. The Secretariat was tasked to follow up the matter with the Board to submit the said information.

   The Committee also resolved to invite former Transition Authority/ Inter-Governmental Technical Relations Committee on the status of transfer of assets between AWSB and respective County Governments.

2. **Under Min/038/2016 of the 4th Sitting held on 1st March, 2016,** the Committee resolved to delete the last sentence on possible collusion of the Chase Bank and YEDF officials.

3. **Under the 7th Sitting of 8th March, 2016,** the Committee resolved to write to the United States of America Embassy in Nairobi through the Ministry of Foreign Affairs to establish and confirm the identity and particulars of Mr. Donnie Reeves.

   The Committee further resolved to invoke the provisions of the Proceeds of Crime and Anti-Money Laundering Act to have the machinery (grader and excavator) purchased by Quorandum Limited frozen by the Asset Recovery Agency.

4. <u>Under the 8th Sitting held on 9th March, 2016,</u> the Committee resolved to write to the Youth Enterprise Development Fund to confirm the status of resignation of Board Members.

The Committee also resolved to write to the Registrar General in the Office of the Attorney General to establish the directorship of the Companies mentioned in the Inquiry.

MIN. NO./PIC/157/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/158/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 11:45am. The next meeting will be held on Thursday 31st March, 2016 at 10:00am.

Signed.....

Hon. Adan Wehliye Keynan, CBS, MP
(Chairman)

Date 18/4/2016

MINUTES OF THE 22ND SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON TUESDAY, 5TH APRIL, 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 A.M.

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - Chairperson
2. Hon. Anthony Ichung'wah Kimani, MP - Vice Chairperson
3. Hon. Dr. Oburu Oginga, MGH, MP
4. Hon. Sammy Silas Komen Mwaita, MP
5. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
6. Hon. Bernard Munywoki Kitungi, MP
7. Hon. Franklin Mithika Linturi, MP
8. Hon. Onesmus Muthomi Njuki, MP
9. Hon. Dorcas Kedogo, MP
10. Hon. Korei Ole Lemein, MP
11. Hon. John Olago Aluoch, MP
12. Hon. Wafula Wamunyinyi, MP
13. Hon. Cornelly Serem, MP
14. Hon. John Muchiri Nyaga, HSC, MP
15. Hon. John Ogutu Omondi, MP
16. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
17. Hon. (Eng). John Kiragu, MP
18. Hon. Irungu Kangata, MP

ABSENT WITH APOLOGY

19. Hon. Francis Mwanzia Nyenze, EGH,
20. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
21. Hon. Mary Sally Keraa, MP
22. Hon. Beatrice Nkatha Nyaga, HSC, MP
23. Hon. Elias Bare Shill, MP
24. Hon. Adan Mohammed Nooru, MP

ABSENT WITHOUT APOLOGY

25. Hon. Abdullswamad Sheriff Nassir, MP
26. Hon. Ejidius Njogu Barua, MP
27. Hon. Johana Kipyegon Ngeno, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim - Clerk Assistant I
2. Mr. Philip Lekarkar - Clerk Assistant III
3. Mr. Mohamed Boru - Clerk Assistant III
4. Ms. Clara Kimeli - Legal Counsel II
5. Mr. Joash Kosiba - Fiscal Analyst I
6. Mr. Abdi Salat - Senior Sergeant-at-Arms
7. Ms. Rose Ometere - Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1. Mr. Obed Chweya - Senior Manager, Audit
2. Ms. Jane Kariuki - Manager, Audit

THE NATIONAL TREASURY

Mr. John Munge - Accountant I

THE INSPECTORATE OF STATE CORPORATIONS

Mr. Osman Mohamed - Inspector

MIN.NO./PIC/169/2016: PRELIMINARIES

The Chair called the meeting to order at fifteen minutes past ten O'clock and the Prayer was said by Hon. Korei Ole Lemein, MP.

MIN. NO./PIC/170/2016: CONFIRMATION OF PREVIOUS MINUTES

The Committee deferred Confirmation of Minutes to the next Sitting.

MIN. NO./PIC/171/2016: APPEARANCE BY HEAD OF PUBLIC SERVICE

The Committee acceded to the request by the Head of Public Service and Chief of Staff to postpone his appearance before the Committee to 12th April, 2016.

MIN.NO./PIC/172/2016: ADMINISTRATION OF OATH

The witnesses were put under oath pursuant to Article 125 (2) (a) of the Constitution of Kenya.

MIN.NO./PIC/173/2016: EVIDENCE BY STANDARD CHARTERED BANK ON THE LOSS OF FUNDS AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

Mr. David Idoro, the Head of Retail at Standard Chartered, accompanied by Mr. Peter Gitau (Chief Information Officer), Ms. Mary Runana (Head of Financial Crime Compliance) and Mr. Tom Indimuli (Head of External Relations) appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF).

They informed the Committee as follows:

1. The account held by Quorandum Limited at Standard Chartered Bank was opened in November 2002.
2. The total amount transferred from Quorandum Limited's account held at Chase Bank to the account held at Standard Chartered Bank between 26th February, 2015 and 14th October, 2015 amounted to Kshs. 49,380,000.
3. Before receipt of the first amount from the Chase Bank account worth Kshs. 4,800,000, the Quorandum account at Standard Chartered was overdrawn by Kshs. 11,320.

4. From the amounts received, the account made a series of payments to different suppliers including a Mr. Bruce Dominic Odhiambo and Mr. Ezekiel Owuor, Industrie D'Amico among others. Other transactions included inward clearing cheques and cash withdrawals of varying amounts on different dates.

5. Payments to Mr. Bruce Odhiambo were recorded as 'payment for a consultancy' on 6th March, 2015 and on 16th March, 2015 recorded as payment to a supplier.

6. The Bank further informed the Committee that the transactions from Quorandum Limited's account initially did not raise suspicion since the narratives provided for payments (purchase of equipment, payment of suppliers) fit the normal profile of a construction company.

7. After adverse media reporting of Quorandum Limited in March 2016, the Bank reviewed the account. They realized that the contract signed between the Youth Enterprise Development Fund and Quorandum Limited was for an ICT consultancy contrary to their profile as a construction company. This raised suspicion and the Bank reported the account to Financial Reporting Centre (FRC). The FRC asked for account opening details and a statement of the Quorandum Limited account held at Standard Chartered from March 2013.

8. The Bank also produced before the Committee a production order from the Directorate of Criminal Investigations dated 30th March, 2016 with instructions to preserve the Quorandum Limited account. The Order further noted that the amounts transferred from the Youth Enterprise Development Fund to Quorandum Limited's Chase Bank account were further transferred to Standard Chartered accounts belonging to Quorandum Limited (Account no. 0102497392600) and Yogesh Kumar Bhadwarj (Account no.0100193713300).

9. The production order also sought details of the two accounts including the account opening mandates and certified copies of their statements from 1st February, 2014 to 30th October, 2015.

10. Mr. Ngamau Mukuria, a Director at Quorandum Limited, has a personal account at Standard Chartered Bank but no instructions were received by the Bank from law enforcement agencies to preserve the account.

11. The Bank officials were granted their request to adduce evidence in Camera and informed the Committee that the said Mr. Yogesh Kumar Bhadwarj is a Standard Chartered Bank customer. Upon receipt of instructions from the DCI and FRC to provide details of Mr. Kumar's account, the Bank reviewed the account and did not find any evidence of transfer of funds from Quorandum Ltd to Mr. Bhadwarj. The requested details were provided to DCI and FRC as requested. The Bank is still conducting internal investigation on the matter.

Way Forward/Resolutions

The Committee resolved that the Bank submits the following additional information not later 12th April, 2016:-

1. Bank Statements of Quorandum Limited for the period November 2002 and January 2015 and brief summary of the same;
2. Bank Statements of Mr. Mukuria Ngamau and Mr. Yogesh Kumar Bhadwarj for the period January 2014 and March 2016 and brief summary of the same;
3. Particulars of all transactions relating to Quorandum Ltd Account including account numbers, bank name, identification documents where possible and reasons for payment of Mr. Bruce Dominic Odhiambo, Mr. Ezekiel Owuor and Industrie D'Amico.
4. Copy of the Bank's report to the Financial Reporting Centre in relation to the Quorandum Ltd Account;

MIN. NO./PIC/174/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/175/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 12:30pm. The next meeting will be held on Tuesday, 5th April, 2016 at 12:45pm.

Signed.....

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

Date.....18/4/2016

MINUTES OF THE 25TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON WEDNESDAY, 6TH APRIL 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 A.M.

PRESENT

1. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
2. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
3. ~~Hon. Dr. Oburu Oginga, MGH, MP~~
4. Hon. Sammy Silas Komen Mwaita, MP
5. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
6. Hon. Bernard Munywoki Kitungi, MP
7. Hon. Franklin Mithika Linturi, MP
8. Hon. Dorcas Kedogo, MP
9. Hon. Korei Ole Lemein, MP
10. Hon. John Olago Aluoch, MP
11. Hon. Cornelly Serem, MP
12. Hon. John Muchiri Nyaga, HSC, MP

ABSENT WITH APOLOGY

13. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
14. Hon. Francis Mwanzia Nyenze, EGH, MP
15. Hon. Beatrice Nkatha Nyaga, HSC, MP
16. Hon. Mary Sally Keraa, MP
17. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
18. Hon. (Eng). John Kiragu, MP
19. Hon. Onesmus Muthomi Njuki, MP
20. Hon. Wafula Wamunyinyi, MP
21. Hon. John Ogutu Omondi, MP
22. Hon. Elias Bare Shill, MP

ABSENT WITHOUT APOLOGY

23. Hon. Abdullswamad Sheriff Nassir, MP
24. Hon. Ejidius Njogu Barua, MP
25. Hon. Adan Mohammed Nooru, MP
26. Hon. Johana Kipyegon Ngeno, MP
27. Hon. Irungu Kangata, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1.	Ms. Susan Maritim	-	Clerk Assistant I
2.	Mr. Philip Lekarkar	-	Clerk Assistant III
3.	Mr. Mohamed Boru	-	Clerk Assistant III
4.	Ms: Clara Kimeli	-	Legal Counsel II
5.	Ms. Rose Ometere	-	Audio Officer

OFFICE OF THE AUDITOR-GENERAL
Mr. Obed Chweya - Senior Manager, Audit

THE INSPECTORATE OF STATE CORPORATIONS
Mr. Osman Mohamed - Inspector

MIN.NO./PIC/194/2016: PRELIMINARIES

The Chair called the meeting to order at twenty five minutes past ten O'clock and the prayer was said by Hon. Cornelly Serem, MP.

MIN. NO./PIC/194/2016: FAILED APPEARANCE BY MR. HILLARY YEGON

The Committee noted the failed appearance by the witness Mr. Hillary Yegon of GigTych Limited without any explanation. This was the second time the witness failed to appear before the Committee. The Committee resolved to invite the witness to appear before it on Tuesday, 12th April, 2016 failure to which summons will be issued.

MIN.NO./PIC/195/2016: CONFIRMATION OF MINUTES

The Committee confirmed Minutes as follows:

1. Minutes of 11th sitting were confirmed as a true record of the proceedings having been proposed by Hon. Cornelly Serem, MP and seconded by Hon. Dorcas Kedogo, MP.
2. Minutes of 12th sitting were confirmed as a true record of the proceedings having been proposed by Hon. Dr. Oburu Oginga, MGH, MP and seconded by Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP.
3. Minutes of 13th sitting were confirmed as a true record of the proceedings having been proposed by Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP and seconded by Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP.
4. Minutes of 14th sitting were confirmed as a true record of the proceedings having been proposed by Hon. Dorcas Kedogo, MP and seconded by Hon. Dr. Oburu Oginga, MGH, MP
5. Minutes of 15th sitting were confirmed as a true record of the proceedings having been proposed by Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP and seconded by Hon. Dorcas Kedogo, MP

MIN. NO./PIC/196/2016: MATTERS ARISING

1. Under the 11th Sitting

a) Hon. John Muchiri Nyaga, HSC, MP stated that he was absent with apology during the 11th sitting and had sent his apologies through the Chairman.

b) Under Min. No. PIC/091/2016:

i. The Committee noted the former Ag. CEO stated that she received the call from the Youth Enterprise Development Fund Chairman Bruce Odhiambo at 4:50am on 20th October 2015;

ii. The former Ag. CEO had also noticed there was an inconsistency on the version of events leading to Mr. Simon Mwangi's death as given by Mr. Clement Ayungo. The information given to her differed from that given to the police.

2. Under the 12th sitting

a) Hon. John Muchiri Nyaga, HSC, MP noted that he was absent with apology during the 12th sitting and not present as indicated.

b) The Committee had observed that the Youth Enterprise Development Fund Board Chairman unprocedurally wrote a letter suspending the Fund's Finance Manager, Mr. Benedict Atavachi.

c) Under Min No. PIC/106/2016, the Committee noted that the former Principal Secretary, State Department of Planning in the Ministry of Devolution and Planning wrote to Ethics and Anti-Corruption Commission on 4th November, 2015 and not 4th November, 2016 as indicated.

3. Under the 13th sitting

The Committee observed that the Board Chair unilaterally changed the Fund's signatories for the account held at Chase Bank.

4. Under the 14th sitting

a) Hon. Dr. Oburu Oginga, MGH, MP noted that his surname should read 'Oginga' and not 'Odinga' as indicated.

b) The Committee noted that the property procured by Quorandum Limited at Duchess Development Park is registered under LR No. 209/5990/13.

MIN. NO./PIC/197/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/198/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 11:45 am. The next meeting will be held on Wednesday 6th April, 2016 at 2:30pm.

Signed..... Date 26/4/2016

Hon. Adan Wehliye Keynan, CBS, MP
(Chairman)

MINUTES OF THE 26TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON TUESDAY, 12TH APRIL 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 AM

PRESENT

1. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
2. Hon. Cornelly Serem, MP - **(Chaired Meeting)**
3. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
4. Hon. Dr. Oburu Oginga, MGH, MP
5. Hon. Sammy Silas Komen Mwaita, MP
6. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
7. Hon. Bernard Munywoki Kitungi, MP
8. Hon. Franklin Mithika Linturi, MP
9. Hon. (Eng). John Kiragu, MP
10. Hon. Dorcas Kedogo, MP
11. Hon. John Olago Aluoch, MP
12. Hon. John Muchiri Nyaga, HSC, MP
13. Hon. Elias Bare Shill, MP
14. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
15. Hon. Beatrice Nkatha Nyaga, HSC, MP

ABSENT WITH APOLOGY

16. 15. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
17. Hon. Francis Mwanzia Nyenze, EGH, MP
18. Hon. Mary Sally Keraa, MP
19. Hon. John Ogutu Omondi, MP

ABSENT WITHOUT APOLOGY

20. Hon. Abdullswamad Sheriff Nassir, MP
21. Hon. Ejidius Njogu Barua, MP
22. Hon. Adan Mohammed Nooru, MP
23. Hon. Johana Kipyegon Ngeno, MP
24. Hon. Irungu Kangata, MP
25. Hon. Korei Ole Lemein, MP
26. Hon. Wafula Wamunyinyi, MP
27. Hon. Onesmus Muthomi Njuki, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim	-	Clerk Assistant I
2. Mr. Philip Lekarkar	-	Clerk Assistant III
3. Mr. Mohamed Boru	-	Clerk Assistant III
4. Ms. Clara Kimeli	-	Legal Counsel II
5. Mr. Charles Atamba	-	Research Officer III
6. Mr. Abdi Salat	-	Senior Sergeant-At-Arms
7. Ms. Rose Ometere	-	Audio Officer

OFFICE OF THE AUDITOR-GENERAL

1. Mr. Obed Chweya	-	Senior Manager, Audit
2. Ms. Jane Kariuki	-	Manager, Audit

MIN.NO./PIC/199/2016: PRELIMINARIES

The Chair called the meeting to order at thirty minutes past ten O'clock and the prayer was said by Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP.

MIN. NO./PIC/200/2016: FAILED APPEARANCE BY MR. HILLARY YEGON

The Committee noted the failed appearance by the Director of GigTych Africa Limited, Mr. Hillary Yegon for the third time. The Committee resolved to issue summons to the witness to appear before it on Thursday 21st April, 2016 at 10am.

MIN.NO./PIC/201/2016: DECLARATION OF INTEREST

Pursuant to SO 90, Hon. Oburu Oginga, MP and Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP declared their interest that they know Dr. Joseph Kinyua by virtue of being former colleagues.

MIN. NO./PIC/202/2016: EVIDENCE BY MR. JOSEPH K. KINYUA, EGH, CHIEF OF STAFF AND HEAD OF PUBLIC SERVICE

Mr. Joseph Kinyua, the Chief of Staff and Head of Public Service accompanied by Ms. Lillian Mbogo-Omollo (Principal Secretary, Ministry of Public Service, Youth and Gender Affairs), Mr. Titus Muriithi (Ag. Inspector General of State Corporations), Mr. Stephen Kirogo (Principal Administrative Secretary in the Presidency) and Mr. Jasper Mbiuki (Legal Advisor to the Head of Public Service) appeared before the Committee to adduce evidence on the loss of funds at the Youth Enterprise Development Fund (YEDF).

The Head of Public Service thanked the Committee for acceding to his request to postpone the meeting initially slated for Tuesday, 5th April, 2015.

He informed the Committee as follows: -

MIN.NO. /PIC/203/2016: ADHERENCE OF STATE CORPORATIONS TO TREASURY CIRCULAR NO. 10 OF 1992 ON INVESTMENT OF FUNDS IN TREASURY BILLS AND BONDS

Treasury has from time to time issued circulars directing State Corporations to invest surplus funds in Treasury Bills and Bonds and in case of investment in fixed short term or on-call deposits in commercial banks, to obtain Treasury approval for such deposits.

Further, in accordance with Section 28 of the Public Finance Management Act, State Corporations should obtain the National Treasury's approval to open an operate bank accounts in commercial banks.

Treasury receives and considers requests by State Corporations with regards to opening bank accounts and investment of surplus funds and provides guidance to state corporations to ensure adherence to the existing policy as contained in Treasury Circulars. On a case by case basis, the Treasury has granted approval to State Corporations to invest surplus funds or committed funds in fixed/short-term/on-call deposits in commercial banks to meet contractual obligations as the mature in case where investment in treasury bills/bonds would tie the funds beyond such due dates.

With regard to the Youth Enterprise Development Fund (YEDF), the National Treasury has advised that there were no surplus funds as per the audited financial statements for the Financial Year ended June 30th, 2014. The only funds available were those appropriated to the Fund for disbursement to the youth as per the mandate of the Fund.

In accordance with the enabling Legal Notice 63/2007 Section 12(1) the Board may invest any funds of the Youth Enterprise Development Fund which are not immediately required for its purpose in securities as Treasury may from time to time. The National Treasury has advised that there was no request from the Fund and therefore no such approval by the National Treasury.

In accordance with Section 16(2), the State Corporation Act, any surplus money after making provision for renewal of depreciating assets, the surplus monies shall be disposed in such manner as the Minister responsible for the State Corporation in consultation with the Board may in writing direct. The Board and management of the Fund did not obtain approval from the responsible Minister with the concurrence of the National Treasury to invest the YEDF's funds in fixed/short-term/on-call deposits in commercial banks.

MIN. NO./PIC/204/2016: INCREASED INVESTMENT OF STATE CORPORATIONS' SURPLUS FUNDS IN PRIVATE BANKS CONTRARY TO TREASURY CIRCULAR NO. 10 OF 1992

On a case by case basis, the National Treasury has granted approval for State Corporations to invest surplus funds or committed funds in fixed deposits in commercial banks to meet the maturing contractual obligations in cases where investment in Treasury Bills/Bonds would tie the funds beyond such due dates.

In granting such approval, the National Treasury has always advised respective State Corporations to undertake proper due diligence to ensure security of investment in fixed deposit in commercial banks is guaranteed and that the rate of return offered by financial institutions are better than the return on Treasury Bills or Bonds.

Not all surplus funds are invested in fixed deposit accounts in commercial banks. Under

Section 16 (3) of the State Corporations Act, the National Treasury is empowered to recall surplus funds from State Corporations. Accordingly, the National Treasury has from time to time recalled surplus funds from non-listed State Corporations that do not declare and pay dividend to the National Exchequer. The recalled surplus funds are budgeted annually and appropriated by the National Assembly to finance the national budget.

In accordance with Public Finance Management (PFM) Regulations 2015 issued under the PFM Act (2012), Section 219 (2), regulatory authorities are required to remit into the audited financial statements after the end of each financial year.

On the basis of the above provisions, the Cabinet Secretary to the National Treasury assigned the Kenya Revenue Authority the responsibility of collecting 90% of the surplus funds ad any arrears therein held by regulatory authorities.

MIN. NO./PIC/205/2016: PROCEDURAL AND GOVERNANCE CHALENGES FACING THE YOUTH ENTERPRISE DEVELOPMENT FUND

Based on the reports from oversight bodies, there are procedural and governance challenges facing the Youth Enterprise Development Fund such as:

i. Opening bank accounts and investing in commercial banks without approval of the National Treasury contrary to Section 28 of the Public Finance Management Act 2012;

ii. Unilateral appointment of the CEO by the Chairman to be the sole signatory to the Fund's fixed deposit account;

iii. Operating without an approved procurement plan for the 2015/16 Financial Year contrary to Section 20 (5) of Public Procurement and Disposal Regulations 2006.

MIN. NO./PIC/206/2016: INTERFERENCE OF THE BOARD CHAIRMAN IN THE YOUTH ENTERPRISE FUND BOARD AFFAIRS INCLUDING SIGNING SUSPENSION LETTERS TO THE FORMER AG. CHIEF EXECUTIVE OFFICER AND THE FORMER FINANCE MANAGER

According to Section 6 (1) (a) of the State Corporations Act, a chairman of a State Corporation is non-executive. This is reiterated by Circular Ref. No. PMO/CIRC/A (3) of April 2011 clearly stating the role of Chairmen in State Corporations is non-executive and therefore they should not involve themselves in the day to day management of affairs of State Corporations which would amount to interfering and directing the CEO and Senior Managers on operational matters.

The duties and responsibilities of the Chairman are provided by the Guidelines on Terms and Conditions of Service for State Corporations of November 23rd, 2014. The duties and

responsibilities include monitoring the implementation of board decisions, acting as an informal link and provide a public relations role between the Board, management and the stakeholder of the Corporation.

There was a Board decision to suspend Ms. Catherine Namuye, former Ag. CEO and Mr. Benedict Atavachi, the Finance Manager. The Board Chairman communicated the resolution of the Board to the two.

The Head of Public Service further added that: -

1. The delay to implement recommendations by the CS, Ministry of Public Service, Youth and Gender Affairs to remove the Chairman was occasioned by his unavailability as he was out of the country. He then required medical attention once he got back to the country.
2. There are plans by the Government to surcharge individuals who irregularly spent public funds and recover the lost funds;
3. The Government is in the process of constituting Board of the State Corporations Advisory Committee and Central Bank Kenya, among others. The Head of Public Service acknowledged that the delay in appointing the Boards was not ideal for the operations of State Corporations;
4. He denied any knowledge of Mr. Bruce Odhiambo holding more than one government job, i.e., Chairman of YEDF.
5. The Government will look into the possibility of establishment of Trust Liability Fund as per international best practices. This would help by having recourse for the Government in the event public funds are misappropriated by public officials;
6. The Government will compile a report on the number of State Corporations that held accounts at Chase Bank, Imperial Bank and Dubai Bank at the time of receivership. He will submit the information to the Committee.
7. Action will be taken on the Alternates to Principal Secretaries of the State Department of Planning and the National Treasury respectively who sat in the YEDF Board and failed to advise or raise the red flag on issues affecting the Board.
8. The Head of Public Service was agreeable to a proposal to have law enforcement agencies seconded to the Committee so as to take action when deemed necessary.
9. Before the Mongos guidelines, Directors of various boards, YEDF included may not have benefited from induction on what is expected of them as Chairpersons and Directors of the Board. Also qualifications of Directors were not well defined but they have since been defined and that the minimum qualification is Bachelors Degree.
10. He committed to consider a proposal by the Committee to put in place a Trustee Liability Insurance guided by international best practices.
11. He also undertook to strengthen the office of the Inspectorate of State Corporations to effectively carry out its mandate.

Committee Observations

The Committee observed as follows: THAT

1. The Chairman of the Youth Enterprise Development Fund is a non-executive official and should not have been involved in the day to day running of the Fund. His actions interfering with the management of the Fund were irregular;
2. The Chairman is also not entitled to a vehicle but transportation is provided for official duty and it was therefore irregular to assign him a fulltime GoK vehicle maintained by the government.
3. The President revoked the appointment of the Chairperson and the entire Board of the Youth Enterprise Development Fund as per gazette notices dated April 8th, 2016;
4. "Stepping aside' is a new terminology and does not exist in Public Service Human Resource guidelines. The issue of public officers stepping aside should not happen unless for state officers who are awaiting determination of their case but it should be also be defined on the benefits and remunerations owed to such officers.
5. The Committee took issue with Circular dated 18th July, 2007 issued by the former Head of Civil Service, Amb. Muthaura barring the Inspectorate of State Corporations from sitting in Board meetings of State Corporations unless invited by the Board, citing conflict of interest since the Inspectorate oversights State Corporations. The Committee noted that the Circular, although issued in good faith, is in contravention of Section 18 (2) (c) which gives the Inspectorate the mandate to attend Board meetings as deemed necessary. The Head of Public Service undertook to revoke the Circular.

Committee Resolutions/Way Forward

The Committee resolved to have the Head of Public Service submit the following additional information:

1. The qualifications of Mr. Bruce Odhiambo prior to his appointment;
2. A report on the induction of the YEDF Board after appointment;
3. A comprehensive list of officials who 'stepped aside' but still enjoy the full benefits of office.

MIN. NO./PIC/207/2016: ANY OTHER BUSINESS

The Inspectorate of State Corporations was directed to submit within one week its Report on Investigations into Loss of Funds at the YEDF.

MIN. NO./PIC/208/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 12:27 pm. The next meeting will be held on Thursday, 14th April, 2016 at 12:30pm.

Signed..... **Date**.....26/4/2016.....

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

MINUTES OF THE 28TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON TUESDAY, 19TH APRIL 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 A.M.

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - Chairperson
2. Hon. Anthony Ichung'wah Kimani, MP - Vice Chairperson
3. Hon. Dr. Oburu Oginga, MGH, MP
4. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
5. Hon. Franklin Mithika Linturi, MP
6. Hon. Wafula Wamunyinyi, MP
7. Hon. Elias Bare Shill, MP
8. Hon. John Olago Aluoch, MP
9. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
10. Hon. (Eng). John Kiragu, MP
11. Hon. Dorcas Kedogo, MP
12. Hon. Abdullswamad Sheriff Nassir, MP
13. Hon. Beatrice Nkatha Nyaga, HSC, MP
14. Hon. Bernard Munywoki Kitungi, MP
15. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
16. Hon. Cornelly Serem, MP
17. Hon. Korei Ole Lemein, MP
18. Hon. Johana Kipyegon Ngeno, MP
19. Hon. John Ogutu Omondi, MP
20. Hon. Mary Sally Keraa, MP
21. Hon. Onesmus Muthomi Njuki, MP

ABSENT WITH APOLOGY

22. Hon. Francis Mwanzia Nyenze, EGH, MP
23. Hon. Sammy Silas Komen Mwaita, MP
24. Hon. John Muchiri Nyaga, HSC, MP

ABSENT WITHOUT APOLOGY

25. Hon. Adan Mohammed Nooru, MP
26. Hon. Ejidius Njogu Barua, MP
27. Hon. Irungu Kang'ata, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Mr. Philip Lekarkar - Clerk Assistant III
2. Mr. Mohammed Boru - Clerk Assistant III
3. Ms. Rose Ometere - Audio Officer

MIN.NO./PIC/215/2016: PRELIMINARIES

The Chair called the meeting to order at twenty minutes past ten O'clock and the Prayer said by Hon. Cornelly Serem, MP.

MIN.NO./PIC/216/2016: EVIDENCE: APPEARANCE OF DIRECTORS OF NATIONAL BANK OF KENYA MR. FRANCIS ATWOLI AND DR. ANTONY OMERIKWA ON THE MATTER OF NATIONAL BANK OF KENYA

The Committee was informed that the NBK Directors representing National Social Security Fund Mr. Francis Atwoli and Dr. Antony Omerikwa were scheduled to appear before the Committee to adduce evidence on the challenges facing NBK.

The two had however sent apologies that they would not be able to attend the meeting because of prior scheduled official engagements outside Nairobi and out of the country respectively.

The Committee resolved to reschedule meeting with the two directors to later date.

MIN. NO./PIC/216/2016: CONFIRMATION OF MINUTES

1. Minutes of the 16th sitting were confirmed as a true record of the proceedings having been proposed by Hon. Korei Ole Lemein, MP and seconded by Hon. Beatrice Nkatha Nyaga, HSC, MP.
2. Minutes of the 17th sitting were confirmed as a true record of the proceedings having been proposed by Hon. Dorcas Kedogo, MP and seconded by Hon. John Ogutu Omondi, MP
3. Minutes of the 18th sitting were confirmed as a true record of the proceedings having been proposed by Hon. John Ogutu Omondi, MP and seconded by Hon. Beatrice Nkatha Nyaga, HSC, MP.
4. Minutes of the 19th sitting were confirmed as a true record of the proceedings having been proposed by Hon. Mary Sally Keraa, MP and seconded by Hon. Cornelly Serem, MP.
5. Minutes of the 20th sitting were confirmed as a true record of the proceedings having been proposed by Hon. Beatrice Nkatha Nyaga, HSC, MP and seconded by Hon. Wafula Wamunyinyi, MP.
6. Minutes of the 21st Hon. Dr. Oburu Oginga, MGH, MP sitting were confirmed as a true record of the proceedings having been proposed by and seconded by Hon. Mary Sally Keraa, MP.
7. Minutes of the 22nd sitting were confirmed as a true record of the proceedings having been proposed by Hon. Dorcas Kedogo, MP and seconded by Hon. John Olago Aluoch, MP.

8. Minutes of the 23rd sitting were confirmed as a true record of the proceedings having been proposed by Hon. Wafula Wamunyinyi, MP and seconded by Hon. Cornelly Serem, MP.

9. Minutes of the 24th sitting were confirmed as a true record of the proceedings having been proposed by Hon. Cornelly Serem, MP and seconded by Hon. John Olago Aluoch, MP.

MIN. NO./PIC/217/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/218/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 11:02 am until 10:00am on Thursday 21st April, 2016.

Signed..... Date 26/4/2016

Hon. Adan Wehliye Keynan, CBS, MP
(Chairman)

MINUTES OF THE 33RD SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON SATURDAY, 23RD APRIL 2016 IN FAHARI HALL WHITESANDS HOTEL, MOMBASA AT 2:30 P.M.

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Francis Mwanzia Nyenze, EGH, MP
4. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
5. Hon. Wafula Wamunyinyi, MP
6. Hon. John Olago Aluoch, MP
7. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
8. Hon. Dorcas Kedogo, MP
9. Hon. Beatrice Nkatha Nyaga, HSC, MP
10. Hon. Bernard Munywoki Kitungi, MP
11. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
12. Hon. Johana Kipyegon Ngeno, MP
13. Hon. John Ogutu Omondi, MP
14. Hon. Franklin Mithika Linturi, MP
15. Hon. Korei Ole Lemein, MP
16. Hon. Mary Sally Keraa, MP

ABSENT WITH APOLOGY

17. Hon. (Dr.) Oburu Oginga, MGH, MP
18. Hon. Elias Bare Shill, MP
19. Hon. Adan Mohammed Nooru, MP
20. Hon. Sammy Silas Komen Mwaita, MP
21. Hon. (Eng). John Kiragu, MP
22. Hon. Abdullswamad Sheriff Nassir, MP
23. Hon. Cornelly Serem, MP
24. Hon. John Muchiri Nyaga, HSC, MP
25. Hon. Irungu Kang'ata, MP
26. Hon. Ejidius Njogu Barua, MP
27. Hon. Onesmus Muthomi Njuki, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim	-	Clerk Assistant I
2. Mr. Philip Lekarkar	-	Clerk Assistant III
3. Mr. Mohamed Boru	-	Clerk Assistant III
4. Ms. Clara Kimeli	-	Legal Counsel II
5. Mr. Joash Kosiba	-	Fiscal Analyst I
6. Mr. Charles Atamba	-	Research Officer III
7. Mr. Abdi Salat	-	Senior Sergeant-At-Arms
8. Ms. Rose Ometere	-	Audio Officer

INSPECTORATE OF STATE CORPORATIONS

Mr. Gerald Mwangi - Inspector

THE NATIONA L TREASURY

Mr. John Munge - Accountant I

MIN.NO. /PIC/248/2016: PRELIMINARIES

The Chair called the meeting to order at ten minutes past two o'clock and the Prayer said by Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP.

MIN.NO. /PIC/249/2015: CONFIRMATION OF MINUTES

Confirmation of minutes of the previous sitting was deferred to the next meeting.

MIN.NO. /PIC/250/2016: ADOPTION OF THE SPECIAL REPORT ON THE INQUIRY INTO ALLEGATIONS OF FRAUD AND FINANCIAL MISMANAGEMENT AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

Having considered the draft Special Report on the Inquiry into Allegations of Fraud and Financial Mismanagement at the Youth Enterprise Development Fund and proposed various amendments to it, unanimously adopted it as proposed by Hon. Korei Ole Lemein, MP and seconded by Hon. Anthony Ichung'wah Kimani, MP pursuant to Standing Order 199.

MIN. NO./PIC/251/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/252/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 3:30pm until Tuesday 26th April, 2016 at 10.00 a.m.

Signed.....

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

Date.....28/4/2016

MINUTES OF THE 32ND SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON SATURDAY, 23RD APRIL 2016 IN FAHARI HALL WHITESANDS HOTEL, MOMBASA AT 10:00 AM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Francis Mwanzia Nyenze, EGH, MP
4. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
5. Hon. Wafula Wamunyinyi, MP
6. Hon. John Olago Aluoch, MP
7. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
8. Hon. Dorcas Kedogo, MP
9. Hon. Beatrice Nkatha Nyaga, HSC, MP
10. Hon. Bernard Munywoki Kitungi, MP
11. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
12. Hon. Johana Kipyegon Ng'eno, MP
13. Hon. John Ogutu Omondi, MP
14. Hon. Korei Ole Lemein, MP
15. Hon. Franklin Mithika Linturi, MP
16. Hon. Mary Sally Keraa, MP

ABSENT WITH APOLOGY

17. Hon. (Dr.) Oburu Oginga, MGH, MP
18. Hon. Elias Bare Shill, MP
19. Hon. Adan Mohammed Nooru, MP
20. Hon. Sammy Silas Komen Mwaita, MP
21. Hon. (Eng). John Kiragu, MP
22. Hon. Abdullswamad Sheriff Nassir, MP
23. Hon. Cornelly Serem, MP
24. Hon. John Muchiri Nyaga, HSC, MP
25. Hon. Irungu Kang'ata, MP
26. Hon. Ejidius Njogu Barua, MP
27. Hon. Onesmus Muthomi Njuki, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim - Clerk Assistant I
2. Mr. Philip Lekarkar - Clerk Assistant III
3. Mr. Mohamed Boru - Clerk Assistant III
4. Ms. Clara Kimeli - Legal Counsel II

5. Mr. Joash Kosiba - Fiscal Analyst I
6. Mr. Charles Atamba - Research Officer III
7. Mr. Abdi Salat - Senior Sergeant-At-Arms
8. Ms. Rose Ometere - Audio Officer

INSPECTORATE OF STATE CORPORATIONS

Mr. Gerald Mwangi - Inspector

THE NATIONA L TREASURY

Mr. John Munge - Accountant I

MIN.NO. /PIC/243/2016: PRELIMINARIES

The Chair called the meeting to order at ten minutes past ten O'clock and the prayer was said by Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP.

MIN.NO. /PIC/244/2015: CONFIRMATION OF MINUTES

Confirmation of minutes of the previous sitting was deferred to the next meeting.

MIN.NO. /PIC/245/2016: SPECIAL REPORT ON THE INQUIRY INTO ALLEGATIONS OF FRAUD AND FINANCIAL MISMANAGEMENT AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

The Committee considered the draft Special Report on the Inquiry into Allegations of Fraud and Financial Mismanagement at the Youth Enterprise Development Fund from page 78 to page 118 and recommended the following additional information: -

1. **Committee Observations and Findings on submission by Mr. Joseph Kinyua, Chief of Staff and the Head of Public Service**

   On page 80

   1. Observation No. (vi): should be included; THAT, lack of defined minimum academic qualifications and experience contributed to the ineptitude and ineffectiveness of the disbanded YEDF Board in running the affairs of the Fund.
   2. The Committee recommended that in future, all newly appointed persons to serve as Board members of State Corporations should be appointed on the basis of minimum academic and professional qualifications.

2. **Committee Observations and Findings on submission by Directorate of Criminal Investigation**

   On page 88;

   The Committee observed that the Director, Directorate of Criminal Investigations took inordinately long to commence investigations into the alleged fraud at YEDF and only did so following extensive media reports on the matter.

3. **Committee Observations and Findings on submission by Financial Reporting Centre**

On page 88;

The Committee observed that the Financial Reporting Centre and the Assets Recovery Agency are under-funded and under-staffed.

The Committee recommended that the two institutions should be fully operationalized to be able to effectively carry out their mandate mandate.

4. **Committee Observations and Findings on submission by former Principal Secretary State Department of Planning Eng. Mangiti**

On page 99;

The Committee recommended that Alternate Directors in parastatal Boards should be individuals well versed in the affairs and operations of the respective Board, should have unfettered access to Board Meetings and submit their reports to their respective Principal Secretaries.

5. **Failure by Mr. Hillary Yegon to honour the Committee's Summons**

The Committee noted with concern the failure by Mr. Hillary Yegon, Director of Gigtych and K-SUSU companies to honour two invitations and a Summons to appear before the Committee to adduce evidence on the matter. The two companies Gigtych and K-SUSU Ltd were mentioned during the inquiry as beneficiaries of funds emanating from Youth Enterprise Development Fund.

The Committee therefore recommends for prosecution of Mr. Hillary Yegon for disregarding Parliamentary invitations and summons and should further be investigated for his involvement in the YEDF scam.

MIN. NO./PIC/246/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/247/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 12:30pm until 2:30pm on the same day.

Signed.....

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

Date.....28/4/2016

MINUTES OF THE 31ST SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON FRIDAY, 22ND APRIL 2016 IN FAHARI HALL WHITESANDS HOTEL, MOMBASA AT 2:30 PM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Francis Mwanzia Nyenze, EGH, MP
4. Hon. (Dr.) Oburu Oginga, MGH, MP
5. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
6. Hon. Wafula Wamunyinyi, MP
7. Hon. Elias Bare Shill, MP
8. Hon. John Olago Aluoch, MP
9. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
10. Hon. (Eng). John Kiragu, MP
11. Hon. Dorcas Kedogo, MP
12. Hon. Beatrice Nkatha Nyaga, HSC, MP
13. Hon. Bernard Munywoki Kitungi, MP
14. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
15. Hon. Irungu Kang'ata, MP
16. Hon. John Muchiri Nyaga, HSC, MP
17. Hon. John Ogutu Omondi, MP
18. Hon. Korei Ole Lemein, MP
19. Hon. Mary Sally Keraa, MP
20. Hon. Onesmus Muthomi Njuki, MP

ABSENT WITH APOLOGY

21. Hon. Franklin Mithika Linturi, MP
22. Hon. Adan Mohammed Nooru, MP
23. Hon. Sammy Silas Komen Mwaita, MP
24. Hon. Abdullswamad Sheriff Nassir, MP
25. Hon. Cornelly Serem, MP
26. Hon. Johana Kipyegon Ngeno, MP
27. Hon. Ejidius Njogu Barua, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim - Clerk Assistant I
2. Mr. Philip Lekarkar - Clerk Assistant III
3. Mr. Mohamed Boru - Clerk Assistant III
4. Ms. Clara Kimeli - Legal Counsel II
5. Mr. Joash Kosiba - Fiscal Analyst I

6. Mr. Charles Atamba - Research Officer III
7. Mr. Abdi Salat - Senior Sergeant-At-Arms
8. Ms. Rose Ometere - Audio Officer

OFFICE OF THE AUDITOR-GENERAL

Mr. Obed Chweya - Senior Manager, Audit

INSPECTORATE OF STATE CORPORATIONS

Mr. Gerald Mwangi - Inspector

THE NATIONA L TREASURY

Mr. John Munge - Accountant I

MIN.NO. /PIC/238/2016: PRELIMINARIES

The Chair called the meeting to order at forty minutes past two o'clock and the prayer was said by Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP.

MIN.NO. /PIC/239/2015: CONFIRMATION OF MINUTES

Confirmation of minutes of the previous sitting was deferred to the next meeting.

MIN.NO. /PIC/240/2016: SPECIAL REPORT ON THE INQUIRY INTO ALLEGATIONS OF FRAUD AND FINANCIAL MISMANAGEMENT AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

The Members considered the draft Special Report on the Inquiry into Allegations of Fraud and Financial Mismanagement at the Youth Enterprise Development Fund from page 23 to page 77 and recommended the following additional information: -

1. **Committee Observations and Findings on submission by the Acting Chief Executive Officer Mr. Emmanuel Odero**

   On page 33

   (a) Observation No. (v): should include the Board Circular No. Circular 5 of 2002.

   (b) Observation No. (ix): The Committee observed that YEDF had operations accounts both Equity Bank and Kenya Commercial Bank.

2. **Committee Observations and Findings on submission by Suspended Chief Executive Officer Ms. Catherine Namuye**

   (a) On page 38

   Observation No. (ix) The correct date of writing and receiving the letters instructing Chase Bank on the change of account signatories should be given.

   (b) On page 44

Observation No. (v) Ms. Catherine Namuye solely signed off two letters dated 11th February, 2015 (and not 4th February 2015 as incorrectly indicated in the draft) and 27th April, 2015 instructing Chase Bank (K) Ltd to pay Quorandum Ltd Kshs. 115,710,000.00 and Kshs. 65, 184,946.00 respectively.

(c) On page 45

Observation No. (vii): - should include Treasury Circular No. 12 of 2002.

3. **Committee Observations and Findings on submission by the Board of Directors**

On page 55:

That Director Clement Ayungo and Babu Owino should be investigated by the Directorate of Criminal Investigation in respect to the death of the YEDF driver the late Simon Mwangi and whether the death is related to the financial mismanagement at the Fund.

4. **Evidence by Mr. Titus Muriithi, Acting Inspector General of State Corporations**

On page 71:

That Human Resource Policies and Procedures Manual provides that an employee on suspension is entitled to house allowance and inpatient medical cover.

5. **Committee Observations and Findings on submission by Mr. Simon Indimuli, the Head of Governance at the State Corporations Advisory Committee**

On page 75:

The recommendation of the Presidential Taskforce on Parastatal Reforms on the merger of the YEDF, Women Fund, Uwezo Fund, Micro and Small Enterprises Authority and the Kenya Industrial Estates into Biashara Kenya has taken inordinately long to implement. This observation should also be included in the main general observations of the Report.

MIN. NO./PIC/241/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/242/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 6:00pm until 10:00am on Saturday 23rd April, 2016.

Signed.....

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

Date.....28/4/2016

MINUTES OF THE 30TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON FRIDAY, 22ND APRIL 2016 IN FAHARI HALL WHITESANDS HOTEL, MOMBASA AT 10:00 A.M.

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. Francis Mwanzia Nyenze, EGH, MP
4. Hon. (Dr.) Oburu Oginga, MGH, MP
5. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
6. Hon. Wafula Wamunyinyi, MP
7. Hon. Elias Bare Shill, MP
8. Hon. John Olago Aluoch, MP
9. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
10. Hon. (Eng). John Kiragu, MP
11. Hon. Dorcas Kedogo, MP
12. Hon. Beatrice Nkatha Nyaga, HSC, MP
13. Hon. Bernard Munywoki Kitungi, MP
14. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
15. Hon. Irungu Kang'ata, MP
16. Hon. John Muchiri Nyaga, HSC, MP
17. Hon. John Ogutu Omondi, MP
18. Hon. Korei Ole Lemein, MP
19. Hon. Mary Sally Keraa, MP
20. Hon. Onesmus Muthomi Njuki, MP

ABSENT WITH APOLOGY

21. Hon. Franklin Mithika Linturi, MP
22. Hon. Adan Mohammed Nooru, MP
23. Hon. Sammy Silas Komen Mwaita, MP
24. Hon. Abdullswamad Sheriff Nassir, MP
25. Hon. Cornelly Serem, MP
26. Hon. Johana Kipyegon Ng'eno, MP
27. Hon. Ejidius Njogu Barua, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim	-	Clerk Assistant I
2. Mr. Philip Lekarkar	-	Clerk Assistant III
3. Mr. Mohamed Boru	-	Clerk Assistant III
4. Ms. Clara Kimeli	-	Legal Counsel I
5. Mr. Joash Kosiba	-	Fiscal Analyst I

6. Mr. Charles Atamba - Research Officer III
7. Mr. Abdi Salat - Senior Sergeant-At-Arms
8. Ms. Rose Ometere - Audio Officer

OFFICE OF THE AUDITOR-GENERAL

Mr. Obed Chweya - Senior Manager, Audit

INSPECTORATE OF STATE CORPORATIONS

Mr. Gerald Mwangi - Inspector

THE NATIONA L TREASURY

Mr. John Munge - Accountant I

MIN.NO. /PIC/233/2016: PRELIMINARIES

The Chair called the meeting to order at ten minutes past ten o'clock and the Prayer said by Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP.

The Chair thereafter welcomed the Members to the Report Writing Retreat. Members resolved to consider the Report page by page.

MIN.NO. /PIC/234/2015: CONFIRMATION OF MINUTES

Confirmation of minutes of the previous sitting was deferred to the next meeting.

MIN.NO. /PIC/235/2016: SPECIAL REPORT ON THE INQUIRY INTO ALLEGATIONS OF FRAUD AND FINANCIAL MISMANAGEMENT AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

The Members considered the draft Special Report on the Inquiry into Allegations of Fraud and Financial Mismanagement at the Youth Enterprise Development Fund page by page from page 1 to page 22 and recommended inclusion of the following additional information: -

1. On page 7;

   Under Committee proceedings: -

   All witnesses who appeared before the Committee should be listed by their names.

2. On page 8;

   Under the General Committee Observations and Findings;

   (a) Observation no. (i) to include National Treasury Circular No. 12 of 2002 alongside the National Treasury Circular No. 10 of 1992.

3. On page 15;

On recommendation to Government Entities;

(a) The Executive should expedite the appointment of YEDF Board and substantive Chief Executive Officer;

(b) Government should expeditiously implement the Report of the Inspectorate of State Corporations on financial mismanagement at YEDF.

4. On page 16;

Observations on YEDF suspended Chief Executive Officer Ms. Catherine Namuye

Observation No. 7; that the suspended Chief Executive Officer Ms. Catherine Namuye if found culpable should be barred from holding public office in accordance with the provisions of Article 75 of the Constitution on Conduct of State Officers which provides for disqualification of a public officer from holding any public office or state office if the officer contravenes Articles 76, 77 and 78 of the Constitution.

5. On page 18;

Observations on the former Chair of YEDF Mr. Bruce Odhiambo;

(a) Observation No. 2;

That Mr. Bruce Odhiambo misrepresented himself as an Executive Chair of the Fund and involved himself in day-to-day affairs of the Fund and was assigned a vehicle for use, which he was not entitled to. The total cost of expenditure for the use of the vehicle be recovered from him.

(b) Observation No. 2;

The Director, Assets Recovery Agency in the Office of the Attorney General should immediately proceed and recover the expenditure attributed to the misuse of the vehicle assigned to Mr. Bruce Odhiambo.

(c) Observation No. 6;

The former YEDF Chairman Mr. Bruce Odhiambo forged Board minutes with criminal intent. He should therefore be charged with falsification of official documents by tampering with Board minutes to give Ms. Catherine Namuye the authority of a sole signatory in absence of the other mandatory signatories.

6. On page 19;

Observation No. 5;

That Mr. Bruce Odhiambo and Ms. Catherine Namuye fraudulently procured a service that was never intended to be delivered. Both should be recommended for prosecution and if found culpable they should be surcharged for the total amount of money lost in the fraudulent transaction.

7. On page 20;

Observation No. 3 on Mr. Mukuria Ngamau's submission;

That Mr. Mukuria Ngamau while he appeared before the Committee and under oath knowingly misled the Committee that he had an ICT consultancy firm, had a Skype meeting with Mr. Collins Donnie Reeves and that he transferred approximately Kshs. 115 million to Mr. Reeves in the USA. He later informed the Committee in writing that Mr. Reeves died on 1st April 2015 and that he's still tracing the next of kin to transfer the amount.

8. On pages 20 and 21;

(a) **Mr. Ezekiel Owour** having been a former employee of Chase Bank when the alleged fraudulent transaction took place and a beneficiary of funds from Quorandum Ltd.'s Standard Chartered Bank account should be invited to adduce evidence on the transactions between himself and Quorandum Ltd;

(b) That **Mr. Ezekiel Owour** should further be investigated by EACC and DCI on possible complicity, connivance and involvement and responsibility of the Bank on the suspicious transfer of funds to Quorandum Ltd from YEDF Chase Bank account.

9. On page 22

That the Ethics and Anti-Corruption Commission should extend investigations to any other persons or company that received money originating from Quorandum Ltd.'s Chase Bank and Standard Chartered Bank accounts.

10. All Government agencies including Ethics and Anti-Corruption Commission, Directorate of Criminal Investigation, Inspectorate of State Corporations, the Auditor General and others tasked to undertake further investigations in the report should report back to the National Assembly **not later than two (2) months** after the adoption of the Report.

MIN. NO./PIC/236/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/237/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 1:45pm until 2:30pm on same day.

Signed.....

Date.....28/4/2016

Hon. Adan Wehliye Keynan, CBS, MP

(Chairman)

MINUTES OF THE 34TH SITTING OF THE PUBLIC INVESTMENTS COMMITTEE HELD ON TUESDAY, 26TH APRIL 2016 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDINGS AT 10:00 AM

PRESENT

1. Hon. Adan Wehliye Keynan, CBS, MP - **Chairperson**
2. Hon. Anthony Ichung'wah Kimani, MP - **Vice Chairperson**
3. Hon. (CPA) Thomas Ludindi Mwadeghu, CBS, MP
4. Hon. Dr. Oburu Oginga, MGH, MP
5. Hon. Sammy Silas Komen Mwaita, MP
6. Hon. (Dr.) Paul Nyongesa Otuoma, EGH, MP
7. Hon. John Ogutu Omondi, MP
8. Hon. Onesmus Muthomi Njuki, MP
9. Hon. Cornelly Serem, MP
10. Hon. Korei Ole Lemein, MP
11. Hon. John Olago Aluoch, MP
12. Hon. Wafula Wamunyinyi, MP
13. Hon. John Muchiri Nyaga, HSC, MP
14. Hon. Elias Bare Shill, MP
15. Hon. Abdullswamad Sheriff Nassir, MP
16. Hon. Bernard Munywoki Kitungi, MP
17. Hon. (Dr.) Chrisanthus Wamalwa Wakhungu, CBS, MP
18. Hon. Adan Mohammed Nooru, MP
19. Hon. Mary Sally Keraa, MP

ABSENT WITH APOLOGY

20. Hon. Francis Mwanzia Nyenze, EGH, MP
21. Hon. Dorcas Kedogo, MP

ABSENT WITHOUT APOLOGY

22. Hon. Ejidius Njogu Barua, MP
23. Hon. Franklin Mithika Linturi, MP
24. Hon. Beatrice Nkatha Nyaga, HSC, MP
25. Hon. Johana Kipyegon Ngeno, MP
26. Hon. Irungu Kang'ata, MP
27. Hon. (Eng). John Kiragu, MP

IN-ATTENDANCE

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Susan Maritim	-	Clerk Assistant I
2. Mr. Philip Lekarkar	-	Clerk Assistant III
3. Mr. Mohamed Boru	-	Clerk Assistant III
4. Mr. Charles Atamba	-	Research Officer III
5. Ms. Clara Kimeli	-	Legal Counsel II

6. Mr. Abdi Salat - Senior Sergeant-at-Arms
7. Ms. Rose Ometere - Audio Officer

MIN.NO./PIC/253/2016: PRELIMINARIES

The Chair called the meeting to order at twenty five minutes past ten o'clock and the Prayer was said by Hon. Korei Ole Lemein, MP.

MIN.NO./PIC/254/2016: CONFIRMATION OF PREVIOUS MINUTES

The Committee confirmed Minutes of the Previous Sittings as follows:-

1. Minutes of 25th sitting were confirmed as a true record of the proceedings having been proposed by Hon. Korei Ole Lemein, MP and seconded by Hon. John Olago Aluoch, MP

2. Minutes of 26th sitting were confirmed as a true record of the proceedings having been proposed by Hon. John Olago Aluoch, MP and seconded by Hon. Onesmus Muthomi Njuki, MP

3. Minutes of 27th sitting were confirmed as a true record of the proceedings having been proposed by Hon. John Ogutu Omondi, MP and seconded by Hon. Onesmus Muthomi Njuki, MP

4. Minutes of 28th sitting were confirmed as a true record of the proceedings having been proposed by Hon. Onesmus Muthomi Njuki, MP and seconded by Hon. John Ogutu Omondi, MP.

MIN. NO./PIC/255/2016: AFFIDAVIT FROM MR. EZEKIEL OWUOR ON THE INQUIRY INTO THE ALLEGED LOSS OF FUNDS AT THE YOUTH ENTERPRISE DEVELOPMENT FUND

The Committee was in receipt of an affidavit from a Mr. Ezekiel Owuor whose name had been flagged as one of the recipients of funds from Quorandum Limited. The Committee agreed that the affidavit was admissible and resolved to add it to Committee records on the inquiry.

MIN.NO. /PIC/256/2016: EVIDENCE BY THE COUNCIL FOR LEGAL EDUCATION

Prof. Bitonye-Kulundu, the Chief Executive Officer of the Council for Legal Education accompanied by Mr. Jones Otuke (Assistant Director of Finance) and Mr. Jairus Kirande (Senior Procurement Officer) appeared before the Committee to adduce

evidence on the report of the Auditor General on the financial statements of the Council for the financial year 2005/06 to 2014/2015.

The agenda item was deferred to a future date due to a Speaker's Kamukunji.

MIN. NO./PIC/257/2016: ANY OTHER BUSINESS

No other business arose.

MIN. NO./PIC/258/2016: ADJOURNMENT

There being no other business, the meeting was adjourned at 10:45am. The next meeting will be held on Thursday 28th April, 2016 at 10:00am.

Signed.....

Hon. Adan Wehliye Keynan, CBS, MP
(Chairman)

Date 28/4/2016