



REPUBLIC OF KENYA

PARLIAMENT
OF KENYA
LIBRARY

NATIONAL ASSEMBLY

TREASURY MEMORANDUM
ON THE
IMPLEMENTATION STATUS
ON THE
NINTH REPORT
OF THE
PUBLIC INVESTMENTS COMMITTEE
ON THE ACCOUNTS OF
STATE CORPORATIONS
VOLUME III

2001

TREASURY MEMORANDUM

ON THE

IMPLEMENTATION STATUS

ON THE

NINTH REPORT

OF THE

PUBLIC INVESTMENTS COMMITTEE

ON THE ACCOUNTS OF

STATE CORPORATIONS

INTRODUCTION

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

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

In order to ensure that the recommendations and resolutions of the Committee are implemented, the Treasury will make a follow-up with the relevant Chief Executives of the various parastatals after the adoption of the Tenth Report with the view to preparing the next Memorandum on time, ready for the next Public Investments Committee's deliberations.

The Treasury Memorandum is hereby printed for discussion and adoption.


MR. MWAGHAZI MWACHOFI
PERMANENT SECRETARY
MINISTRY OF FINANCE & PLANNING
TREASURY

KENYA POSTS AND TELECOMMUNICATIONS CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA POSTS & TELECOMMUNICATIONS CORPORATION FOR THE YEAR ENDED 30TH JUNE 1996

1.0 FINANCIAL POSITION

RECOMMENDATION

- 1.1 The Committee therefore recommends that the Chief Executive should treat work-in-progress amounting to Kshs.6,776,730,340 in accordance with International Accounting Standards which require that the amount be capitalised instead of being treated as current assets.

Status: The Chief Executive confirms that the engineering stocks of Kshs.6,776,730,340 are now correctly classified into either capital or maintenance stocks and appropriately accounted for in the annual accounts.

- 1.2 The Committee further recommends that the Chief Executive should pay the balance of Kshs.6.48 billion in compliance with the provisions of the Cabinet Paper.

Status: The Chief Executive confirms that the Corporation is complying with this recommendation by paying Kshs. 90 million per week made up of Kshs.20 million Corporation Tax, Kshs.55 million VAT and Kshs.15million Customs and Excise Duty.

2.0 INACCURACIES IN THE ACCOUNTS

RECOMMENDATION

- 2.1 The Committee recommends that the Chief Executive should ensure that the accounts of the Corporation are properly reconciled and adjusted as advised in the management letter and agreed with the Office of the Auditor-General (Corporations).

Status: The Chief Executive confirms that the accounts of the Corporation have been properly reconciled and adjusted as advised by the Auditor-General (Corporations).

3.0 SALE OF DRIVE-IN ESTATE LR.7879/4 - OUTERING/THIKA ROAD

RECOMMENDATION

- 3.1 The Committee recommends that the Corporation should recover an amount of Kshs.6,569,345 in respect of legal fees from the Office of the President.**

Status: The Chief Executive confirms that the Corporation is endeavouring to recover the legal fees from the Office of the President as recommended. It is however confirmed that difficulties are being encountered as this amount was excluded from the sale agreement.

- 3.2 The Committee further recommends that the Registrar of Companies, Mr. Omondi Mbago should be dismissed from the Office of the Registrar-General.**

Status: The Chief Executive confirms that the Corporation has noted the recommendation.

- 3.3 The Committee also recommends that the Chief Executive should liaise with the Office of the President and Official Receiver with a view to transferring the land on which the 196 maisonettes stand to the Office of the President.**

Status: The Chief Executive confirms that the Corporation is in close liaison with the Office of the President, General Service Unit (GSU) and the Official Receiver on sub-division of the land and subsequent transfer of the completed units.

4.0 PURCHASE OF KAREN PLOTS LR.NOS.12445 AND 12550

RECOMMENDATION

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

Status: The Chief Executive confirms that there is a case against Mr. Kipng'eno Arap Ngeny and Chege Kirundi currently before the court.

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

Status: The Chief Executive confirms that Messrs Kirundi and Company Advocates have now been reported to the Law Society of Kenya Complaints Commission by the Communication Commission of Kenya.

5.0 PENSION FUNDS INVESTMENTS

RECOMMENDATION

- 5.1 The Committee recommends that the Chief Executive should comply with the provisions of the Retirement Benefit Authority Act in the operations and management of Teleposta Pension Fund Scheme.**

Status: The Chief Executive confirms that he is now complying with the provisions of the Retirement Benefits Authority Act in the operations and management of Teleposta Pension Fund Scheme.

6.0. SHORT TERM DEPOSITS

RECOMMENDATION

- 6.1 The Committee recommends that the Chief Executive should ensure that a provision for bad and doubtful debts in respect of Kshs.91,832,295 is made.**

Status: The Chief Executive confirms that the amount has already been provided for in the 1996/97 Annual Accounts.

- 6.1 The Committee further recommends that the Chief Executive should put concerted efforts to recover Kshs.128,189,669,05 from the Official Receiver.**

Status: The Chief Executive confirms that Telkom Kenya Limited has been liaising with the Official Receivers of the various financial institutions and to date Kshs.3.7 million has been recovered. The Corporation is following up on the remaining balances.

7.0. CASH AND BANK BALANCES

RECOMMENDATION

- 7.1 The Committee recommends that the Chief Executive should reconcile the outstanding amounts of Kshs.936,004.85.**

Status: The Chief Executive confirms that the mentioned amounts have now been fully reconciled.

- 7.2 The Committee further recommends that the Chief Executive should always ensure that the Corporation maintains correct and up to date accounting records.**

Status: The Chief Executive confirms that the Corporation currently maintains correct and up to date accounting records.

8.0 UNSURVEYED PLOT IN MALINDI TOWN

RECOMMENDATION

The Committee recommends that:-

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

Status: The Chief Executive confirms that the recommendation has been noted and will be followed up appropriately when KACA is revived.

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

Status: The Chief Executive confirms that the matter is being pursued with the Inspectorate of State Corporations.

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

Status: The Chief Executive confirms he has taken note of the recommendation.

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

Status: The Chief Executive confirms that he will liaise with the Director of KACA (once one is in place) on the investigation of the land transaction.

NATIONAL CEREALS AND PRODUCE BOARD

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL CEREALS AND PRODUCE BOARD FOR THE YEAR ENDED 30TH JUNE 1996

1.0 FIXED ASSETS

RECOMMENDATION

- 1.1 The Committee therefore reiterates its earlier recommendation under Paragraph 1.1 of the 1994/95 Accounts that the Government should make a policy decision on the ownership of the fifty five (55) donor funded storage facilities and present a Sessional Paper to Parliament on the same.

Status: The Chief Executive confirms that the Board has furnished the Government through the Parent Ministry all the details and information required. The Board is now following up for the policy on the transfer as per recommendation.

- 1.2 The Committee also recommends that the Commissioner of Lands should issue title deeds or renew leases of the Board's Land Properties by 3rd December 2000.

Status: The Chief Executive confirms that out of the 41 properties (originally 57 in 1992/93 FY) which the Board did not have title deeds as at 30th June 1996 the latest position is now as follows:

a). Properties with Title Deeds obtained	7
b). Pending title registration	5
c). Surveyed and Beacon certificate issued	16
d). Surveyed but awaiting certificate	5
e). Under survey	2
f). Kenya Railways Reserve Land	<u>6</u>
	41

- 1.3 The Committee further recommends that the Chief Executive should expedite the acquisition of titles for the 10 (ten) parcels of land located on the Kenya Railways Siding Reserve Land.

Status: The Chief Executive confirms that so far 2 properties have received title deeds while 2 more have received lease extensions. Meanwhile 6 are awaiting final approval and 1 is under circulation to various offices for approval.

2.0 DEBTORS

RECOMMENDATION

- 2.1 The Committee therefore recommends that the Chief Executive should continue to liaise with the parent ministry and the Treasury with a view to ensuring that all the debts amounting to Kshs.2,341,957,502.85 owed by the Government is recovered in full.

Status: The Chief Executive confirms that Kshs.470 million has been repaid and the balance is included in the Printed Estimates 2000/2001 and Forward Budget provisions in the three (3) year GoK Medium Term Expenditure Framework (MTEF).

The Committee further recommends that:-

- 2.2 The Permanent Secretary in the Office of the President in charge of Provincial Administration should recover the money from the individual DCs before 30th March 2001.

Status: The Chief Executive confirms that he has provided the required details to the Office of the President for the recovery of the un-surrendered funds by D.Cs. The matter has also been referred to the Attorney General's office with a view to prosecuting those concerned.

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

Status: The Chief Executive confirms the Board has consolidated the KFA Ltd with other GOK debts that were to be settled by GOK under the NCPB commercialisation project. The amount of Kshs.3.1. billion is to be settled in an initial period of six years. Notwithstanding the foregoing position the Board has written to KFA demanding settlement of the same.

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

Status: The Chief Executive confirms that the matter has been referred to the Attorney General's office with a view to prosecuting those involved.

3.0 STAFF DEBTORS

RECOMMENDATION

The Committee reiterates its earlier recommendation under paragraph 2.1 of 1994/95accounts in the Eighth Report that: -

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

Status: The Chief Executive confirms that the figure has been reduced to kshs.52.6 million (from Kshs.129.8million). Recovery through payroll, Insurance (under fidelity Guarantee Insurance policy) and legal process. Recovery from employees who have since left is still posing a problem, but the matter is being pursued.

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

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

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

Status: *The Chief Executive confirms that the Board is frequently reviewing internal controls which have now been strengthened.*

4.0 SUNDRY DEBTORS

RECOMMENDATION

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

Status: *The Chief Executive confirms that the Board is currently availing all the required information for audit verification as recommended.*

5.0 OTHER DEBTORS

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 2.3 of the 1994/95 accounts (Eight Report) that: -

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

Status: *The Chief Executive confirms that all recommended Means have been used and debtors reduced from Kshs.1,001,481,689 to Kshs.660,600,585 at 30th June 2000. Efforts are still being made to recover the balance.*

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

Status: *The Chief Executive confirms having noted the recommendation and that this is a policy matter that the Government will need to handle through the Office of the President.*

The Committee further recommends that: -

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

Status: The Chief Executive confirms that he has noted the recommendation and will follow up the matter with KACA when it is re-established.

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

Status: The Chief Executive confirms that the recommendation has been overtaken by events as the case has been concluded i.e. HCCC 2947. But under HCCC 2892 the Company is under liquidation and the matter is being pursued by the Official Receiver.

6.0 OPERATING STOCKS

RECOMMENDATION

- 6.1 The Committee recommends that the Chief Executive should ensure that the balance of Kshs.1,849,576.85 is recovered in full from the concerned staff members by 30th March 2001.

Status: The Chief Executive confirms that recoveries have been made as recommended and the balance has since been reduced to Kshs.229,350.00. Efforts are still being made to recover the outstanding small balance.

The Committee recommends that: -

- 6.2 The Board should recover outstanding amount from all the loanees in respect of commodities and stocks loaned out to Third Parties by 30th June 2001.

Status: The Chief Executive confirms that recoveries have been made as recommended. The only small outstanding balance is Kshs.195,702.00 which is being pursued.

- 6.3 The Chief Executive should recover the three tarpaulins or the value of the tarpaulins amounting to Kshs.40,500 within six months failure to which he will be surcharged.

Status: The Chief Executive that the three tarpaulins have not been recovered. Therefore as recommended he (Chief Executive) should be surcharged.

- 6.4 The Chief Executive should expedite the recovery of Kshs.667,801.50 in respect of loaned out stocks and complete the matter by 30th June 2001.

Status: The Chief Executive confirms that the matter of recovery is still being pursued by the Board.

- 6.5 The Committee recommends that the Chief Executive should put in place proper and adequate storage facilities to minimise storage losses and that the Chief Executive will in future be held responsible for any losses that arise above the accepted percentage of 2.2% per annum.

Status: The Chief Executive confirms that Management has put in place proper and adequate storage facilities to minimise storage losses. The sales policy has also been revised so that consumers now recognise and bear the loss in weight on grains that have dried below the Fair Average Quality (FAQ) moisture content level of 13.5% for maize when trading with the Board.

7.0 SALE OF SUBSIDIARY COMPANIES

RECOMMENDATION

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

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

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

- Mr. Daniel Runya
- Mr. C. Desai
- Mr. Josphat Kavuku
- Mr. W.K. Sambu
- Mr. Joshua Kuloi
- Mr. N. K. Korir
- Mr. S. B. Gunga
- Mr. B. K. Rotich

7.3 The Attorney General should prosecute the current director of Kenya Cashew nuts Ltd Company namely, Messrs. P. K. Shah and Daniel Runya for:

- (a) excluding the Union from representation in the Board of Directors,
- (b) illegally removing, transferring and selling assets of the Company without reference to the shareholders in gross contravention of Memorandum and Articles of Association of the Company and the Companies Act.

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

Mr. Daniel Runya
Mr. Josphat Kavuku
Mr. S. B. Gunga

7.5 Mr. Lawi Kiplagat and Mr. Joshua Kulei should be banned from holding any public office in the Republic of Kenya.

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

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

Status: The Chief Executive confirms that all the above seven (7) recommendations were noted by the Board and forwarded to the Government for appropriate action. The Parent Ministry vide letter Ref. MALDM/NCPB/2/VOL/IV dated 7th February 2000 is helping in pursuit of the matter.

8.0 TRADE CREDITORS AND PROVISIONS

RECOMMENDATION

- 8.1 The Committee recommends that the Chief Executive should carry out reconciliation and analysis on the remaining accounts by 30th March 2001.

Status: The Chief Executive confirms that Management has continued to reconcile and analyse the remaining credit balances as recommended. The verification exercise has since been concluded and the final recommendations included in the write-back of old unclaimed credit balances.

9.0 INSURANCE EXPENSE AND UNSETTLED INSURANCE CLAIMS

RECOMMENDATION

- 9.1 The Committee recommends that the Chief Executive should expedite the process of recovery of Kshs.126,474,394 from the officers who occasioned the losses in respect of gunny bags.

Status: The Chief Executive confirms that the matter of the Insurance Company is under liquidation and the matter is still being pursued with the Official Receiver who is under the Attorney General's Chambers.

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

Status: The Chief Executive confirms that Management currently do comply with the recommendation ensuring that there is adequate insurance cover NCPB Management concludes there submission by expressing their appreciation to PIC as well as the Auditor-General' (Corporations) for the continued guidance and identifying solutions.

- 9.3 The Committee reiterate its earlier recommendation under paragraph one (1) of the 1995/96 accounts (Eighth Report) that the parents Ministry should ensure that Kenya Ferry Service is funded directly from the Exchequer with effect from 1st July, 1999.

Status: The Chief Executive confirms that the Authority stopped making further advances to the Kenya Ferry Services Ltd in March 1998. The matter is now left between the KFS Ltd and the Government.

KENYA PORTS AUTHORITY (KPA)

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

1.0 ADVANCES TO KENYA FERRY SERVICES - KSHS.247,689,861

RECOMMENDATION

- 1.1 The Committee further recommends that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to ensuring that the money advanced to Kenya Ferry Services is paid to KPA without further delay.

Status: The Chief Executive confirms that the amount owed has been reconciled and the amount now claimable stands at Kshs.401,060,108 which has been forwarded to the Government.

2.0 INLAND CONTAINER DEPOT - ELDORET

RECOMMENDATION

- 2.1 The Committee reiterates its earlier recommendations under paragraph 2 of 1994/95 accounts (Seventh Report) and 1995/96 Accounts (Eighth Report) that the Chief Executive should ensure that the Authority recovers liquidated damages amounting to Kshs.4,465,000 and the accrued interest in full.

Status: The Chief Executive clarifies that the correct amount of liquidated damages is Ksh.4,230,000 and not Kshs.4,465,000 which was a provisional figure. The Authority has since recovered kshs.1,638,000. The balance of kshs.2,592,000 is being held out of the amount due to the contractor in the final account to ensure liquidated damages are recovered in full.

- 2.2 The Committee further recommends that the parent Ministry should ensure that the depot remains in the hands of the Authority and be made operational.

Status: The Chief Executive confirms that the Authority has complied with the recommendation. Research has been carried and the depot is being operationalised.

3.0 LAND WITHOUT TITLE

RECOMMENDATION

- 3.1 The Committee recommends that the Chief Executive and the parent Ministry should follow up the matter with the Attorney General and the Commissioner of Lands in order to ensure that the Authority is issued with title deeds for all parcels of land in its possession by 30th September, 2000.

Status: The Chief Executive confirms that the matter is still being pursued vigorously. A meeting was held in the commissioner's office attended by PS, Parent Ministry, PS, Ministry of Lands and Settlement, Commissioner of Lands and KPA and agreed action is being taken.

4.0 MTONGWE HOUSING ESTATE PROJECT

RECOMMENDATION

- 4.1 The Committee therefore reiterates its earlier recommendations under paragraphs 3.2 of 1994/95 (Seventh Report) and 4.0. of 1995/96 (Eighth Report) accounts respectively that the Chief Executive should ensure that liquidated damages for delay are recovered in full from the contractor with effect from September, 1994 until the date of completion and handing over of the project.

Status: The Chief Executive confirms inability to recover the amount because KPA is deemed at fault following legal advise. KPA failed to give possession of the site to the contractor in terms of the contract. KPA also failed to pay interim certificate on time due to financial constraints.

5.0 CONTAINER FREIGHT SECTION - MOMBASA

RECOMMENDATION

The Committee therefore recommends that:-

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

Status: The Chief Executive confirms that the Authority has referred the matter to Attorney General for guidance and necessary action for the rest except Mr. E.O. Njiru who has been dealt with under staff regulations and retired.

- 5.2** The lead Consultant, **Mr. B.S. Dogra** and any company associated with him should be blacklisted and deregistered from receiving contracts awarded by State Corporations and Government in general.

Status: The Chief Executive confirms that the Authority has indeed blacklisted Mr. B. S. Dogra and any company associated with him. The project has further been recognized as a total loss and consequently written off from the books of accounts.

6.0 KIZINGO GUEST HOUSE

RECOMMENDATION

- 6.1** The Committee recommends that the Authority should strictly stick to rules and regulations governing the procurement and disposal of its property.

Status: The Chief Executive confirms that the Authority is fully complying with the recommendation. The new rules and regulations governing procurement and disposal of its property of March 2001 are being followed.

7.0 DEBTORS - DREDGING CHARGES - KSHS.287,231,401

RECOMMENDATION

- 7.1** The Committee recommends that the Chief Executive should liaise with the parent Ministry and the Treasury with a view to ensuring that the debt of Kshs.287,231,401 is settled without further delay.

Status: The Chief Executive confirms that the Management is in correspondence with both the Parent Ministry and Treasury seeking ways to regularize the outstanding debts.

- 7.2 The Committee also recommends that the parent Ministry should reimburse the Authority an amount of Kshs.5.1 million that was spent by the officials of the Ministry on maritime related assignments by 30th September 2000.

Status: The Chief Executive confirms that the amount has since escalated to Kshs.15.1million and the Authority and the Ministry are working on the modalities of how to regularize these advances.

8.0 STORES STOCK - KSHS.1,397,880,323

RECOMMENDATION

- 8.1 The Committee recommends that the Authority should determine the usefulness of the stores stock worth Kshs.1,397,880,323 and those found unnecessary and obsolete should be disposed of in a competitive bidding.

Status: The Chief Executive confirms that the recommendation is being adhered to. The Authority is constantly reviewing its stock levels for better management of the same.

9.0 UNCOLLECTED WHARFAGE CHARGES KSHS.14,093,180

RECOMMENDATION

- 9.1 The Committee therefore reiterates its earlier recommendation under paragraph 11 of the 1995/96 accounts, Eighth Report, that the Attorney General should investigate all those involved in the clearing of the consignments with a view to instituting criminal charges against anyone who may have acted irregularly.

Status: The Chief Executive confirms that a reminder has been sent to Telkom Kenya Ltd, and the Authority has written to the Attorney General along the lines of PIC recommendations.

10.0 LONG TERM INVESTMENTS - KSHS.615,530,633

RECOMMENDATION.

- 10.1 The Committee recommends that the Authority should dispose off its shares, once their prices improve.

Status: The Chief Executive confirms that the Board of Directors view is that KPA should relinquish its interest in the Company once it has made sufficient projects to recover the initial investments costs. The company is now making Profits Kshs.2.33million being a reversal from the loss of kshs.239.5million in 1997.

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

Status: The Chief Executive confirms that the recommendation is being followed. Keen interest is being taken in the on going at the Bank.

11.0 PURCHASE OF TWO COMMUTER BUSES (1995/96 ACCOUNTS)

RECOMMENDATION.

- 11.1 The Committee recommends that the Director of Kenya Anti-Corruption Authority should investigate the manner in which the said buses were procured with a view to prosecuting culprits.**

Status: The Chief Executive confirms that the recommendation has been noted. The matter will be forwarded to the Director of KACA when the Authority is re-established.

12.0 GRAIN BULK HANDLERS LTD PROJECT (GBHL)

RECOMMENDATION

The Committee recommends that:-

- 12.1 The parent Ministry should ensure that Kenya Ports Authority put in place a clear tariff policy that safeguards the Authority's interest.**

Status: The Chief Executive confirms that the recommendation is being comply with.

- 12.2 The parent Ministry should ensure that there is a legally binding agreement between Kenya Ports Authority and M/s Grain Bulk Handlers Ltd to safeguard the interest of other facility users. The agreement should clearly spell out in a clause that M/s Grain Bulk Handlers Ltd cannot unilaterally increase the handling charges.

Status: The Chief Executive confirms that the Authority continues to discuss with M/S Grain Bulk Handling Ltd on the issue of the way-leave and equitable share of Revenue. Tariffs rates being applied are being reviewed to apply equally thereby creating a more competitive environment for all stakeholders in the industry.

13.0 PRIVATISATION PROCESS OF KENYA PORTS AUTHORITY

RECOMMENDATION

The Committee therefore recommends that:-

- 13.1 The privatisation of Kenya Ports Authority should not be done before and until, the relevant statues are considered by Parliament.

Status: The Chief Executive confirms that the recommendation will be adhered to.

- 13.2 The views/resolutions of the Watamu Workshop of 22nd and 23rd March, 1998, which reviewed the Hickling Report, should be taken into consideration when finalising the process of privatising the Authority.

Status: The Chief Executive confirms that the recommendation is being followed and liaison is being maintained with the Treasury.

NATIONAL SOCIAL SECURITY FUND (NSSF)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL SOCIAL SECURITY FUND FOR THE YEAR ENDED 30TH JUNE 1996

1.0. UNVOUCHED ADJUSTMENT

RECOMMENDATION

The Committee therefore reiterates its earlier recommendations under Paragraph 2 of the 1993/94 accounts (Eighth Report) that:-

- 1.1 The Chief Executive should in future ensure that reliable accounting information and documents are made available to the Auditor-General (Corporations) for verification as required under the provisions of Section 29 (3) of the Exchequer and Audit Act (Cap 412).

Status: The Chief Executive confirms that reliable accounting information and documents are being made available to the Auditor-General (Corporations) for verification as required by the Exchequer and Audit Act (Cap.412).

- 1.2 The Chief Executive and the Board should take urgent steps to improve the finance department.

Status: The Chief Executive confirms that the recommendation is being adhered to. Steps have been taken to improve the quality of the accounting staff through training and computerisation of the accounting functions.

- 1.3 The Committee further recommends that the Chief Executive should provide all relevant documents in respect of the unvouched adjustments totalling Kshs.132,079,000 by 30th June, 2000 to the Auditor-General (Corporations) for verification.

Status: The Chief Executive confirms that the Fund complied with this recommendation and the matter was cleared in mid 1999.

2.0. EXPENDITURE FOR THE YEAR

RECOMMENDATION.

- 2.1. The Committee recommends that the Chief Executive must use all means possible to realize the amount of Kshs.39,429,000 outstanding from recovery of service charge.

Status: The Chief Executive confirms that recovery has been made as recommended and tenants have been billed for the shortfall. Government ministries and Departments are being followed for their arrears.

- 2.2. The Committee further recommends that the Fund should enter into lease agreements with its tenants to enable it recover service charge by 31st July, 2000.

Status: The chief Executive confirms that the Fund has now entered into lease agreements with its tenants as recommended. The agreements contain standard features like name of tenant, commencement date, lease period, rent amount, service charge amount and review period

3.0 PROVISION FOR DOUBTFUL LEGAL DEBTORS

RECOMMENDATION

The Committee therefore reiterates its earlier recommendations under paragraph 3 of 1993/94 accounts in the Eighth Report that:-

- 3.1 There should be a complete overhaul of the Board of Trustees with the exclusion of all those who were Board Members during the year under review. In appointing the new Board due regard should be given to people of professional integrity and good standing in the society.

Status: The Chief Executive confirms that the Board has been completely overhauled as recommended.

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

Status: The Chief Executive confirms that the recommendation has been noted. The Attorney General is investigating the conduct of the then Managing Trustee, Mr. S. Muindi as recommended.

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

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

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

Status: The Chief Executive confirms that NSSF has formally terminated the service of M/S Kilonzo & Company Advocates in the pending case filed by S.K. Jirongo against the Fund. The matter has been reported to the Law Society of Kenya.

- 3.5.** Since the Lawyers were advanced payments for services not rendered, they should refund all the amounts paid. All the above recommendations should be effected by 31st December 2000.

Status: The Chief Executive confirms that the advanced payments have not been recovered. The matter is being pursued through the court for orders for all or any refunds due to the Fund.

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

Status: The Chief Executive confirms that the Fund is complying with the recommendation.

The Committee further recommends that:-

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

Status: The Chief Executive confirms that the Fund is complying with the recommendation.

- 3.8 The Commissioner of VAT and the Director of Kenya Anti-Corruption Authority (KACA) should investigate whether the VAT relating to the said legal fees were remitted as per the law.**

Status: The Chief Executive confirms that KACA perused all the files related to Sololo Outlets case and made copies as they required. The matter will be followed after the reconstitution of the body.

- 3.9 The Director of Kenya Anti-Corruption Authority (KACA) should investigate the manner in which the said payments were made to the Law firms with a view to prosecuting the culprits.**

Status: The Chief Executive confirms that the matter is being followed up as recommended and will be reactivated after the reconstitution of KACA.

4.0 MANAGEMENT OF CASH

RECOMMENDATION

- 4.1 The Committee recommends that the Fund must put in place proper financial mechanism to ensure that Corporation tax is paid as and when due to avoid incurring unnecessary losses and penalties.**

Status: The Chief Executive confirms that the Fund has now put in place proper financial mechanism to ensure that Corporation tax is paid as and when due.

- 4.2 The Committee further recommends that the Minister for Finance in presenting the next Finance Bill should harmonize the tax conditions applicable to NSSF with other pension funds.

Status: The Chief Executive confirms that the recommendation has been noted.

5.0 FIXED ASSETS REGISTER

RECOMMENDATION

- 5.1 The Committee recommends that the Chief Executive should ensure that the Fund is maintaining an up to date asset registers that reconcile with the general ledger and that assets are depreciated on individual basis rather than on category basis.

Status: The Chief Executive confirms that the Fund is now maintaining a computerized and an up to date asset Register. The Register has been reconciled with the General Ledger and incorporated in the 1999/2000 Annual Accounts. External Auditors have checked and are satisfied.

6.0 INVESTMENTS

RECOMMENDATION

The Committee therefore recommends that:-

- 6.1 The Attorney-General should investigate with a view to prosecuting the then Managing Trustee, Mr. S. Muindi, in respect of the purchase of the said plots which led to the loss of Kshs.776,377,000.

Status: The Chief Executive confirms that the matter has been noted and details of the transactions forwarded to the Office of the Attorney General as recommended.

- 6.2 The then Managing Trustee, Mr. S. Muindi and the Chairman, Mr. M.J. Kisoso should be banned from holding any public office conferred in the Republic of Kenya.

Status: The Chief Executive confirms that the matter has been noted. The matter is now left in the hands of the Government through the Permanent Secretary, Ministry of Labour and Manpower Development.

7.0 TERM DEPOSITS

RECOMMENDATION

The Committee recommends that:-

- 7.1 The Treasury and the parent Ministry should intervene on behalf of NSSF in order to ensure the full recovery of funds held in Prudential Building Society (now in liquidation).**

Status: The Chief Executive confirms that the matter is being followed as recommended. Arrangements have been made to take over some of the assets of Prudential Building Society (under liquidation). Kapsoya Estate in Eldoret Town has already been taken over by the Fund in pursuit of the recovery of the Funds. Meetings are being held to recover more.

- 7.2 The Fund and the Ministry of Finance should review the Fund's investment policy with a view to securing its deposits.**

Status: The Chief Executive confirms that the Fund's Investment Policy has been reviewed as recommended. The Policy is also now being guided by the RBA Rules. The Fund currently adheres to the financial regulations with regard to the investment of surplus funds.

8.0 RENTAL INCOME

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 5 and 6 of the 1993/94 and 1994/95 accounts (Eighth Report) that:-

- 8.1 NSSF should make its investments strictly in accordance with the laid down Government policy guidelines and give preference to high yielding opportunities.**

Status: The Chief Executive confirms that the fund now strictly adheres to the laid down Government Policy guidelines in its Investments.

- 8.2 That the investment in land and buildings in particular, should not be undertaken in future.**

Status: The Chief Executive confirms that the Fund is adhering to the recommendation not to invest in land and buildings in future.

- 8.3 That in scaling down the Moktar Daddah Street project from its original scope to only two (2) floors above the ground, the Board must take due care to keep the construction costs within reasonable and acceptable commercial rates.**

Status: The Chief Executive confirms that the Fund has complied with the recommendation.

- 8.4 That the Chief Executive should ensure that rental income is pegged to the market rate to enable the Fund get value for its investments.**

Status: The Chief Executive confirms that the Fund has complied with the recommendation. The rate charged per square foot for the rent is pegged to the market rate. This is done by way of carrying out rental assessments to determine the market rate.

9.0 SOCIAL SECURITY HOUSE - ANNEX

RECOMMENDATION

- 9.1 The Committee reiterates its earlier recommendation under Paragraph 7.2 of the 1995/96 accounts (Eighth Report) that the Chief Executive should abandon the project.**

Status: The Chief Executive confirms that the recommendation has been noted and the Board has stopped any construction on the project. However, this status may require a review in future since funds have already been sunk in the project and some structures built. The fund owns the plot and NSSF, complex was developed without adequate parking as stipulated in the building by laws of NCC.

INDUSTRIAL AND COMMERCIAL DEVELOPMENT CORPORATION (ICDC)

REPORT OF THE BELLHOUSE MWANGI ERNST & YOUNG ON THE ACCOUNTS OF THE INDUSTRIAL AND COMMERCIAL DEVELOPMENT CORPORATION (ICDC) FOR THE YEAR ENDED 30TH JUNE 1996

1.0 OPENING BALANCES AND COMPARATIVE FIGURES

RECOMMENDATION

- 1.1 The Committee noted that the figures which had been audited by the Auditor-General (Corporation's) were indeed correct. The Committee recommends that the accounts of the Corporation should be audited by the Auditor-General (Corporations) or a private auditor appointed by him.

Status: The Chief Executive confirms that the Corporation is complying with the recommendation

2.0 SOYA OIL AND FOOD INDUSTRIES LTD

RECOMMENDATION

The Committee recommends that:-

- 2.1 The Government should move expeditiously to open the containers in the presence of representatives of the suppliers, a competent technical team of engineers, Kenya Anti-Corruption Authority and the relevant Committees of Parliament to ascertain the authenticity of the goods supplied by 31st December 2000.

Status: The Chief Executive confirms that the Corporation has complied with the recommendation.

- 2.2 The Director of Kenya Anti-Corruption Authority should investigate the then Chief Executive of ICDC, Mr. John Simba; Mr. John Savage of M/s Savage Holdings Ltd, and any other person(s) involved in the initiation and implementation of the project.

Status: The Chief Executive confirms that the recommendation has been noted and will be followed up with the Director of KACA once one is appointed.

3.0 DONATION

RECOMMENDATION

3.1 The Committee recommends that the Chief Executive should desist from financing projects which are outside the mandate of the Corporation.

Status: The Chief Executive confirms that the Corporation has desisted from financing projects which are outside its mandate.

KENYA AIRPORTS AUTHORITY (KPA)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA AIRPORTS AUTHORITY FOR THE YEAR ENDED 30TH JUNE 1995

1.0 ACCURACY OF THE ACCOUNTS

RECOMMENDATION

- 1.1 The Committee recommends that the Director of Kenya Anti-Corruption Authority should investigate the then management of the Authority over the loss of Kshs.6 million with a view to prosecuting culprits.

Status: The Chief Executive confirms that the recommendation has been taken and is being followed up.

- 1.2 The Committee further recommends that the Corporation should submit signed accounts within the statutory dates.

Status: The Chief Executive confirms that the Authority currently submits signed accounts within the statutory dates.

2.0 CASH AND BANK BALANCES

RECOMMENDATION

- 2.1 The Committee recommends that the Chief Executive should ensure that proper bookkeeping is maintained by the Authority and that strict financial controls are put in place.

Status: The Chief Executive confirms that the Authority has ensured that proper bookkeeping is maintained and that strict financial controls are in place.

3.0 REVENUE

RECOMMENDATION

- 3.1 The Committee recommends that the Attorney General should harmonise the Kenya Airports Authority Act (Cap 395) and the Air passenger services Act (Cap 475) by 30th September 2000 in respect of revenue appropriation.

Status: The Chief Executive confirms that Management is still following up the matter of revenue appropriation. But as stated in the 8th Report, Treasury is handling loans, air port developments, security traffic control, Navigational services and equipment through budgetary applications and cannot therefore have KAA retain revenue.

4.0 CAR LOAN OUTSTANDING LOAN LIABILITY

RECOMMENDATION

- 4.1 The Committee therefore recommends that Treasury should make available the loan agreements to the Auditor-General (Corporations) for verification without further delay.

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

- 4.2 The committee further recommends that the approval of the Board of Management of the Authority must be obtained before the outstanding loan liability of Kshs.3,403,194,000 is converted into equity.

Status: The Chief Executive confirms that the Board of Management of the Authority has been obtained as recommended for conversion of the amounts into equity.

6.0 REHABILITATION CONTRACT

RECOMMENDATION

- 6.1 The Committee reiterates its earlier recommendations under paragraph 3 of 1991/92 and paragraph 7 of the 1994/95 accounts that the Permanent Secretary, Office of the President, should immediately institute investigations in this case and take severe disciplinary action against the officers who signed the initial agreement without due care and consideration of public interests.

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

- 6.2 The Committee further recommends that the then Attorney-General, *Mr. Mathew Guy Muli* who was responsible for this flawed agreement should be banned from holding any public office conferred by the Republic of Kenya.

Status: *The Chief Executive confirms that the recommendation has been noted by the Authority.*

- 6.3 The Committee also recommends that the Office of the President should not sign any new agreement with the House of Perfume or extend the current one until the court case is disposed off.

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

7.0 FIXED ASSETS

RECOMMENDATION

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

Status: *The Chief Executive confirms that the Authority now maintains a correct and up to date fixed assets register.*

8.0. TAXABLE ALLOWANCE

RECOMMENDATION

- 8.1 The Committee therefore recommends that all the members of staff who enjoyed the said allowances should be made to pay the untaxed amount by 31st December 2000.

Status: *The Chief Executive confirms that the outstanding balances are still being pursued by the Authority.*

9.0 PROPOSED REHABILITATION AND UPGRADING OF FACILITIES AT JOMO KENYATTA INTERNATIONAL AIRPORT

RECOMMENDATION

The Committee recommends that:-

- 9.1 The project should be restructured with a view to staggering the implementation of its phases in accordance with order of priority.**

Status: The Chief Executive confirms that the Project has been restructured to be implemented in phases.

- 9.2 The relevant Committee(s) of Parliament should ascertain the stage and the estimated value of the work-in-progress given that 27% of the estimated total cost of the contract has been paid.**

Status: The Chief Executive confirms that the recommendation has been noted. It is not known how far the committee has progressed with the recommendation.

NATIONAL HOUSING CORPORATION (NHC)

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

1.0 FINANCIAL POSITION

RECOMMENDATION

- 1.1 The Committee recommends that the Corporation should be restructured and its mandate reviewed both in the mode of provision of affordable housing and efficient management in accordance with the changed circumstances.

Status: The Chief Executive confirms that a Corporate Strategic plan is being put in place in line with the recommendation.

2.0 LOAN ARREARS DUE - KSHS.1,167,733,249

The Committee reiterates its earlier recommendations under paragraph 3 of 1994/95 accounts (Eighth Report) that:-

RECOMMENDATION

- 2.1 The Chief Executive should liaise with the parent Ministry and the Ministry of Local Government to ensure that the loan arrears amounting to Kshs.1,167,733,249.00 is recovered in full.

Status: The Chief Executive confirms that liaison is being maintained with the Parent Ministry as recommended but not much progress has been achieved. Management is now proposing an amendment to the Housing Act through miscellaneous Bill to allow the Corporation to own properties financed and built by it (NHC).

- 2.2 The Board should only advance loans against collateral or other securities to guard against defaulters.

Status: The Chief Executive confirms that management is complying is complying with the recommendation. Since 1993, the Corporation has been advancing loans only against collateral and security of title deeds.

3.0 EXPENDITURE THROUGH CREDIT CARD

RECOMMENDATION

The Committee therefore recommends that:-

- 3.1 The Chief Executive should with immediate effect discontinue the use of credit card.**

Status: The Chief Executive confirms that use of credit card has been discount since April 2000.

- 3.2 The Chief Executive Mr. Lawi Kiplagat should be surcharged for incurring expenditure amounting to Kshs.231,482 on the credit card without authority.**

Status: The Chief Executive confirms that the Corporation is pressing on with the demand for the sum of kshs.231,482 as recommended.

4.0 SALE OF LR. NO.209/11395 - KIBERA HIGHRISE PHASE II

RECOMMENDATION

The Committee therefore recommends that:-

- 4.1 The Chief Executive Mr. Lawi Kiplagat should be investigated by the Director of Kenya Anti-Corruption Authority with a view to being prosecuted for abuse of office.**

Status: The Chief Executive confirms that the recommendation has been noted and forwarded to KACA and should be should be pursued when the body is reconstituted.

- 4.2 The Chief Executive Mr. Lawi Kiplagat should be dismissed from public service and be barred from holding any public office conferred by the Republic of Kenya.

Status: The Chief Executive confirms that Mr.Lawi Kiplagat was dismissed from the Public Service.

5.0 MOTOR VEHICLES NO.KAE 965T AND PAJERO KAD 954R

RECOMMENDATION

- 5.1 The Committee recommends that the two vehicles must be registered with blue number plates required for State Corporations' vehicles immediately and not later than 30th September 2000.

Status: The Chief Executive confirms that the two vehicles were registered in blue number plates on 16th November, 1999 and 5th January, 2000 respectively as recommended.

NATIONAL HOUSING CORPORATION (NHC)

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

1.0 FINANCIAL POSITION

RECOMMENDATION

- 1.1 The Committee therefore reiterates its previous recommendation under paragraph 1 of the 1995/96 Accounts that the Corporation should be restructured and its mandate reviewed both in the mode of provision of affordable housing and efficient management in accordance with the changed circumstances.

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

2.0 MOTOR VEHICLES NO. KAE 965T AND PAJERO KAD 954R

RECOMMENDATION

- 2.1 The Committee reiterates its earlier recommendation under Paragraph 5 of the 1995/96 Accounts that the two vehicles KAE 965T and KAD 954R should be registered with blue number plates required for State Corporations' vehicles immediately and not later than 30th September, 2000.

Status: The Chief Executive confirms that the two vehicles were registered with the blue numbers on 16th November 1999 and 15th January 2000.

3.0 USE OF CREDIT CARD

RECOMMENDATION

The Committee therefore reiterates its previous recommendations under paragraph 3 of the 1995/96 accounts that:-

- 3.1 The Chief Executive should with immediate effect discontinue the use of credit card.

Status: *The Chief Executive confirms that use of the Credit Card was discontinued in April 2000.*

- 3.2 The Managing Director Mr. Lawi Kiplagat should be surcharged for incurring expenditure amounting to Kshs.231,482 on the credit card without authority.**

Status: *The Chief Executive confirms that recovery of the amount is being pursued.*

4.0 LOAN ARREARS DUE

RECOMMENDATION

The Committee therefore reiterates its previous recommendations under paragraphs 3 and 2 of the 1994/95 (Eight Report) and 1995/96 accounts that:-

- 4.1 The Chief Executive should liaise with the parent Ministry and the Ministry of Local Government to ensure that the Loan arrears amounting to Kshs.1,242,317,327 is recovered in full.**

Status: *The Chief Executive confirms that he has written to individual Local Authorities to clear the outstanding arrears through the LATIF Funds. However, not much progress has been achieved. The matter is still being followed up.*

- 4.2. The Board should only advance loans against collateral or other securities to guard against defaulters.**

Status: *The Chief Executive confirms that since 1993, the Corporation has been advancing loans only against collateral and security of title deeds.*

5.0 CONTRACTS

a. Managing Director's salary

RECOMMENDATION

- 5.1 The Committee recommends that the incoming Public Investments Committee should take evidence on the said paragraphs 5 and 6 of the 1996/97 accounts.

Status: The Chief Executive confirms that the Incoming PIC deliberated on the two paragraphs on 24th January 2001 and will be making their recommendation in the next report.

b. Sabaki Housing Project - Malindi

RECOMMENDATION

The Committee recommends that:-

- 5.2 The Corporation should ensure that an agreement is signed between the Corporation and the Sabaki Estates Ltd on the above transaction and that Performance Bond and Insurances be provided by the contractors.

Status: The Chief Executive confirms that an agreement between the Contractor and the Corporation was signed on 14th January 2000.

- 5.3 Seventeen (17) housing units under construction should be completed and sold off before embarking on the remaining units to determine the cost and profitability of the housing project.

Status: The Chief Executive confirms that the houses are now complete and are now on sale. The Corporation will not proceed to Phase II until all the houses are sold and viability report prepared.

- 5.4 The Director of Kenya Anti-Corruption Authority should investigate the Managing Director, *Mr. Lawi Kiplagat* for acting imprudently by committing the Corporation financially into the housing project without legal agreement.

Status: The Chief Executive confirms that the recommendation has been noted and assistance is being sort in taking the required action.

NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF
NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION FOR THE YEAR
ENDED 30TH JUNE 1997

1.0 DEFICIT

RECOMMENDATION

The Committee therefore reiterates its earlier recommendations under paragraph 5 of the 1995/96 Accounts, Eighth Report that:-

- 1.1 The Chief Executive should ensure that the Corporation collects its outstanding debts and institutes strict measures to improve its billing and current revenue collection.

Status: The Chief Executive confirms that concerted efforts are being concentrated on the outstanding debts. Strictly measures have been instituted to improve the billing and revenue collection.

- 1.2 The Minister in charge of Water Development should refrain from revising water tariffs upwards but ensure that the Corporation collects debts from its consumers.

Status: The Chief Executive confirms that revising water tariffs upwards has not taken place but debts collection is ongoing. However, a 35% increase was granted in 1999 before this recommendation was issued.

2.0 WATER DEBTORS

RECOMMENDATION

The Committee reiterates its earlier recommendation under paragraph 1 of 1995/96 accounts of the Eighth Report that:-

- 2.1** The Parent Ministry and the Board of the Corporation must ensure that a loss proof system of water billing and control is put in place.

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

- 2.2** The Chief Executive must produce detailed accounts of the bills alleged to have been erroneous before the Board approves any write off.

Status: The Chief Executive confirms that the detailed accounts of the bills alleged to have been erroneous was prepared as recommended.

- 2.3** The Government must work out a properly considered plan to decentralise the operations of water schemes in the country taking into account the fact that a number of Local Authorities are not only capable but also desire to manage water schemes in their own areas.

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

3.0 ACCRUED EXPENSES

RECOMMENDATION

- 3.1** The Committee therefore reiterates its earlier recommendations under paragraphs 2 of the 1994/95 and 1995/96 accounts respectively that the Chief Executive should ensure that all statutory deductions are remitted in full when due as required by law.

Status: The Chief Executive confirms that all statutory deductions are being remitted in full when they fall due as required by law.

4.0 OTHER DEBTORS

RECOMMENDATION

The Committee recommends that:-

- 4.1 The Chief Executive should ensure that the Corporation ceases forthwith from borrowing funds from the water consumer's account and that the balance of Kshs.2,655,422.50 should be reimbursed.

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

- 4.2 The Chief Executive should ensure that in future the Corporation's vehicles are sold on cash terms without any exception.

Status: The Chief Executive confirms that the tendering systems have been improved and the Corporation's vehicles are now being sold on cash terms without any exception.

- 4.3 Recoveries amounting to Kshs.505,000 in respect of the released vehicles to members of staff should be made without further delay.

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

5.0 LAND OWNERSHIP

RECOMMENDATION

- 5.1 The Committee reiterates its earlier recommendations under Paragraph 4 of 1995/96 Accounts, Eighth Report, that the Chief Executive should ensure that the Corporation acquires title documents for all parcels of land in its possession.

Status: The Chief Executive confirms that the matter of the title deeds is still ongoing. The titles, however, for the Headquarters and the other for the Konza Land were obtained. The rest of the titles are being followed up as the properties have been surveyed and letters of allotment issue.

- 5.2 The Committee further recommends that the Chief Executive should acquire the said titles by 31st December 2000.

Status: *The Chief Executive confirms that he is still following up the balance of the titles deeds after receipt of the one of one for the Headquarters and another for the Konza parcel.*

6.0 KISERIAN DAM PROJECT

RECOMMENDATION

5.1 The Committee further recommends that the project should be taken over by the parent Ministry and source for funds to complete it.

Status: *The Chief Executive confirms that the recommendation has been noted and high-level meeting are going on with a view to comply with the recommendation.*

7.0 THUKU BOREHOLES

RECOMMENDATION

7.1 The Committee recommends that the project should be completed and commissioned before 31st December 2000.

Status: *The Chief Executive confirms he has complied with the recommendation.*

8.0 NAKURU SEWERAGE REHABILITATION

RECOMMENDATION

8.1 The Committee recommends that the Chief Executive and the parent Ministry should liaise with the Ministry of Local Government and the Treasury with a view to formalising the transfer of the project to the Nakuru Municipal Council.

Status: *The Chief Executive confirms that discussions are still going on in liaison with the concerned ministries and departments.*

9.0 INTEREST ON IDA LOANS

RECOMMENDATION

- 9.1 The Committee recommends that the Chief Executive should ensure that the Corporation starts repaying the interest on IDA loan without further delay.

Status: The Chief Executive confirms that the Corporation is adhering to the recommendation.

- 9.2 The Committee further recommends that the Treasury and the parent Ministry should provide the Corporation with the repayment schedule.

Status: The Chief Executive confirms that the Corporation has been provided with the repayment schedule.

KENYA NATIONAL TRADING CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA NATIONAL TRADING CORPORATION LIMITED FOR THE YEAR ENDED 30TH JUNE 1995

1.0 GOING CONCERN

RECOMMENDATION

- 1.1 The Committee recommends that the parent Ministry should initiate action with a view to liquidating the Corporation.

Status: The Chief Executive confirms that the recommendation has been noted. The future of the Corporation is still being reviewed and discussed, as it is indeed true that at the current low level of operation the Corporation is commercially unviable.

2.0 FIXED ASSETS

RECOMMENDATION

- 2.1 The Committee therefore recommends that the Chief Executive should follow up the Court case in respect of LR No. 209/10343 to its finalisation.

Status: The Chief Executive confirms that the matter of the Court case in respect of respect of LR No.209/10343 is still being pursued.

The Committee further recommends that: -

- 2.2 The Chief Executive should liaise with the Attorney General with a view to preferring criminal charges against *Mr. P.K. Magut*, the then Managing Director and *Mrs. Grace Adera*, the then Company Secretary for surrendering plot No. 209/10343 without Board's approval in clear violation of the provisions of Section 13 of the State Corporation Act (Cap 446).

Status: The Chief Executive confirms that investigations are still going on as per the recommendation and other arms of the Government including use of Section 18 of the State Corporations Act may be applied.

- 2.3 The Chief Executive should liaise with the Commissioner of Lands with a view to renewing leases and obtaining title deeds for its other pieces of land without further delay.**

Status: The Chief Executive confirms that renewal of leases has been made and the matter of obtaining title deeds is being pursued.

- 2.4 The Chief Executive should follow up the case of renewing the lease of plot No. Karatina/Block/1/71 with the Commissioner of Lands and the Nyeri County Council.**

Status: The Chief Executive confirms that the case of renewal is being progressed as recommended.

3.0 DEBTORS

RECOMMENDATION

The Committee recommends that: -

- 3.1 The Chief Executive should actively pursue the recovery, in full, of the said debts.**

Status: The Chief Executive confirms that debts recovery is being pursued vigorously but with difficulties. Substantial amounts are actually bad and irrecoverable and will therefore be written off.

- 3.2 The Chief Executive should liaise with the parent Ministry and the Treasury with a view to recovering Government debtors of Kshs. 190,453,563.20**

Status: The Chief Executive confirms that the negotiations on recovery are nearly completed and may be realised in the near future.

4.0 EXTRA ORDINARY ITEM – KSHS. 64,828,960

RECOMMENDATION

The Committee therefore reiterates its earlier recommendations under paragraph 1 of the 1993/94 accounts, Eighth Report, that:

- 4.1 The parent Ministry should undertake a comprehensive review of the matter so as to finalise it by 31st December 2000.

Status: The Chief Executive confirms that the recommended comprehensive review is still being done.

- 4.2 In undertaking this review, the parent Ministry should liaise with Treasury and the Kenya Revenue Authority to reconcile the amounts the Corporation owes both the parent Ministry and the Kenya Revenue Authority, and the amounts the parent Ministry owes the Corporation.

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

- 4.3 The Committee further recommends that the Chief Executive should liaise with the Treasury and the Parent Ministry to ensure that amount owing to the Corporation of Kshs. 148,517,222.08 is included in the 2000/2001 Financial year Budget.

Status: The Chief Executive confirms that the matter of recovery of the above amount has been discussed exhaustively and recovery of the amount is now included in the 2001/2002 Financial year budget.

5.0 OPERATIONS OF THE CORPORATION

RECOMMENDATION

The Committee therefore reiterates its earlier recommendations under paragraph 4 of the 1993/94 accounts, Eighth Report that:-

- 5.1 The then Managing Director, Mr. D.K. Tirop should be banned from holding any public office conferred by the Republic of Kenya.

Status: The Chief Executive confirms that the recommendation has been noted by the Corporation. The matter falls under a separate arm of the Government.

- 5.2 The Attorney-General in conjunction with the Corporation should institute further investigations into the irregular purchase of sugar, bicycles, sewing machines and chemicals with a view to instituting criminal proceedings against those involved in the irregular procurement of the above said items.**

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

- 5.3 The Attorney General should institute full investigations into the activities of the then Managing Director, Mr. D.K. Tirop and the then Chairman of the Board of Directors, Mr. S.K. Kanyingi with a view to instituting civil and criminal proceedings against them if there is *prima facie* evidence of fraud.**

Status: The Chief Executive confirms that the required information is being given as and when required to assist in the investigations..

The Committee further recommends that:-

- 5.4 The Chief Executive should ensure that better internal controls are put in place in all the depots to stem irregularities.**

Status: The new Chief Executive confirms that the Corporation has now put in place stronger internal controls and checks to stop the past irregularities.

- 5.5 The suspects in respect of Coffee Trade loss of Kshs.77,737,640 should be identified and prosecuted.**

Status: The Chief Executive confirms that the Criminal Investigations Department has carried out investigations. Internal investigations have also been done and the matter is nearly complete as regards the identification and prosecution as recommended.

5.5 The Director of Kenya Anti-Corruption Authority should investigate the activities of *Mr. Hosea Kiplagat*; the then Minister for Commerce and Industry, *Mr. Kirugi M'Mukindia*. ; the then Managing Director *Mr. P.K. Tirop*; the then Chairman of the Board of Directors *Mr. S.K. Kanyingi*; *M/s Bell Chemicals* and *M/s Trade Wings Ltd* in the above irregular procurement of goods which led to a loss of Kshs.143,384,560.

Status: *The Chief Executive confirms that the recommendation is being followed up and will report on the results later.*

KENYA WILDLIFE SERVICE

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA WILDLIFE SERVICE FOR THE YEAR ENDED 30TH JUNE 1996

1.0 CASH AND BANK BALANCES

RECOMMENDATION

- 1.0 The Committee recommends that the Chief executive should institute strict financial controls in the Accounts Department and ensure observance of prudent accounting practices.

Status: The Chief Executive confirms that the Service has instituted strict financial controls in the Accounts Department to ensure prudent accounting practices.

2.0 BUDGETARY CONTROL

RECOMMENDATION

The Committee reiterates its earlier recommendation under paragraph 3 of the 1994/95 accounts (Eighth Report) that:-

- 2.1 The then Chief Executive, Dr. David Western and the former Financial Controller Mr. P.M. Kagiri should be held responsible for the irregular expenditure during the year under review.

Status: The Chief Executive confirms that he requested the Inspector of State Corporations to act through Letter Ref: KWS/CONF.328 VOL.II dated 25th October 2000.

- 2.2 The Chief Executive should in future ensure that prudent budgetary and accounting practices are observed.

Status: The Chief Executive confirms that prudent budgetary and accounting practices are currently being observed.

3.0 IMPREST

- 3.1 The Committee recommends that the Chief Executive should recover the outstanding amount of Kshs.2,290,805 by 30th September 2000.**

Status: The Chief Executive confirms that the amounts are being recovered.

- 3.2 The Committee further recommends that Chief Executive should in future ensure that the rules and regulations governing the issuance and surrender of imprests are strictly adhered to.**

Status: The Chief Executive confirms that rules and regulations governing the issuance and surrender of imprests are now being strictly adhered to.

4.0 STAFF MEDICAL DEBTORS

RECOMMENDATION

- 4.1 The Committee recommends that the Chief Executive should ensure that all the outstanding balance amounting to Kshs.8,944,997 is recovered in full.**

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

KENYA WILDLIFE SERVICE

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

1.0 BUDGETARY CONTROL

RECOMMENDATION

The Committee reiterates its earlier recommendation under paragraph 3 of the 1994/95 accounts (Eighth Report) that: -

- 1.1 The then Chief Executive, Dr. David Western and the former Financial Controller, Mr. P.M. Kagiri should be held responsible for the irregular expenditure during the year under review.

Status: The Chief Executive confirms that the recommendation has been noted and the matter forwarded to the Inspectorate of State Corporations.

- 1.2 The Chief Executive should in future ensure that prudent *budgetary and accounting practices are observed.*

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

2.0 IMPREST

RECOMMENDATION

- 2.1 The Committee therefore reiterates its earlier recommendation under paragraph 4 of the 1995/96 accounts that the Chief Executive should ensure that all the outstanding balance amounting to Kshs.8,944,997 is fully recovered in full.

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

AGRICULTURAL FINANCE CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF AGENCY SEASONAL CROP CREDIT FOR THE YEAR ENDED 30TH JUNE 1996

1.0 LOAN REPAYMENT

RECOMMENDATION

- 1.1 The Committee therefore recommends that the parent Ministry and the Treasury should expedite the evaluation of the recommendations submitted and ensure that restructuring of the Corporation is finalised by 31st December 2000.

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

AGRICULTURAL FINANCE CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF AGRICULTURAL FINANCE CORPORATION FOR THE YEAR ENDED 30TH JUNE 1997

1.0 AVOIDABLE EXPENDITURE - KSHS.16,892,119

RECOMMENDATION

- 1.1 The Committee recommends that the Chief Executive should strictly adhere to the provision of Section 20 of the Corporation's Act (Cap323) when advancing loans to avoid a recurrence of similar circumstances.

Status: The Chief Executive confirms that the Corporation is now adhering to the provision of Section 20 (Cap 323).

2.0 MOTOR VEHICLE SPARES AND REPAIRS

RECOMMENDATION

- 2.1 The Committee recommends that the Chief Executive should adhere to the laid down financial regulations with regard to procurement of goods and services through open tendering and stop single sourcing.

Status: The Chief Executive confirms that he is complying with the recommendation with regard to procurement of goods and services.

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

Status: The Chief Executive confirms that the Corporation is ensuring that all relevant supporting documents are being availed as required by the law.

The Committee also recommends that: -

- 2.3 The vehicle Registration No.KAA 906M should be registered in blue number plate in accordance with the State Corporations vehicles' regulations.

Status: The Chief Executive confirms that vehicle No.KAA 906 M has now been registered in blue number plates as recommended

- 2.4 In view of the fact that the Corporation spent Kshs.30,033,961 on repairs in the year under review, the Corporation should put in place a vehicle replacement scheme to address the issue of replacement of old vehicles.

Status: The Chief Executive confirms that the policy on replacement of vehicles is currently in place.

3.0 STAFF PENSION FUND

RECOMMENDATION

- 3.1 The Committee recommends that the Chief Executive should pursue the liquidator of Kenya National Assurance Company with a view to recovering Kshs.64,821,930 in full.

Status: The Chief Executive confirms that the matter of recovery is still being pursued with the Official Receiver and Provisional Liquidation of Kenya National Assurance Company (in liquidation). Assurance has been given to A.F.C that the amount due will be paid.

- 3.2 The Committee further recommends that the Chief Executive should ensure that the Pension Scheme is administered under the Retirement Benefits Act.

Status: The Chief Executive confirms that the Pension Scheme is being administered in accordance with Retirement Benefits Act regulations.

4.0 DEBTORS

RECOMMENDATION

- 4.1 The Committee recommends that the Chief Executive should pursue the Official Receiver with a view to recovering Kshs.57 million in full.

Status: The Chief Executive confirms that he is hopeful in recovering the Kshs.57.0 million from the Agrarian Building Society (in liquidation) after sale of the charged property. The property is charged to the Corporation.

- 4.2 The Committee further recommends that the Chief Executive should ensure that debit and credit imbalances are reconciled promptly with a view to clearing the suspense account.**

Status: The Chief Executive confirms that the debit and credit imbalances are being reconciled with a view to clearing the suspense account.

5.0 LOANS ARREARS TO FARMERS

RECOMMENDATION

- 5.1 The Committee recommends that the Chief Executive should improve the Corporation's debt recovery machinery and recover all the outstanding loans from farmers in full as per the loans' agreements.**

Status: The Chief Executive confirms that the Corporation has continued to improve the debt recovery machinery. Recoveries are viewed as the lifeline of the Corporation and efforts are being made to recover all possible good debts.

6.0 REDEEMABLE LOANS

RECOMMENDATION

- 6.1 The Committee reiterates its earlier recommendation under paragraph 3 of 1995/96 accounts (Eighth Report) that the parent ministry and Treasury should ensure that the restructuring of the Corporation is finalised.**

Status: The Chief Executive confirms that efforts continue to be made to accomplish restructuring. The Corporation gave additional in put towards the restructuring on 16th November 2000 to the Parent Ministry.

7.0 RESTRUCTURING

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph I of 1995/96 Accounts (Eighth Report) that both the parent Ministry and Treasury should expedite the evaluation of the recommendations submitted and ensure the restructuring of the Corporation is finalised.

- 7.1 The Committee further recommends that the restructuring exercise should be completed by 31st December 2000.

Status: The Chief Executive confirms that the matter is still being pursued. The Parent Ministry was given additional information on 16th November 2000 and a feedback is being awaited. The matter is pending Government approval.

8.0 SHORT TERM DEPOSITS KSHS.569,502,000

RECOMMENDATION

- 8.1 The Committee recommends that the Chief Executive should adhere to the Treasury regulations with regard to the investment of surplus funds.

Status: The Chief Executive confirms that the Corporation is adhering to the Treasury regulations with regard to the investment of surplus funds.

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

Status: The Chief Executive confirms that all relevant supporting documents were availed to the Auditor-General (Corporations) as recommended. The Corporation will continue to avail all required information as per legal requirement.

NYAYO TEA ZONES DEVELOPMENT CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NYAYO TEA ZONES DEVELOPMENT CORPORATION FOR THE YEAR ENDED 30TH JUNE 1994

1.0 ESTABLISHMENT COST – 301,928,501

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph I of 1992/93 accounts (Eighth Report) that: -

1.1 The Corporation should be degazetted since it has failed to achieve its objectives and deviated from the original purpose.

Status: The Chief Executive confirms that the recommendation has been noted and the matter will be reported upon when then future direction is given.

1.2 The land where tea is planted and the tea bushes thereon should revert to the Local Authorities.

Status: The Chief Executive confirms that the recommendation has been noted and any new directions being given will be reported.

1.3 The Committee further recommends that the Corporation should be wound up by 31st December 2001.

Status: The Chief Executive confirms that the matter has been noted and the latest position will be given later since the time limit is given as 31st December 2001.

2.0 UNSUPPORTED EXPENDITURE

RECOMMENDATION

- 1.1 The Committee reiterates its earlier recommendation under paragraph 2 of 1992/93 accounts (Eighth Report) that the parent Ministry should immediately recover the outstanding amounts of Kshs.7,907,601.00 from the District Commissioners responsible for the expenditure at the material time.

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

- 1.2 The Committee further recommends that the Director of Kenya Anti-Corruption Authority (KACA) should investigate the following former District Commissioners - *Messrs Joel Waupari, Anthony Oyier, Kehole Muhalule, J. Anguka, J. Sala, P.K. Muruatetu, F. Tilitei, S.K. Limo and P. Genga* with a view to prosecuting them and recover the outstanding amounts.

Status: The Chief Executive confirms that the recommendation has been noted and the matter is being followed up.

3.0 PURCHASE ADVANCES

RECOMMENDATION

The Committee reiterates its earlier recommendation under paragraph 4 of 1992/93 accounts (Eighth Report) that: -

- 3.1 The Chief Executive should strictly adhere to the laid down financial regulations with regard to the issuance and surrender of imprest.

Status: The Chief Executive confirms that Management is strictly adhering to the laid down regulations with regard to the issuance and surrender of imprest.

- 3.2 The Committee further recommends that *Mr. Isaiah Cheluget* should be barred from holding any public office conferred by the Republic of Kenya.

Status: The Chief Executive confirms that the recommendation has been noted by the Corporation.

4.0 CASH AND BANK BALANCES-KSH.23,498,844

RECOMMENDATION

- 4.1 The Committee recommends that the Chief Executive should always maintain proper books of accounts reflecting true balances to avoid a recurrence of such book keeping errors.

Status: *The Chief Executive confirms that he has complied with the recommendation.*

KENYA TEA DEVELOPMENT AUTHORITY (KTDA)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA TEA DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30TH JUNE 1995

1.0 EXPORT COLLECTION CASH ACCOUNT

RECOMMENDATION

- 1.1 The Committee recommends that Chief Executive should ensure that payments are only made against receipts.

Status: The Chief Executive confirms that payments are only being made against receipts as recommended.

- 1.2 The committee therefore recommends that the Chief Executive should ensure that all necessary documents are availed to the Auditor-General (Corporations) for verifications as when required.

Status: The Chief Executive confirms that the Authority is ensuring that all necessary documents are availed to the Auditor General (Corporations) for verification when required.

- 1.3 The Committee recommends that the Chief Executive should prepare a full reconciliation of Kshs.1,424,688,055 and submit the details of the reconciliation to the Auditor-General (Corporations) by 30th September 2000 for verification.

Status: The Chief Executive confirms that a full reconciliation was done and submitted to the Auditor-General (Corporations) as directed.

- 1.4 The Committee recommends that the Chief Executive should prepare a full reconciliation of Kshs.5,954,424,811 and submit the details of the reconciliation to the Auditor-General (Corporations) by 30th September 2000 for verification.

Status: The Chief Executive confirms that a full reconciliation was prepared and submitted to the Auditor-General (Corporations) by 30th September 2000 as directed.

- 1.5 The Committee recommends that the Chief Executive should prepare a full reconciliation of Kshs.2,433,733,149 and submit the details of the reconciliation to the Auditor-General (Corporations) by 30th September 2000 for verification.**

Status: The Chief Executive confirms that a reconciliation of Kshs.2,433,733,149 was prepared and submitted for verification as directed.

2.0. CASH AND BANK BALANCE/OVERDRAFT

The Committee recommends that: -

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

Status: The Chief Executive confirms that all the relevant supporting documents are now being made available to the Auditor General (Corporations) during audit exercise.

- 2.2. The Chief Executive should ensure that interest accrued on the Kshs.300 million advanced to KTDA by factory companies should be paid to the concerned factories by 31st December 2000.**

Status: The Chief Executive confirms that the interest accrued on Kshs.300million has already been paid to the concerned factories.

3.0 PURCHASE OF TRUCKS - KSHS.109,553,800

RECOMMENDATION

The Committee recommends that: -

- 3.1 The Chairman of KTDA, Mr. S.M. M'Imanyara, the then Board of Management and the then Managing Director, Mr. Cyrus Irungu should be held responsible for the irregular manner in which the 25 lorries were procured leading to loss of colossal sums of money to the farmers.

Status: The Chief Executive confirms that the issue of procurement of the 25 trucks has been handed over to KACA for investigation and necessary action.

- 3.2 The Attorney-General and the Director of Kenya Anti-Corruption Authority should investigate the apparent collusion between the KTDA Chairman *Mr. S.M. M'Imanyara*, the then Managing Director, *Mr. Cyrus Irungu* and *Mr. Peter Mwita*, Managing Director of Intership Clearing and Forwarding Company in the irregular procurement of ten out of the twenty five (25) lorries which were allegedly imported from Uganda when they were actually assembled in the General Motors (K) Limited.

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

- 3.3 The parent Ministry should ensure that proper procurement procedures are put in place in KTDA to curb corrupt practices and fleecing of farmers' money through fraudulent tenders.

Status: The Chief Executive confirms that proper procedures are now in place to curb corrupt practices in tendering. Treasury has also published new legal procedures which are being applied.

- 3.4 Individual Factory Company/Leaf Base should be given a free hand in the procurement of vehicles and its accessories; and that KTDA should cease to float tenders for such goods.

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

4.0 INVESTMENT IN TEA FACTORY COMPANIES

RECOMMENDATION

The Committee recommends that: -

- 4.1 The Committee recommends that the Chief Executive should provide signed agreements in respect of loans on lent to factories to the Auditor-General (Corporations) for verification by 30th September 2000.

Status: The Chief Executive confirms that copies of signed agreements in respect of loans to Kapkatet, Ngere, Kiru and Mununga Tea Factories have since been submitted to the Auditor General (Corporations) for verification.

5.0 DEBTORS AND PREPAYMENTS

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

Status: The Chief Executive confirms that all relevant supporting documents are now being availed to the Auditor General (Corporations) during audit exercise as recommended.

- 5.2 The Chief Executive should use all means possible including litigation to recover the outstanding debts of Kshs.736,463.00.

Status: The Chief Executive confirms that the matter is being pursued vigorously. The cases of Request Auctioneers and Magic Auctioneers are under litigation.

- 5.3 The Chief Executive should reconcile the difference of Kshs.2,573,411 and forward information to the Auditor-General (Corporations) by 30th September 2000.

Status: The Chief Executive confirms that the difference of Kshs.2,573,411 was reconciled and submitted to the Auditor General (Corporations) as recommended.

6.0 INDEBTEDNESS BY THE PARENT MINISTRY - OLENGURUONE TEA PROJECT

RECOMMENDATION

- 6.1 The Committee therefore recommends that the Authority and the Ministry of Agriculture and Rural Development should work out modalities of finalizing the debts owed to the Kenya Tea Development Authority and the reimbursements be made to the Authority by 31st December 2000.

Status: The Chief Executive confirms that the matter has not yet been finalised. High-level consultations have been taking place between KTDA and the Parent Ministry with a view to recovering the outstanding amount.

KENYA PIPELINE COMPANY LIMITED

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

1.0 LATE SUBMISSION OF ACCOUNTS FOR AUDIT

- 1.1 The Committee recommends that the Chief Executive should ensure that the Company's accounts are submitted for audit on time in accordance with the law.

Status: The Chief Executive confirms that the company currently ensures that the accounts are submitted for audit on time in accordance with the law.

- 1.2 The Committee further recommends that in future late submission of accounts should lead to dismissal of the Chief Executive concerned.

Status: The Chief Executive confirms that the recommendation has been noted.

2.0 FINANCIAL POSITION

RECOMMENDATION

- 2.1 The Committee reiterates its earlier recommendation under paragraph 2 of the 1994/95 accounts (Eight Report) that the Chief Executive should ensure that adequate resources are sourced and set aside before the company embarks on any heavy capital investment to avoid liquidity constraints in future.

Status: The Chief Executive confirms that the company currently complies with the above requirement.

3.0 ACCOUNTS PAYABLE AND ACCRUALS

RECOMMENDATION

- 3.1 The Committee recommends that the Company should ensure that a formal agreement is signed between Kenya Pipeline Company and the Government on the operation of Kipevu Oil Storage Facility.

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

4.0 INVESTMENTS

RECOMMENDATION

- 4.1 The Committee reiterates its earlier recommendation under paragraph 4 of the 1994/95 accounts (Eight Report) that the Permanent Secretary, Ministry of Energy should find out why the Consolidated Bank of Kenya has not paid dividends since its inception in 1990.

Status: The Chief Executive confirms that the matter is due to failure to earn profits from which a dividend can be declared.

- 4.2 The Committee further recommends that the Corporation as a shareholder should take interest in the management of the consolidated Bank of Kenya and requisitioning of the Annual General Meeting.

Status: The Chief Executive confirms that the recommendation has been noted. The Corporation as a shareholder is definitely taking interest in the Management of the Consolidated Bank of Kenya within the rights of a shareholder.

NATIONAL OIL CORPORATION OF KENYA

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

1.0 DELAY IN SUBMISSION OF ACCOUNTS FOR AUDIT

RECOMMENDATION

- 1.1 The Committee recommends that any Chief Executive of the Corporation who in future causes delay of submission of accounts for audit and fails to seek parliamentary approval for late submission should be dismissed from the public service.

Status: The Chief Executive confirms that the recommendation has been noted and accounts will be submitted for audit on time as required.

2.0 NAKURU-NAIROBI ROAD PLOT NO. BLOCK 16/263

RECOMMENDATION

- 2.1 The Committee therefore reiterates its earlier recommendation under paragraph one of the National Oil Corporation of Kenya in the Eighth Report of the Public Investments Committee, that the then Chief Executive, Mr. J. K. Kwambai, should pay the difference between the purchase price of Kshs.14.5 million and the Corporation's professional valuers' figure of Kshs.11.8 million.

Status: The Chief Executive confirms that Mr. Kwambai is reluctant to pay the difference of kshs.2.7million. The matter is still being pursued.

The Committee further recommends that: -

- 2.1 The Corporation should, without further delay, develop the Plot No. Block 16/263, Nakuru Municipality, as was envisaged and if not possible, dispose of.

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

- 2.2 The Corporation should not acquire property without adequate budgetary provision for development.**

Status: The Chief Executive confirms that the Corporation is adhering to the recommendation and no property is being acquired without adequate budgetary provision for development.

3.0 PROVISION FOR BAD AND DOUBTFUL DEBTS

RECOMMENDATION

- 3.1 The Committee recommends that the Chief Executive should take the necessary measures including litigation to recover the outstanding debts in full.**

Status: The Chief Executive confirms that all necessary measures are being taken including litigation to recover the outstanding debts.

- 3.2 The Committee further recommends that the Treasury should compensate the Corporation for the losses incurred as a result of the importation of the crude oil on Government directive.**

Status: The Chief Executive confirms that the matter is being pursued vigorously as recommended.

NATIONAL OIL CORPORATION OF KENYA

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

1.0 DELAY IN SUBMISSION OF ACCOUNTS FOR AUDIT

RECOMMENDATION

- 1.1 The Committee reiterates its earlier recommendation under paragraph 1 of the 1995/96 Accounts that any Chief Executive of the Corporation who in future causes delay of submission of accounts for audit and fails to seek parliamentary approval for late submission should be dismissed from the public service.

Status: The Chief Executive confirms that the recommendation has been noted and the 1997/98 and 1998/99 accounts were submitted within the stipulated time period.

2.0 NAKURU NAIROBI ROAD PLOT NO. BLOCK 16/263

RECOMMENDATION

- 2.1 The Committee therefore reiterates its recommendation under paragraph two of the 1995/96 accounts of the National Oil Corporation of Kenya that the then Chief Executive, Mr. J.K. Kwambai, should pay the difference between the purchase price of Kshs.14.5 million and the Corporation's professional valuers' figure of Kshs.11.8 million.

Status: The Chief Executive confirms that the matter of payment is still being pursued as Mr.J.K. Kwambai has put up stiff resistance, claiming he should be paid Kshs.5.3million instead. (Mr. Kwamba's letter unreferenced and dated 30th June 2000)

The Committee further recommends that: -

- 2.2 The Corporation should, without further day, develop the Plot No. Block 16/263, Nakuru Municipality, as was envisaged and if not possible, dispose of.

Status: *The Chief Executive confirms that the Corporation is committed to develop plot No.16/263 in Nakuru.*

2.3 The Corporation should not acquire property without adequate budgetary provision for development.

Status: *The Chief Executive confirms that the Corporation does not acquire property without adequate budgetary provision for development any more.*

3.0 PROVISION FOR BAD AND DOUBTFUL DEBTS

RECOMMENDATION

The Committee reiterates its earlier recommendation under Paragraph 3 of the 1995/96 accounts that:

3.1 The Chief Executive should take the necessary measures including litigation to recover the outstanding debts in full.

Status: *The Chief Executive confirms that measures are being taken as recommended to recover outstanding debts.*

3.2 The Treasury should compensate the Corporation for the losses incurred as a result of the importation of the crude oil on Government directive.

Status: *The Chief Executive confirms that the Corporation is negotiating with Treasury over the matter of losses incurred.*

KENYA AGRICULTURAL RESEARCH INSTITUTE

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA AGRICULTURAL RESEARCH INSTITUTE FOR THE YEAR ENDED 30TH JUNE 1997

1.0 FINANCIAL POSITION

RECOMMENDATION

- 1.1 The Committee recommends that the Chief Executive and the parent Ministry should explore other avenues of funding the Institute and reducing the excess expenditure by trimming its portfolio in order to enable it operate viably.

Status: The Chief Executive confirms that other avenues of funding are continually being explored.

- 1.2 The Committee further recommends that the parent Ministry should release all the funds provided for in the printed estimates to the Institute to enable it meet statutory obligations and achieve the objectives for which it was set up for.

Status: The Chief Executive confirms that the money in the printed estimates is being released as recommended.

- 1.3 The Committee also recommends that the Institute should release the Kshs.176,008,197 in respect of statutory deduction to the relevant institutions.

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

The Committee while noting that the Institute has received five title deeds for KARI Headquarters; NPRC, Molo; NHRC, Thika; NVRC, Muguga; and NARC, Muguga; and has further received 23 letters of allotment while ten more parcels of land are being surveyed, nonetheless reiterates its earlier recommendations under paragraph 3 of the 1993/94 (Eighth Public Investments Committee Report) that: -

a. Top Station

- 1.4 That the Government should revoke all the allocations at the top station and repossess the land and improvement thereon and issue title deeds to KARI.

- 1.5 That the Government should guarantee the security of the employees of both KARI and KEPHIS.
- 1.6 That all the allottees who have vandalised KARI properties should be made to pay for them.
- 1.7 That *Mr. Ben Mogaka*, the then District Commissioner, Transzoia District and currently Deputy Secretary, Ministry of Research and Technology; and *Mr R.C. Butaki*, Centre Director Kitale, should be banned from holding any public office conferred by the Republic of Kenya.
- 1.8 The Government should censor *Rev. Silas Yego* for his unreligious conduct and the Committee recommends that he should be banned from holding any public office conferred by the Republic of Kenya.
- 1.9 That the Commissioner of Lands must establish and maintain the names of the bonafide Directors of the Companies who were allocated KARI land.

b. Lower Station

- 2.0 That the Government should revoke all the allocations at the lower station and the Commissioner of Lands must cancel the title deeds issued and the leases given.
- 2.1 The Commissioner of Lands must produce the names of the beneficiaries of the two unaccounted for plots.

c. Katoloni Farm

- 2.2 That the Commissioner of Lands should immediately issue a title deed to KARI for Katoloni land and report back by 30th September 1999.

d. Limuru (Tigoni)

- 2.3 That the Government should revoke the allocations, cancel the title deeds issued, repossess the land and issue titles of the same to KARI.

Status: The Chief Executive confirms that the issue of the KARI land is being followed up by separate arms of the Government.

KENYATTA NATIONAL HOSPITAL

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYATTA NATIONAL HOSPITAL FOR THE YEAR ENDED 30TH JUNE 1996

1.0 ACCURACY OF THE ACCOUNTS

RECOMMENDATION

- 1.1 The Committee therefore recommends that the Chief Executive should reconcile the outstanding suspense account of Kshs.31,200.00 in order to ensure that in future Kenyatta National Hospital's accounts are accurate.

Status: The Chief Executive confirms that the outstanding suspense account of Kshs.31,200.00 has been reconciled. It is now being ensured that the Hospital's accounts are accurate.

- 1.2 The Committee further recommends that the Chief Executive should ensure that the computerization of the Accounting system is done without further delay.

Status: The Chief Executive confirms that the Accounting system has been computerised.

2.0 FIXED ASSETS

RECOMMENDATION

The Committee recommends that:-

- 2.1 The following parcels of land carved out of the Kenyatta National Hospital land and irregularly allocated to private developers should be revoked and revert to the Hospital.

2.1.1 LR. 209/11460

2.1.2 LR. 209/13139

Status: The Chief Executive confirms that the matter of revoking the allotment is being progressed.

- 2.2 The Chief Executive should liaise with the Commissioner of Lands with a view to ensuring that titles are issued for the Hospital's parcels of land.**

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

- 2.3 The parent Ministry should amicably resolve the dispute between Kenyatta National Hospital and the Kenya Enrolled Nurses Association in respect of plot L.R. 209/13984 with a view to processing title deeds.**

Status: The Executive confirms that the amicable resolving of the parcel of land is being followed up.

KENYATTA NATIONAL HOSPITAL

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYATTA NATIONAL HOSPITAL FOR THE YEAR ENDED 30TH JUNE 1997

1.0 FIXED ASSETS

RECOMMENDATION

The Committee reiterates its earlier recommendation under paragraph 2 of the 1995/96 accounts that: -

1.1 The following parcels of land carved out of the Kenyatta National Hospital land and irregularly allocated to private developers should be revoked and revert to the Hospital.

1.1.1 LR. 209/11460

1.1.2 LR. 209/13139

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

1.2 The Chief Executive should liaise with the Commissioner of Lands with a view to ensuring that titles are issued for the Hospital's parcels of land.

Status: The Chief Executive confirms that the issue of Hospital's parcels of land is being pursued.

1.3 The parent Ministry should amicably resolve the dispute between Kenyatta National Hospital and the Kenya Enrolled Nurses Association in respect of plot L.R. 209/13984 with a view to processing title deeds.

Status: The Chief Executive confirms that an amicable resolution is being discussed.

RURAL ELECTRIFICATION SCHEMES

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF RURAL ELECTRIFICATION SCHEMES FOR THE YEAR ENDED 30TH JUNE 1991

RECOMMENDATION

- 1.0 The Committee recommends that the Government should establish as a matter of urgency, a corporate body under the State Corporations Act (Cap.446) to run rural electrification programme.

Status: The Chief Executive confirms that the matter is being handled by a Committee consisting of Government ministries and State Corporations.

- 2.0 The Committee further recommends that the Permanent Secretary, Ministry of Energy should forward the accounts of Rural Electrification Schemes from 1995 -2000 to the Auditor-General (Corporations) for auditing by 31st March, 2001 and subsequent tabling in Parliament.

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

RURAL ELECTRIFICATION SCHEMES

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF RURAL ELECTRIFICATION SCHEMES FOR THE YEAR ENDED 30TH JUNE 1992

RECOMMENDATION

- 1.0 The Committee recommends that the Government should establish as a matter of urgency, a corporate body under the State Corporations Act (Cap.446) to run rural electrification programme.

Status: The Chief Executive confirms that the matter is still being handled by a Committee made up of concerned Government ministries and State Corporations.

- 2.0 The Committee further recommends that the Permanent Secretary, Ministry of Energy should forward the accounts of Rural Electrification Schemes from 1995 -2000 to the Auditor-General (Corporations) for auditing by 31st March, 2001 and subsequent tabling in Parliament.

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

RURAL ELECTRIFICATION SCHEMES

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF RURAL ELECTRIFICATION SCHEMES FOR THE YEAR ENDED 30TH JUNE 1993

RECOMMENDATION

- 1.0 The Committee recommends that the Government should establish as a matter of urgency, a corporate body under the State Corporations Act (Cap.446) to run rural electrification programme.

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

- 2.0 The Committee further recommends that the Permanent Secretary, Ministry of Energy should forward the accounts of Rural Electrification Schemes from 1995 -2000 to the Auditor-General (Corporations) for auditing by 31st March 2001 and subsequent tabling in Parliament.

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

KENYA MEDICAL RESEARCH INSTITUTE (KEMRI)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA MEDICAL RESEARCH INSTITUTE FOR THE YEAR ENDED 30TH JUNE 1997

1.0 FIXED ASSETS

RECOMMENDATION

- 1.1 The Committee reiterates its earlier recommendation under paragraph I of 1995/96 that the Chief Executive should ensure that title deeds are obtained for all parcels of land in the Institute's possession and their value incorporated into the Balance Sheet by 30th June 2000.

Status: The Chief Executive confirms that title deeds have been obtained for KEMRI Headquarters, Medical Research Centre and Langata Road. Taveta and Kilifi parcels are being processed. The land value will then be ascertained and included in the Balance Sheet.

2.0 STAFF HOUSING PROJECT

RECOMMENDATION

The Committee recommends the following:-

- 2.1 The Attorney General should institute investigations with a view to prosecuting M/s Tuck Limited and its Directors for coercing KEMRI to pay Kshs.27.5 million. Besides the prosecution, the Attorney General should ensure that the said amount is recovered from M/s Tuck Limited.

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

- 2.2 M/s Tuck Limited and any company established by its proprietor should be barred from transacting any business with the Government or any public body.

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

- 2.3 Treasury should expedite the finalisation of its discussion with the National Bank of Kenya in respect of the payment of the loan so that no further interest accrues.**

Status: The Chief Executive confirms that a Committee was formed to progress this recommendation and now funds are being provided and released as recommended.

- 2.4 The Chief Executive should ensure that in future he does not commit the Institute to any project without feasibility studies, budgetary provisions and ministerial approval.**

Status: The Chief Executive confirms that the recommendation is being adhered to. The Institute does not commit itself to any project without feasibility studies, budgetary provisions and ministerial approval.

- 2.5 The Permanent Secretary of the Parent Ministry should ensure that the Government commences work to complete the Housing project.**

Status: The Chief Executive confirms that plans have been worked for completion of the project funded over a period of two years.

- 2.6 The Committee further recommends that the Treasury should ensure that the Permanent Secretary, Ministry of Health pays the outstanding amount in respect of the Housing project direct to the National Bank of Kenya.**

Status: The Chief Executive confirms that the recommendation has been noted and implementation is being pursued.

3.0 ABANDONED PROJECT

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 4 of 1994/95 accounts that: -

- 3.1 The Chief Executive should endeavour to complete the project in order to avoid further escalation of building costs.

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

- 3.2 The Chief Executive should always ensure that a proper agreement is signed before the Institute is involved in a joint project with another party.

Status: The Chief Executive confirms that the recommendation is being adhered to. Proper agreements will always be signed before the Institute is involved in any joint project with any other party.

4.0 NATIONAL HOSPITAL INSURANCE STAMPS

RECOMMENDATION

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

- 4.1 The Attorney General should ensure that the suspect Mr. Absolom M'Mbwaga Agavihi is arrested and prosecuted immediately.

Status: The Chief Executive confirms that the matter was reported as recommended. It is still being followed up to its logical conclusion.

- 4.2 The Chief Executive should apply strict internal financial controls at the Institute to avoid the recurrence of such a fraud.

Status: The Chief Executive confirms that strict internal financial controls are now being applied to avoid the recurrence of such a fraud.

KENYA FORESTRY RESEARCH INSTITUTE (KEFRI)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA FORESTRY RESEARCH INSTITUTE FOR THE YEAR ENDED 30TH JUNE 1995

1.0 FINANCIAL POSITION

RECOMMENDATION

- 1.1 The Committee recommends that the Chief Executive should liaise with the parent Ministry and Treasury with a view to getting more grants to meet the accumulated deficits. The Committee further recommends that the Chief Executive should explore other areas for generating more revenue to avoid incurring deficits.

Status: The Chief Executive confirms that the recommendation is being followed very closely for increased funding. In the meantime, other areas for generating revenue are being explored.

2.0 FIXED ASSETS

RECOMMENDATION

- 2.1 The Committee recommends that the Chief Executive should ensure that all the land owned by the Institute is valued and included in the books of account.

Status: The Chief Executive confirms that land owned by the Institute has a title deed and the same has been valued and included in the accounts since 1998/99.

- 2.2 The Committee further recommends that the Chief Executive should ensure that Title Deeds are obtained for all parcels of land belonging to the Institute by 31st December 2000.

Status: The Chief Executive confirms that the title deeds have been obtained as recommended.

KENYA FORESTRY RESEARCH INSTITUTE (KEFRI)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA FORESTRY RESEARCH INSTITUTE FOR THE YEAR ENDED 30TH JUNE 1996

1.0 FINANCIAL POSITION

RECOMMENDATION

- 1.1 The Committee therefore reiterates its recommendations under paragraph 1 of the 1994/95 Accounts that the Chief Executive should liaise with the parent Ministry and Treasury with a view to getting more grants to offset the accumulated deficits and to explore other areas for generating more revenue to avoid incurring deficits.

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

2.0 FIXED ASSETS

RECOMMENDATION

- 2.1 The Committee reiterates its earlier recommendations under paragraph 2 of the 1994/95 accounts that the Chief Executive should ensure that all the land owned by the institute is valued and included in the book of accounts.

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

- 2.2 The Committee further recommends that the Chief Executive should ensure that title deeds are obtained for all parcels of land belonging to the Institute by 31st December 2000.

Status: The Chief Executive confirms that the title deeds have been obtained as recommended.

3.0 PENSION FUND

RECOMMENDATION

- 3.1 The Committee recommends that the Chief Executive should continue to remit the outstanding amount due to the pension fund until the total arrears of Kshs.5,661,02 are cleared.

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

KENYA FORESTRY RESEARCH INSTITUTE (KEFRI)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA FORESTRY RESEARCH INSTITUTE FOR THE YEAR ENDED 30TH JUNE 1997

1.0 FINANCIAL POSITION

RECOMMENDATION

- 1.1 The Committee therefore reiterates its earlier recommendations under paragraphs 1 of the 1994/95 and 1995/96 Accounts respectively that the Chief Executive should liaise with the parent Ministry and Treasury with a view to getting more grants to offset the accumulated deficits. The Committee further recommends the Chief Executive should ensure that all the statutory obligations are met as and when they fall due.

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

2.0 FIXED ASSETS

RECOMMENDATION

- 2.1 The Committee reiterates its earlier recommendations under paragraph 2 of the 1994/95 and 1995/96 Accounts respectively that the Chief Executive should ensure that all the land owned by the Institute is valued and included in the books of accounts.

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

- 2.2 The Committee further recommends that the Chief Executive should ensure that title deeds are obtained for all parcels of land belonging to the Institute by 31st December 2000.

Status: The Chief Executive confirms that the title deeds have been obtained as recommended.

MUHORONI SUGAR COMPANY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF MUHORONI SUGAR COMPANY LIMITED FOR THE YEAR ENDED 30TH JUNE 1994

1.0 FINANCIAL POSITION

RECOMMENDATION

The Committee recommends that: -

- 1.1 The Government should ensure that the Company operates commercially by easing certain restriction with regards to employment terms.

Status: This recommendation has been over taken by events in that the Company is currently under receivership.

- 1.2 The Government should strengthen the management of the Company by recruiting qualified personnel.

Status: The Company is now under receivership and all actions by the Shareholders, the Government and Directors are stayed as per existing law.

- 1.3 The Board of management of Muhoroni Sugar Company should be in full control of the management of funds advanced from Kenya Sugar Development including tendering and procurement of services and goods.

Status: The Company is under receivership and all actions by Directors are stayed. In fact, the Board of Management has been "ipso facto" dismissed.

- 1.4 The Director of Kenya Anti-Corruption Authority should investigate the manner in which Kshs.534 million advanced to the Company from the Sugar Development Fund was utilised.

Status: *The Company is under receivership and there is no director for KACA at the moment. The matter will be pursued when KACA is re-established.*

2.0 LOSS IN GROSS PROFITS

a. Price Differential

RECOMMENDATION

- 2.1 The Committee recommends that the company should, in future, plan the engagement of contracted farmers to avoid cane shortage and resultant price differential.

Status: *The Company is under receivership and all actions are now stayed.*

b. Factory Losses

3.0 DEFERRED DEBTS AND LOANS

RECOMMENDATION

- 3.1 The Committee recommends that the Chief Executive should ensure that the company continue to provide for and accrue interest until capital restructuring is finalised. The Committee also reiterates its earlier recommendation under paragraph 5 of the 1992/93 accounts, Eighth Report, that the Chief Executive and the Company's Board of Directors should liaise with the parent Ministry and Treasury with a view to ensuring that capital restructuring of the company is finalised without further delay.

Status: *The Company is under receivership and the Chief Executive has been removed.*

5.0 BUDGETARY CONTROL

RECOMMENDATION

- 5.1 The Committee recommends that the management must in future seek Treasury approval prior to committing the funds of the company.

Status: The Management has been removed as the Company is under receivership.

- 5.2 The Committee further recommends that the Chief Executive must stick to budgetary approvals made by the Board of Directors and the parent Ministry.

Status: The services of the Board and Management have ceased with effect from the time the Company was placed under receivership.

6.0 PROCUREMENTS

RECOMMENDATION

- 6.1 The Committee recommends that the Chief Executive must strictly stick to the rules and regulations governing the procurement of goods and services.

Status: The Company is under receivership and the Chief Executive has been removed.

7.0 SUPPLIERS' NON-DISCLOSURE OF V.A.T. COMPONENT ON PURCHASE INVOICES

RECOMMENDATION

- 7.1 The committee recommends that the Chief Executive should identify the officers who failed to include the VAT component in the purchases and take disciplinary action, including surcharge and/or prosecution.

Status: The Company is under receivership and the Board and Management have been removed.

8.0 DEBTORS

RECOMMENDATION

- 8.1 The Committee recommends that the Chief Executive should ensure that the bankruptcy case against the former Managing Director is followed to its conclusive end.

Status: This recommendation was already being dealt with by the Court of Law and it is not clear how the matter will proceed now that the Company is under receivership.

KENYA BROADCASTING CORPORATION (KBC)

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA BROADCASTING CORPORATION FOR THE YEAR ENDED 30TH JUNE 1995

1.0 FINANCIAL POSITION

RECOMMENDATION

- 1.1 The Committee recommends that the Chief Executive should continue to explore other avenues of raising revenue to improve the Corporation's financial position in order to fulfil its loan obligations. The Committee further recommends that the Corporation should exercise strict expenditure control.

Status: The Chief Executive confirms that the Corporation has been exploring other avenues of raising revenue as recommended. The Chief Executive further confirms that the Corporation is currently exercising strict expenditure control.

2.0 LOAN SERVICING

RECOMMENDATION

- 2.1 The Committee recommends that the Chief Executive should explore other avenues of raising revenue with a view to improving the Corporation's financial position to enable it fulfil its loan obligations.

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

- 2.2 The Committee further recommends that the parent Ministry should follow-up the approval of the Cabinet paper to enable the Corporation to restructure its balance sheet.

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

3.0 DEBTORS

RECOMMENDATION

- 3.1 The Committee recommends that the Chief Executive should improve the debt recovery machinery and use all means including legal redress to recover all the outstanding debts in full by 30th June 2000.

Status: The Chief Executive confirms that all possible machinery is being employed to recover the outstanding debt balances.

4.0 IMPREST - KSHS. 480,340

RECOMMENDATION

- 4.1 The Committee recommends that the Chief Executive should strictly adhere to laid down regulations with regard to issuance and surrender of imprest.

Status: The Chief Executive confirms that he is currently adhering to the laid down regulations with regard to issuance and surrender of imprest.

5.0 INSURANCE OF PROPERTIES OF THE CORPORATION

RECOMMENDATION

- 5.1 The Committee recommends that both the Chief Executive and the parent Ministry should expedite the assets ownership exercise to facilitate professional valuation and insurance of the Corporation's assets by 31st December 2000.

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

KENYA BROADCASTING CORPORATION (KBC)

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

1.0 FINANCIAL POSITION

RECOMMENDATION

- 1.1 The Committee therefore, reiterates its earlier recommendation under paragraph 1 of the 1994/95 Accounts that the Chief Executive should explore other avenues of raising revenue with a view to improving the Corporation's financial position to enable it fulfil its loan obligations.

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

- 1.2 The Committee further recommends that the parent Ministry should follow up the approval of the Cabinet paper to enable the Corporation to restructure its Balance Sheet.

Status: The Chief Executive confirms that the matter is being followed up closely with those concerned.

2.0 DEBTORS

RECOMMENDATION

- 2.1 The Committee recommends that the Chief Executive should improve the debt recovery machinery and use all means including legal redress to recover all the outstanding debts in full by 31st December 2000.

Status: The Chief Executive confirms that the debt recovery machinery has been set up and improved as recommended.

3.0 INSURANCE OF PROPERTIES OF THE CORPORATION

RECOMMENDATION

- 3.1 The Committee reiterates its earlier recommendation under paragraph 5 of the 1994/95 accounts that both the Chief Executive and the parent Ministry should expedite the asset ownership exercise to facilitate professional valuation and insurance of the Corporation's assets by 31st December 2000.

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

KENYA BROADCASTING CORPORATION (KBC)

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF KENYA BROADCASTING CORPORATION FOR THE YEAR ENDED 30TH JUNE 1997

1.0 FINANCIAL POSITION

RECOMMENDATION

- 1.1 The Committee therefore reiterates its earlier recommendations under 1994/95 and 1995/96 accounts that the Chief Executive should continue to explore other avenues of raising revenue to improve the Corporation's financial position in order to fulfil its loan obligations.

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

- 1.2 The Committee also recommends that the parent Ministry should follow up the approval of the Cabinet paper to enable the Corporation to restructure its Balance Sheet.

Status: The Chief Executive confirms that the matter of restructuring the Balance Sheet is closely being followed.

- 1.3 The Committee further recommends that the Corporation should treat the interest of Kshs.1,413,256,156 as current liabilities in accordance with the International Accounting practices.

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

2.0 DEBTORS

RECOMMENDATION

- 2.1 The Committee reiterates its earlier recommendation under paragraphs 2 and 3 of the 1994/95 and 1995/96 accounts respectively that the Chief Executive should improve the debt recovery machinery and use all means including legal redress to recover all the outstanding debts in full by 31st December 2000.

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

3.0 INSURANCE OF PROPERTIES OF THE CORPORATION

RECOMMENDATION

- 3.1 The Committee reiterates its earlier recommendation under paragraphs 5 and 3 of the 1994/95 and 1995/96 accounts respectively that both the Chief Executive and the parent Ministry should expedite the asset ownership exercise to facilitate professional valuation and insurance of the Corporation's assets by 31st December 2000.

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

SOUTH NYANZA SUGAR COMPANY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF SOUTH NYANZA SUGAR COMPANY FOR THE YEAR ENDED 30TH JUNE 1996

1.0 DOUBLE PAYMENT TO BOOKER TATE

RECOMMENDATION

- 1.1 The Committee recommends that the Chief Executive should in future act promptly to regularise such erroneous remittances to avoid financial inconvenience to the company.

Status: The Chief Executive confirms that he is adhering to the recommendation. He is currently acting promptly in regularising any erroneous remittance.

2.0 OVERDRAWN BOOKER TATE CASH ACCOUNT

RECOMMENDATION

- 2.0 The Committee recommends that the Chief Executive should strictly adhere to the terms and conditions of Technical Management Agreement to avoid recurrence of similar circumstances. The Committee further recommends that advances between the two parties are reconciled at the end of every financial year.

Status: The Chief Executive confirms that he will strictly adhere to the terms and conditions of Technical Management Agreements in future. M/s Booker Tate have since left at the expiry of the contract in March 2000. The Kenyan Managers are now in charge.

3.0 SUGAR DEBTORS

RECOMMENDATION

- 3.1 The Committee recommends that the Chief Executive should exercise strict control of the accounts section to ensure that such price differences, double invoicing and uncredited payments do not recur.

Status: The Chief Executive confirms that the recommendation is being adhered to. Strict control is being exercised on the accounts section.

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

Status: The Chief Executive confirms that all relevant supporting documents have been made available to the Auditor General (Corporations) as recommended.

KENYATTA UNIVERSITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYATTA UNIVERSITY FOR THE YEAR ENDED 30TH JUNE 1992

1.0. LATE SUBMISSION OF ACCOUNTS

RECOMMENDATION

- 1.1 The Committee recommends that any Chief Executive of the Institution who in future causes delay in the submission of accounts for audit without seeking Parliamentary approval should be dismissed.

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

2.0 CONTRACTS

RECOMMENDATION

The Committee recommends that: -

- 2.1 The Chief Executive should liaise with Office of the Attorney General with a view to ensuring that M/s Mistry Jadva Parbat is demobilised from the Site and his alleged claims are settled in Court.

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

- 2.2 The Ministry of Finance and Planning should disburse the required funds in respect of the uncompleted buildings at Kenyatta University.

Status: The Chief Executive confirms that the recommendation has been noted and the same is being pursued with the Ministry.

3.0 BANK AND BUILDING SOCIETY DEPOSITS

RECOMMENDATION

- 3.1 The Committee recommends that the Chief Executive should direct the financial institutions to confirm directly to the Auditor-General (Corporations) the existence of the said deposits.

Status: The Chief Executive confirms that the financial institutions were directed to confirm the balances with the Auditor-General (Corporations).

4.0 DEBTORS

RECOMMENDATION

The Committee recommends that: -

- 4.1 The Chief Executive should ensure that all supporting documents are made available to the Auditor-General (Corporations) for verification by 31st December 2000.

Status: The Chief Executive confirms that all supporting documents were made available for verification as recommended.

- 4.2 The parent Ministry must always remit funds due to the University as appropriated by Parliament.

Status: The Chief Executive confirms that he has noted the recommendation. Funds are now being remitted as appropriated by Parliament.

5.0 CREDITORS

RECOMMENDATION

The Committee recommends that: -

- 5.1 The Chief Executive should ensure that all supporting documents are made available to the Auditor-General (Corporations) by 31st December 2000.

Status: The Chief Executive confirms that all supporting documents were made available to the Auditor General (Corporations) as recommended.

- 5.2** The University should be held responsible and accountable for the outstanding amount of K£.60,907 which the parent Ministry dishonoured for lack of supporting documents.

Status: The Chief Executive confirms that the University is responsible for the outstanding amount.

6.0 REGULAR EXPENDITURE

- 6.1** The Committee recommends that the Chief Executive should ensure that any expenditure in respect of staff houses is capitalised and be part of the fixed asset in accordance with the existing Accounting Standards.

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

The Committee recommends that: -

- 6.2** The Director of Kenya Anti-Corruption Authority should investigate the activities of the then Registrar of Motor Vehicles Mr. Kahigu, Dr. Aggrey Otieno and one Mr. Ashington Ngigi of P. O. Box 583, Uthiru in the transfer of Reg. No.KXB 616, Peugeot, which was jointly owned between Kenyatta University and Dr. Aggrey Otieno.

Status: The Chief Executive confirms that the recommendation has been noted and will do all that is possible within its means to follow up the matter.

- 6.3** The Committee recommends that the Chief Executive should ensure that in future all supporting documents are made available to the Auditor-General (Corporations) for verification as and when required.

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

6.4 The Committee recommends that the University should move expeditiously and report the matter to the Banking Fraud Investigation Unit for investigation.

Status: The Chief Executive confirms that he has complied with the recommendation.

6.5 The Committee further recommends that the Chief Executive should ensure that proper internal controls are put in place in the finance department to avoid frauds.

Status: The Chief Executive confirms that proper internal controls have been put in place in the finance department to avoid frauds.

6.6 The Committee recommends that the irregular payments amounting to K£ 4,344 be recovered from the seven employees and the practice be stopped forthwith.

Status: The Chief Executive confirms compliance to the recommendation.

KENYATTA UNIVERSITY STUDENTS ACCOMMODATION BOARD

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF
KENYATTA UNIVERSITY STUDENTS ACCOMMODATION BOARD FOR THE YEAR
ENDED 30TH JUNE 1989

1.0 ACCURACY OF THE ACCOUNTS

RECOMMENDATION

- 1.1 The Committee noted that it was difficult to reconcile the figure of K£39,424 given that accountable documents were destroyed in the said blaze.

Status: This is a notable commend only under the Paragraph and there is no recommendation. Reconciliation is indeed difficult given that accountable documents were destroyed in the said blaze.

2.0 CONSTRUCTION CONTRACTS

RECOMMENDATION

- 2.1 The Committee recommends that the USAB Board which deliberated on the tender should be held responsible for the irregular tendering and subsequent loss of K£77,503.

Status: The Chief Executive confirms that the recommendation has been noted.

- 2.2 The Committee further recommends that the Director of Kenya Anti-Corruption Authority (KACA) should investigate circumstances under which the Board of USAB awarded the contract to the fifth lowest bidder with a view to prosecuting the culprits.

Status: The Chief Executive confirms that the recommendation has been noted and all evidence will be given as required.

- 2.3 The Committee also recommends that Forest Industrial Training Centre, Nakuru should refund K£.12,987 to the successor of USAB in respect of materials for constructing the prefabricated houses.

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

3.0 CAPITAL WORK IN PROGRESS

RECOMMENDATION.

- 3.1 The Committee recommends that the Director of Kenya Anti-Corruption Authority should institute investigations into the manner in which the assets of the defunct USAB were distributed and/or disposed of including the various bank accounts held by the Board.

Status: The Chief Executive confirms that the matter is to be followed with KACA when re-established as recommended.

4.0 CREDITORS AND ACCRUALS

RECOMMENDATION

- 4.1 The Committee recommends that the Chief Executive should ensure that all relevant supporting documents in respect of K£.393,817 are made available to the Auditor-General (Corporations) for verification by 31st December 2000.

Status: The Chief Executive confirms that all relevant supporting documents in respect of K£.393,817 have been made available for verification.

5.0 DEBTORS AND PREPAYMENTS

RECOMMENDATION

- 5.1 The Committee recommends that the Chief Executive should ensure that all relevant supporting documents in respect of K£.45,462 are made available to the Auditor-General (Corporations) for verification by 31st December 2000.

Status: The Chief Executive confirms that all relevant supporting documents have been availed as recommended.

6.0 STOCKS

RECOMMENDATION

- 6.1 The Committee recommends that the Chief Executive should ensure that all relevant documents in respect of K£.137,756 are forwarded to the Auditor-General (Corporations) for verification by 31st December 2000.

Status: The Chief Executive confirms that all relevant documents in respect of K£.137,756 have been forwarded as recommended.

7.0 BANK OVERDRAFT/CASH IN HAND

RECOMMENDATION

- 7.0 The Committee recommends that the Chief Executive should take the necessary efforts to come up with records in respect of Bank Overdraft figure of K£.11,129 and cash in hand figure of K£.24,398 and forward the same to the Auditor General (Corporations) for verification by 31st December 2000.

Status: The Chief Executive confirms that efforts have been made as recommended and available records forwarded.

TEACHERS SERVICE COMMISSION (TSC)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF TEACHERS SERVICE COMMISSION FOR THE YEAR ENDED 30TH JUNE 1995

1.0 FIXED ASSETS

RECOMMENDATION

- 1.1 The Committee therefore recommends that the government should make funds available for the construction of the proposed Teachers Service Commission Headquarters.

Status: The Chief Executive confirms that the issue of availing funds for the construction of the proposed TSC Headquarters is still being followed.

2.0 DEBTORS

a. Losses Of Cash

RECOMMENDATION

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

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

- 2.2 The Committee further recommends that the Chief Executive should put in place strict financial controls to avoid recurrence of such incidents of theft.

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

b. Unclaimed Salaries

- 2.3 The Committee recommends that the Director of Criminal Investigations Department should conclude the ongoing investigation on the matter.

Status: The Chief Executive confirms that the matter has been noted and is being followed up.

3.0 PARTITIONING OF OFFICES AT BAZAAR PLAZA - NAIROBI

RECOMMENDATION

The Committee recommends that: -

- 3.1 The Chief Executive should liaise with the Ministry of Roads and Public Works and the Landlord with a view to ascertaining the exact lettable space and revise the rents payable thereof. The findings of the exercise should be forwarded to the Auditor-General (Corporations) for verification by 30th September 2000.**

Status: The Chief Executive confirms that this is being complied to.

- 3.2 The final cost of the works by the contractor should not exceed Kshs.141,440,020 as recommended by the Ministry of Roads and Public Works.**

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

- 3.3 The Chief Executive should before the expiry of the current lease in respect of Bazaar Plaza Offices explore cheaper alternatives including putting up prefabricated structures for temporary accommodation.**

Status: The Chief Executive confirms that the Commission is exploring possibilities of cheaper and alternative office accommodation.

- 3.4 In view of high rents paid currently by the Commission, the Government should make funds available for the construction of the proposed Teachers Service Commission Headquarters on plot LR. No.209/11422.**

Status: The Chief Executive confirms that discussions are ongoing with a view of constructing Commission Headquarters.

EXPORT PROCESSING ZONES AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF EXPORT PROCESSING ZONES AUTHORITY FOR THE YEAR ENDED 30TH JUNE 1994

1.0 FIXED ASSETS

RECOMMENDATION

- 1.1 The Committee recommends that the Chief Executive should ensure that the parcels of land owned by the Authority, including the land granted to the Authority in 1991 measuring 454.4 hectares situated in Mavoko Municipal Council are valued and included in the accounts by 31st December 2000.

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

EXPORT PROCESSING ZONES AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF EXPORT PROCESSING ZONES AUTHORITY FOR THE YEAR ENDED 30TH JUNE 1995

1.0 FIXED ASSETS

RECOMMENDATION

- 1.1 The Committee recommends that the Director of Kenya Anti-Corruption Authority should investigate the manner in which the contracts were awarded, the variations were made and payments effected with a view to prosecuting the culprits.

Status: The Chief Executive confirms noting the recommendation. The Authority will work with the Director of KACA when one is in place to fulfil the recommendation.

- 1.2 The Committee further recommends that the Authority should ensure that the assets are reflected in the books of account to avoid overstating the net surplus.

Status: The Chief Executive confirms that the assets are now reflected in the books of accounts to avoid overstating the net surplus.

2.0 MISCELLANEOUS INCOME - KSHS.13,774,812.00

RECOMMENDATION

- 2.1 The Committee recommends that the Authority should ensure that the assets are reflected in the books of account to avoid overstating the net surplus.

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

2.0 MISCELLANEOUS INCOME

RECOMMENDATION

- 2.1 The Committee therefore reiterates its earlier recommendations under paragraph 2 of the 1994/95 Accounts that the Authority should ensure that the assets are reflected in the books of accounts to avoid overstating the net surplus.

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

3.0 OTHER PERSONAL ALLOWANCES

RECOMMENDATION

- 3.1 The Committee recommends that the Chief Executive should recover the difference between the approved rates and unauthorised payments from the officers concerned by 31st December 2000.

Status: The Chief Executive confirms that recovery of the amounts is still being made.

LAKE BASIN DEVELOPMENT AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF LAKE BASIN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30TH JUNE 1995

1.0 LATE SUBMISSION OF ACCOUNTS

RECOMMENDATION

- 1.1 The Committee while expressing its dissatisfaction with the failure by the Ministry to seek parliamentary approval for the extension of the submission period, nevertheless recommends that the corporation must at all times submit its duly signed accounts within statutory period.

Status: The Chief Executive confirms that the Authority currently submits its duly signed accounts within the statutory period.

2.0 FINANCIAL POSITION

RECOMMENDATION

The Committee while noting that the Authority reduced its creditors by Kshs.23,722,488.50 and that a debt of Kshs.23.8 million owed to M & E consulting Engineers was cleared in the 1998/99 financial year, recommends that: -

- 2.1 The Government should adequately fund the Authority to enable it implement approved projects.

Status: The Chief Executive confirms that the recommendation has been noted and that the Authority is liaising with the Government for adequate funding in addition to the internally generated revenue.

- 2.2 The Chief Executive should liaise with the parent Ministry and Treasury with a view to ensuring that the Bank overdraft is cleared in order to avoid further increase of the total amount due to escalation of interest accrued.

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

- 2.3 The Committee recommends that the Chief Executive should in future ensure that there is adequate budgetary allocation for projects before implementation to avoid cost overruns.

Status: The Chief Executive confirms that it is now being ensured that there is adequate budgetary allocation for projects before implementation. This is meant to avoid cost overruns.

- 3.0 STALLED HEADQUARTERS BUILDING AND STAFF HOUSING PROJECT - KSHS.72,924,139

RECOMMENDATION

- 3.1 The Committee therefore recommends that the Kenya Anti-Corruption Authority should investigate payments made to M/s N.K. Brothers to the tune of Kshs.72,923,139 for the project which was only 9% done when the actual payments commensurate to the work done should have been Kshs.27,346,176. Some of the officers involved were the former Permanent Secretary, Ministry of Regional Development *Mr. Daniel Mboya* and the then Managing Director of the Authority *Mr. S.B. Obura*.

Status: The Chief Executive confirms that the recommendation has been noted. The matter will be followed up with KACA when a new body is established.

- 4.0 BANK OVERDRAFT - KSHS.63,818,892.35

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 3 of 1993/94 Eighth Report that: -

- 4.1 The Chief Executive should urgently liaise with the Treasury and facilitate the payments of the part of the overdraft which relates only to Kshs.3 million that was approved by the Board.

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

4.2 The overdraft balances in excess of the approved Kshs.3 million should be met by the National Bank of Kenya.

Status: The Chief Executive confirms that the issue of excess of the approved overdraft is still being followed up.

4.3 No State Corporation should incur an overdraft without the approval of the Treasury.

Status: The Chief Executive confirms that the recommendation has to be adhered to.

4.4 That all funds approved by Parliament for the Authority should be disbursed in full to the Authority every financial year.

Status: The Chief Executive confirms that the matter of remittance of approved funds continues to be followed up for release as recommended.

4.5 The Committee further recommends that the Attorney-General should prosecute the former Chief Executive of the Lake Basin Development Authority, *Mr. Samuel Obura* for failing to honour the summons of the Committee as per the provisions of the National Assembly (Powers and Privileges) Act, Cap.6

Status: The Chief Executive confirms that the recommendation has been noted and the matter rests with the Attorney General.

4.5 The Committee also recommends that the then Managing Director, *Mr. Samuel Obura* who exceeded the overdraft authorised by the Board of Directors should be barred from holding any public office conferred by the Republic of Kenya.

Status: The Chief Executive confirms that the recommendation has been noted, and that it appears that the former Managing Director is not holding any public office.

KERIO VALLEY DEVELOPMENT AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KERIO VALLEY DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30TH JUNE 1995

RECOMMENDATION

- 1.0 The Committee, reiterates its earlier recommendations under paragraph 1.0 of the 1993/94 (Eighth Report) that the project should cease to be included in the Accounts of the Authority and that the project should be transferred to the Books of Kenya Power Company (Kenya Electricity Generating Company) which is Government owned without further delay.

Status: The Chief Executive confirmed in his Letter Ref: KVDA/HQS/FIN/1303 dated 7th March 2000 that KVDA ceased to include Turkwel Gorge Project in its annual accounts since the 1994/95 returns.

KERIO VALLEY DEVELOPMENT AUTHORITY

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KERIO VALLEY DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30TH JUNE 1996

1.0 DEVELOPMENT GRANTS VIS-A-VIS DEVELOPMENT EXPENDITURE

RECOMMENDATION

- 1.1 The Committee recommends that the Chief Executive should desist from re-allocating funds from Development Vote to Recurrent Vote without obtaining the necessary Treasury approval.

Status: The Chief Executive confirms that the re-allocation of funds from Development to Recurrent Vote without Treasury approval is no longer being done.

- 1.2 The Committee further recommends that the Chief Executive should ensure that proper books of account are maintained and that development income is differentiated from recurrent income in the books of account.

Status: The Chief Executive confirms that proper books of account are now being maintained and development income is differentiated from recurrent income in the books of account as recommended.

2.0 SHORT TERM INVESTMENTS

RECOMMENDATION

- 2.1 The Committee recommends that the Chief Executive should ensure that the Corporation's surplus funds are invested in accordance with existing Government financial regulations.

Status: The Chief Executive confirms that Government financial regulations are being adhered to when it comes to investing surplus funds.

- 2.2 The Committee further recommends that the Chief Executive should ensure that all relevant supporting documents are produced to the Auditor-General (Corporations) as required by law.

Status: *The Chief Executive confirms that all relevant supporting documents have been produced to the Auditor-General (Corporations) as required by law.*

3.0 LOSS OF SOLAR PANEL/COOLER HEAD WORTH 10 MILLION

RECOMMENDATION

- 3.1 The Committee recommends that Mr. Reuben Chesire should pay Kshs.40,000 per month for the period the cooler truck was in his possession.

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

- 3.2 The Committee further recommends that the Director of Kenya Anti-Corruption Authority should investigate the manner in which the cooler was leased to Mr. Chesire, delivered to him and subsequent receipt in the yard of the Authority with the missing parts with a view to prosecuting the culprits.

Status: *The Chief Executive confirms that the recommendation has been noted and is to be followed up by KACA when re-established.*

4.0 PURCHASE OF LAND - KSHS.6.6 MILLION

RECOMMENDATION

The Committee therefore recommends that: -

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

Status: *The Chief Executive confirms that the matter is still being pursued.*

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

Status: The Chief Executive confirms that the recommendation has been noted and the same will be followed up with KACA when the body is re-established.

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

Status: The Chief Executive confirms that the matter of banning the then Managing Director from holding any public office has been noted.

5.0 DIRECT PAYMENT OF LEGAL FEES - KSHS.4,912,558.10

RECOMMENDATION

- 5.1 The Committee recommends that the then Chief Executive, Mr. Paul Chemweno should be surcharged for acting irregularly by appointing the firm of advocates without the Board's approval and for pre-paying the legal fees.

Status: The Chief Executive confirms that the matter of surcharge is being pursued in coordination with the Inspectorate of State Corporations.

- 5.2 The Committee further recommends that the Chief Executive should use all means at his disposal including litigation to ensure that the outstanding amount of Kshs.2,133,847.60 is recovered from M/s Jim Choge and Company Advocates. The Committee also recommends that the Corporation should report M/s Jim Choge and Company Advocates to the Complaints Commission for professional misconduct.

Status: The Chief Executive confirms that the matter is being pursued as per recommendation.

6.0 PAYMENT OF COMPENSATION - KSHS.4,173,448

RECOMMENDATION

- 6.1 The Committee recommends that the Chief Executive should ensure that in future any such payments are made only after the payees have appended their signatures and national ID numbers.

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

7.0 SALE OF MOTOR VEHICLE (VOLVO) KAA 567E

RECOMMENDATION

- 7.1 The Committee recommends that the then Chief Executive Mr. Paul Chemweno should be surcharged Kshs.169,894.00 being the cost of two repairs undertaken on the vehicle after it had been earmarked for selling and a further Kshs.74,000 being the difference between the AAK valuation of Kshs.544,000 and the public works valuation of Kshs.470,000.

Status: The Chief Executive confirms that he is liaising with Inspectorate of State Corporations on the matter of surcharge.

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

Status: The Chief Executive confirms that the recommendation has been noted.

NATIONAL IRRIGATION BOARD (NIB)

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NATIONAL IRRIGATION BOARD (NIB) FOR THE YEAR ENDED 30TH JUNE 1995

1.0 DEBTORS – NCPB – KSHS. 22,170,128/=

RECOMMENDATION

1.1 The Committee therefore recommends that the Chief Executive should ensure that the reconciliation of the outstanding balance of Kshs.4,832,190.50 is finalised by 30th September 2000.

Status: The Chief Executive confirms that the reconciliation was done but the Board is currently under a lot of financial problems resulting in the inability to meet its financial commitments.

MWEA RICE MILLS LIMITED

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF MWEA RICE MILLS LIMITED FOR THE YEAR ENDED 30TH SEPTEMBER 1995

1.0 BUDGETARY CONTROL

RECOMMENDATION

- 1.1 The Committee recommends that the Chief Executive should ensure that prudent budgetary and accounting practices are observed.

Status: The Chief Executive confirms that there are currently prudent budgetary and accounting practices in place as recommended.

- 1.2 The Committee further recommends that failure by Chief Executive to observe approved budgetary provisions should lead to disciplinary action including surcharge.

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

KENYA DAIRY BOARD

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA DAIRY BOARD CORPORATION FOR THE YEAR ENDED 30TH JUNE 1995

1.0 SUBMISSION OF ACCOUNTS

RECOMMENDATION

- 1.1 The Committee recommends that the Chief Executive of the Corporation who causes delay in the submission of accounts for audit and who fails to seek parliamentary approval to submit outside the statutory period should be dismissed from public service.

Status: The Chief Executive confirms that the Board has taken note of the recommendation and the same will be adhered to.

- 1.2 The Committee further recommends that the Attorney-General should make provisions in the Exchequer and Audit Act (Cap. 412) to provide for punitive measures against the Chief Executives who delay in submitting the parastatals accounts for audit, failure to which the adoption of the Report will be treated as leave to introduce an amendment to Cap. 412 to provide for such punitive measure.

Status: The Chief Executive confirms that the Board is now of the recommendation and will adhere to all that is brought into legal being.

2.0 FINANCIAL POSITION

RECOMMENDATION

- 2.1 The Committee recommends that the parent Ministry should release the entire exchequer grants appropriated to the Board by Parliament.

Status: The Chief Executive confirms that liaison is being maintained to ensure release of all exchequer grants.

- 2.2 The Committee further recommends that the Chief Executive should explore other avenues of generating revenue and to put in place austerity measures with a view to cutting down the over-head costs.

Status: The Chief Executive confirms that austerity measures are now in place aimed at cutting down over-head costs. In the meantime, other avenues of generating revenue are being explored.

3.0 SUSPENSE ACCOUNTS - KSHS.809,740

RECOMMENDATION

- 3.1 The Committee recommends that the Chief Executive should always avail supporting documents for audit verification as and when required.

Status: The Chief Executive confirms that, as recommended, supporting documents for audit verification are being availed.

4.0 DEBTORS AND PRE-PAYMENTS - KSHS.1,772,793

RECOMMENDATION

- 4.1 The Committee recommends that the Attorney General should investigate the directorship of the original petrol companies and the circumstances under which Kshs.228,000 in respect of fuel deposits were obtained with a view to prosecuting those involved.

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

- 4.2 The Committee further recommends that the Chief Executive should continue to follow up its claim of Kshs.318,250 with the Kenya National Assurance Company Ltd (in liquidation) up to its conclusion.

Status: The Chief Executive confirms that Management is still following up its claim with the Kenya National Assurance Company Limited (in liquidation).

5.0 LAND AND BUILDINGS - KSHS.2,795,443

RECOMMENDATION

The Committee reiterates its earlier recommendations under paragraph 6 of the 1993/94 accounts that: -

- 5.1 The parent Ministry should provide the extra funds required to complete the Board's office in Nairobi South 'C'.**

Status: The Chief Executive confirms that the issue is still being followed up.

- 5.2 The parent Ministry should supervise the construction works to its completion.**

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

6.0 STAFF PENSION FUND

RECOMMENDATION

The Committee recommends that: -

- 6.1 The withheld pension remittances of Kshs.2,249,322 should be invested in accordance with Retirement Benefit Act by 31st December 2000.**

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

- 6.2 The Chief Executive should follow up the Board's invested funds and compensation with the liquidators of the defunct Kenya National Assurance Ltd up to its conclusive end.**

Status: The Chief Executive confirms that the matter of invested funds is being followed up with the Kenya National Assurance Co. Ltd. (in liquidation).

KENYA DAIRY BOARD

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

1.0 CONSTITUTION OF BOARD OF DIRECTORS

RECOMMENDATION

- 1.1 The Committee recommends that the parent Ministry should ensure that a Board of Directors is constituted immediately.

Status: The Chief Executive confirms that there is a Board of Directors as recommended.

2.0 FINANCIAL POSITION

RECOMMENDATION

- 2.1 The Committee recommends that the parent Ministry should increase the funding of the Board.

Status: The Chief Executive confirms that the matter of increasing the funding of the Board is being followed up.

3.0 SUSPENSE ACCOUNTS - KSHS.415,889.20 AND KSHS.64,044.45

RECOMMENDATION

- 3.1 The Committee while noting that the figures have been reconciled and verified, nonetheless, recommends that the Chief Executive should always avail supporting documents for audit verification as and when requested.

Status: The Chief Executive confirms that there is total compliance to the recommendation and all supporting documents are always availed for audit verification as and when required.

4.0 ACCUMULATED FUND - KSHS.5,412,886.45

RECOMMENDATION

- 4.1** The Committee while noting that the required supporting documents were subsequently provided for verification, recommends that the Chief Executive should always avail supporting documents for audit verification as and when required.

Status: The Chief Executive confirms that he is complying with the recommendation to always avail supporting documents for audit verification as and when required.

5.0 DEBTORS AND PREPAYMENTS - KSHS.1,678,005.95

RECOMMENDATION

- 5.1** The Committee recommends that the Attorney General should investigate the directorship of the original petrol companies and the circumstances under which Kshs.173,814 in respect of fuel deposits were obtained with a view to prosecuting those involved.

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

- 5.2** The Committee further recommends that the Chief Executive should ensure that the balance of Kshs.20,000 plus Kshs.16,000 in respect of legal fees from former Chairman of the Board, *Mr. Nelson Lelei* is recovered in full through all means including litigation by 31st December 2000.

Status: The Chief Executive confirms that he will comply with the recommendation.

6.0 LAND AND BUILDINGS - KSHS.2,795,443.00

RECOMMENDATION

- 6.1** The Committee recommends that the parent Ministry should provide the extra funds required to complete the Board's office in Nairobi south 'C'.

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

6.2 The Committee further recommends that the parent Ministry should supervise the construction works to its completion.

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

HIGHER EDUCATION LOANS FUND

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF HIGHER EDUCATION LOANS FUND FOR THE YEAR ENDED 30TH JUNE 1993

1.0 LATE SUBMISSION OF ACCOUNTS

RECOMMENDATION

- 1.1 The Committee recommends that the Chief Executive should ensure that the Fund's accounts are submitted to the Auditor-General (Corporations) on time in accordance with the Exchequer and audit Act (Cap 412).

Status: The Chief Executive confirms that the accounts are being submitted to the Auditor General (Corporations) on time in accordance with the Exchequer and audit Act (Cap 412).

- 1.1 The Committee further recommends that Chief Executive should seek Parliamentary approval in the event of late submission of accounts.

Status: The Chief Executive confirms that as recommended, Parliamentary approval will be sought in the event of late submission of accounts.

2.0 ADVANCES/DEBTORS

RECOMMENDATION

- 2.1 The Committee recommends that the Ministry of Education should transfer all rights, duties, obligations, assets and liabilities to the Higher Education Loans Board by 30th September 2000.

Status: The Chief Executive confirms that the rights are being transferred in line with enabling legislation.

- 2.2 The Committee further recommends that the Chief Executive should ensure that all recoverable loans advanced between 1953 and 1995 by the Higher Education Loans Fund (HELF) are followed up and collected in full.

Status: *The Chief Executive confirms that efforts have been intensified to ensure that all recoverable loans advanced are recovered.*

3.0 BANK BALANCE

RECOMMENDATION

3.1 The Committee therefore recommends that the Chief Executive should liaise with the parent Ministry and Auditor-General (Corporations) with a view to reconciling the Bank balance figure of Kshs.928,031 reflected in the Balance Sheet.

Status: *The Chief Executive confirms that the Board has liaised with the Bank in reconciling the Bank balance figures.*

4.0 SUSPENSE ACCOUNT

RECOMMENDATION

4.1 The Committee recommends that the Chief Executive should identify the cause of the outstanding suspense account amounting to Kshs.14,185.85 and forward the information to the Auditor-General (Corporations) for verification.

Status: *The Chief Executive confirms that the cause of the outstanding suspense account has been intensified and the information forwarded to the Auditor General (Corporations) for verification.*

5.0 DEPOSITS

RECOMMENDATION

5.1 The Committee recommends that the Chief Executive should liaise with the Ministry of Education and the Ministry of Finance and Planning with a view to ensuring that the deposits of Kshs.700,000 invested in the Cereals and Sugar Finance Corporation is withdrawn without further delay.

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

HIGHER EDUCATION LOANS FUND

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF HIGHER EDUCATION LOANS FUND FOR THE YEAR ENDED 30TH JUNE 1994

1.0 LATE SUBMISSION OF ACCOUNTS

RECOMMENDATION

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

- 1.1 The Chief Executive should ensure that the Fund's accounts are submitted to the Auditor-General (Corporations) on time in accordance with the Exchequer and Audit Act (Cap 412).

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

- 1.2 The Chief Executive should seek Parliamentary approval in the event of late submission of account.

Status: The Chief Executive confirms that the necessary Parliamentary approval will be sought in the event of late submission of accounts.

2.0 ADVANCES/DEBTORS

RECOMMENDATION

The Committee therefore reiterates its earlier recommendation under paragraph 2 of the 1992/93 accounts that: -

- 2.1 The Ministry of Education should transfer all rights duties, obligations, assets and liabilities of the defunct Higher Education Loans Fund to the Higher Education Loans Board by 30th September, 2000.

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

- 2.2 The Chief Executive should ensure that all recoverable loans advanced between 1953 and 1995 by the Higher Education Loans Fund (HELF) are followed up and collected in full.

Status: The Chief Executive confirms that efforts have been intensified to recover all recoverable loans advanced.

3.0 BANK BALANCE

RECOMMENDATION

- 3.1 The Committee reiterates its earlier recommendation under paragraph 3 of the 1992/93 accounts that the Chief Executive should liaise with the parent Ministry and the Auditor-General (Corporations) with a view to reconciling the Bank Balance figure of Kshs.470,611 reflected in the Balance Sheet.

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

4.0 DEPOSITS

RECOMMENDATION

- 4.1 The Committee reiterates its earlier recommendation under paragraph 5 of the 1992/93 accounts that the Chief Executive should liaise with the Ministry of Education and Ministry of Finance with a view to ensuring that the deposits of Kshs.700,000 invested in the Cereals and Sugar Finance Corporation is withdrawn without further delay.

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

COFFEE BOARD OF KENYA

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF COFFEE BOARD OF KENYA FOR THE YEAR ENDED 30TH SEPTEMBER 1994

1.0 PERFORMANCE

RECOMMENDATION

- 1.1 The Committee reiterates its earlier recommendation in the Eighth Report that any future increase of this levy should be done in consultation with the farmers and the enabling Act should be amended accordingly.

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

2.0 TRANSLATION OF FOREIGN CURRENCY

RECOMMENDATION

- 2.1 The Committee reiterates its earlier recommendation in the Eighth Report that the Chief Executive should in future adhere to the provisions of Kenya Accounting Standard No. 9 with regard to translation of foreign currencies into Kenya currency.

Status: The Chief Executive confirms that there is total compliance to the provisions of Kenya Accounting Standard No.9 with regard to translation of foreign currencies into Kenya currency.

3.0 EXPORT DUTY

RECOMMENDATION

- 3.1 The Committee reiterates its earlier recommendation under paragraph 3 of the 1992/93 accounts (Eighth Report) that in view of the new evidence, the Board should terminate the demand for a waiver.

Status: The Chief Executive confirms adherence to the recommendation to terminate the demand for a waiver.

4.0 PROVISION FOR BAD AND DOUBTFUL DEBTS

RECOMMENDATION

- 4.1 The Committee recommends that the Chief Executive should expedite the case against the farmer.

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

- 4.2 The Committee further recommends that the Chief Executive should restrict the title deeds being retained by the Board in respect of the loan of Kshs.10 million advanced to Gatirima/Karatini Estate until the loan is repaid in full.

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

5.0 DEBTORS AND PREPAYMENTS

RECOMMENDATION

- 5.1 The Committee recommends that the Chief Executive should put in place strict internal controls governing payments to avoid recurrence of theft incidents in the Board.

Status: The Chief Executive admits noting the recommendation. He further confirms that strict internal controls governing payments have been put in place to avoid incidents of thefts in the Board.

- 5.2 The Committee further recommends that the Chief Executive should take steps to recover the amount of Kshs.2,048,772 from M/s Duncan Enterprises and the then Chief Executive Mr. Patrick Kathingima.

Status: The Chief Executive confirms that steps have been taken as recommended to recover the money.

KENYA INDUSTRIAL ESTATES LIMITED

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA INDUSTRIAL ESTATES LIMITED FOR THE YEAR ENDED 30TH JUNE 1997

1.0 FINANCIAL POSITION

RECOMMENDATION

The Committee therefore reiterates its earlier recommendations under paragraphs 5 and 1 of the 1994/95 and 1995/96 accounts respectively that: -

- 1.1 The parent Ministry should liaise with the Treasury so as to expedite the restructuring of the Company's Balance Sheet.

Status: The Chief Executive confirms that the required liaison is being maintained to progress the restructuring of the Company 's Balance Sheet.

- 1.2 The Company should continue to service its loans obligations.

Status: The Chief Executive confirms that the company is continuing to serve its loans obligations.

- 1.3 The Committee further recommends that the Company must without further delay change its format of treating both current assets and liabilities to conform with the requirement of the International Accounting Standards.

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

- 1.4 The Committee also recommends that the Treasury should ensure that funds are released as appropriated by Parliament.

Status: The Chief Executive confirms that he is ensuring that the funds are released by Treasury and the Parent Ministry.

2.0 INFORMAL SECTOR PROGRAMME

RECOMMENDATION

- 2.1. The Committee recommends that the Chief Executive ensures that bank reconciliations are done regularly.

Status: The Chief Executive confirms that bank reconciliations are now being done regularly.

CATERING LEVY TRUSTEES

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE CATERING LEVY TRUSTEES FOR THE YEAR ENDED 30TH JUNE 1996

1.0 SALE OF PLOT NO. 209/297

RECOMMENDATION

- 1.1 The Committee recommends that the then Chief Executive *Mr. Lazarus Amayo*, should be held responsible for failing to value plot No. 209/297 thus denying the Corporation a fair price for the property.

Status: The Chief Executive confirms that the recommendation has been noted.

2.0 OFFICE BLOCK

RECOMMENDATION

- 2.1 The Committee recommends that the Board should in future ensure that there is adequate budgetary allocation before committing the Corporation to capital projects.

Status: The Chief Executive confirms that the Board is adhering to the recommendation by ensuring that there is adequate budgetary allocation before committing the Corporation to capital projects.

3.0 CLUB MEMBERSHIP

RECOMMENDATION

- 3.1 The Committee recommends that prior approval for membership and patronage in private members clubs should be sought from the parent Ministry, the Treasury and Office of the President.

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

- 3.2 The Committee further recommends that the Chief Executive should always adhere to the laid down financial regulations with regard to emoluments and/or benefits payable to members of staff.

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

- 3.3 The Committee, while noting that a *post-facto* approval has been obtained from the Minister, nonetheless recommends that the Chief Executive should always adhere to the laid down financial regulations with regard to emoluments and/or benefits payable to members of staff.

Status: The Chief Executive confirms that there is complete adherence to the laid down financial regulations with regard to emoluments and/or benefits payable to members of staff.

KENYA POWER AND LIGHTING COMPANY LTD (KPLC)

1.0 ASSETS OF BOTH KPLC AND KENGEN

RECOMMENDATION

- 1.1 The Committee recommends that before the transfer of assets are effected all stakeholders including the local authorities, DDCs and the relevant Committee must be involved.

Status: The Chief Executive confirms compliance to the recommendation.

2.0 BASIS FOR THE RECENT ELECTRICITY TARIFFS INCREASES BY KPLC.

RECOMMENDATION

- 2.1 The Committee recommends that the Departmental Committee on Energy, Communications and Public Works should be involved in the review of the electricity tariffs.

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

- 2.2 The Committee further recommends that the Electricity Regulatory Board should take measures to control the cost of power with a view to protecting the interests of the consumers.

Status: The Chief Executive confirms that steps are being taken to control the cost of power with a view to protecting the interest of the consumers.

KENYA SEED COMPANY LTD

1.0 SUBMISSION OF ACCOUNTS

RECOMMENDATION

- 1.1 The Committee recommends that the Chief Executive should ensure that audited accounts are submitted to Parliament for tabling as required by law.

Status: The Chief Executive confirms that the Company is adhering to the recommendation.

2.0 ASSETS

RECOMMENDATION

- 2.1 The Committee recommends the vehicles to be disposed of should be valued by a third party to get a fair assessment.

Status: The Chief Executive confirms that the Company is complying to the recommendation.

NATIONAL HOSPITAL INSURANCE FUND

1.0 ACCOUNTS

RECOMMENDATION

- 1.1 The Committee while noting that the Fund has since become a parastatal recommends that the Chief Executive should submit annual accounts to the Auditor-General (Corporations) within the statutory period.

Status: The Chief Executive confirms that the annual accounts are being submitted as required.

NZOIA SUGAR COMPANY

1.0 PERFORMANCE OF M/S F.C. SCHAFFER IN NZOIA SUGAR COMPANY

The Committee recommends that: -

- 1.1 The parent Ministry should review the issue of technical management of Nzoia Sugar Company with a view to having technically qualified indigenous citizens to manage the Company.

Status: This is to confirm that the matter is being reviewed as recommended.

- 1.2 M/s F.C. Schaffer should submit a proposal on the financial restructuring of Nzoia Sugar Company balance sheet for necessary sanction and approval by Parliament to enable the Company source for funding.

Status: The Chief Executive confirms that the restructuring proposal has been approved by the Board and the same is being progressed for the necessary sanction and approval by Parliament.

- 1.3 The Committee recommends that the Departmental Committee of Parliament on Agriculture, Lands and Natural Resources should urgently deliberate into the following: -

The review of technical management of Nzoia Sugar Company and the subsequent renewal of management lease.

Status: The recommendation is being followed up.

- 1.4 Financial restructuring of Nzoia Sugar Company Balance Sheet.

Status: The recommendation is being followed up as stated above.

KENYA MEDICAL TRAINING COLLEGE, NAIROBI

1.0 ACCOUNTS

RECOMMENDATION

- 1.1 The Committee recommends that the Chief Executive should in future ensure that the final accounts are submitted to the Auditor-General (Corporations) for audit in accordance with section 31 of the Exchequer and Audit Act (Cap 412).

Status: The Chief Executive confirms that final Accounts are being submitted for audit on time as required by the law.

2.0 STUDENTS ADMISSION

RECOMMENDATION

The Committee recommends that: -

- 2.1 The parent Ministry should establish an independent Professional Admission Board to oversee the admission of students to ensure a fair, accountable and equitable distribution at the district level.

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

- 2.2 The current Selection Board Committee should be strengthened by including representatives from the Universities, Medical Constituent Colleges, Ministry of Health, Directorate of Personnel Management and the Treasury.

Status: The Chief Executive confirms that the selection Board committee has been strengthened as recommended.

- 2.3 The admission policy should be referred to the departmental committee of Parliament on Health, Housing, Labour and Social Welfare to relook and recommend fair criteria of admission.

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

2.3 Application fee of Kshs.200.00 should be scrapped and be replaced with admission fee payable by only those who qualify for admission.

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

AGRICULTURAL DEVELOPMENT CORPORATION (ADC)

1.0. SUBMISSION OF ACCOUNTS

RECOMMENDATION

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

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

- 1.2 The committee further recommends that any Chief Executive of the Corporation who causes delay in the submission of annual accounts and fails to seek Parliamentary approval for late submission should be dismissed from the public service.

Status: The Chief Executive confirms that the recommendation has been noted.

MUMIAS SUGAR COMPANY

1.0 ASSESSMENT OF THE PERFORMANCE OF M/S BOOKER TATE LTD AS TECHNICAL MANAGEMENT TEAM FOR MUMIAS SUGAR COMPANY

The Committee recommends that: -

- 1.1 The review of the Technical Management of Mumias Sugar Company and the subsequent renewal of Management of lease should be referred to the Departmental Committee of Parliament on Agriculture.

Status: The Chief Executive confirms that this recommendation will be adhered to.

- 1.2 The Government should negotiate for the Kenyan quota Share under the ACP/EU Lome Convention to enable the sugar companies to export sugar at a guaranteed price.

Status: The Government confirms that this recommendation has been implemented. The quota was negotiated and Chemilil Sugar Co Ltd exported sugar last year while Nzoia Sugar Company Ltd exported this year (April 2001.)

CHEMELIL SUGAR COMPANY LTD

1.0 PRIVITIZATION

RECOMMENDATION

- 1.1 The committee noted that the privatisation process was revisited in 1999 following Government's move to protect the local Sugar Industry and that the privatisation committee is sourcing for a financial adviser to adviser it. The Committee recommends that the privatisation process in Chemelil Sugar Company should be done in an open, fair and transparent manner.

Status: The Chief Executive confirms that this recommendation will be adhered to

- 1.2 The Committee further recommends that the Board of Management and the Chief Executive should ensure as wide an ownership as possible by indigenous Kenyans.

Status: The Chief Executive confirms that this recommendation will be adhered to.