

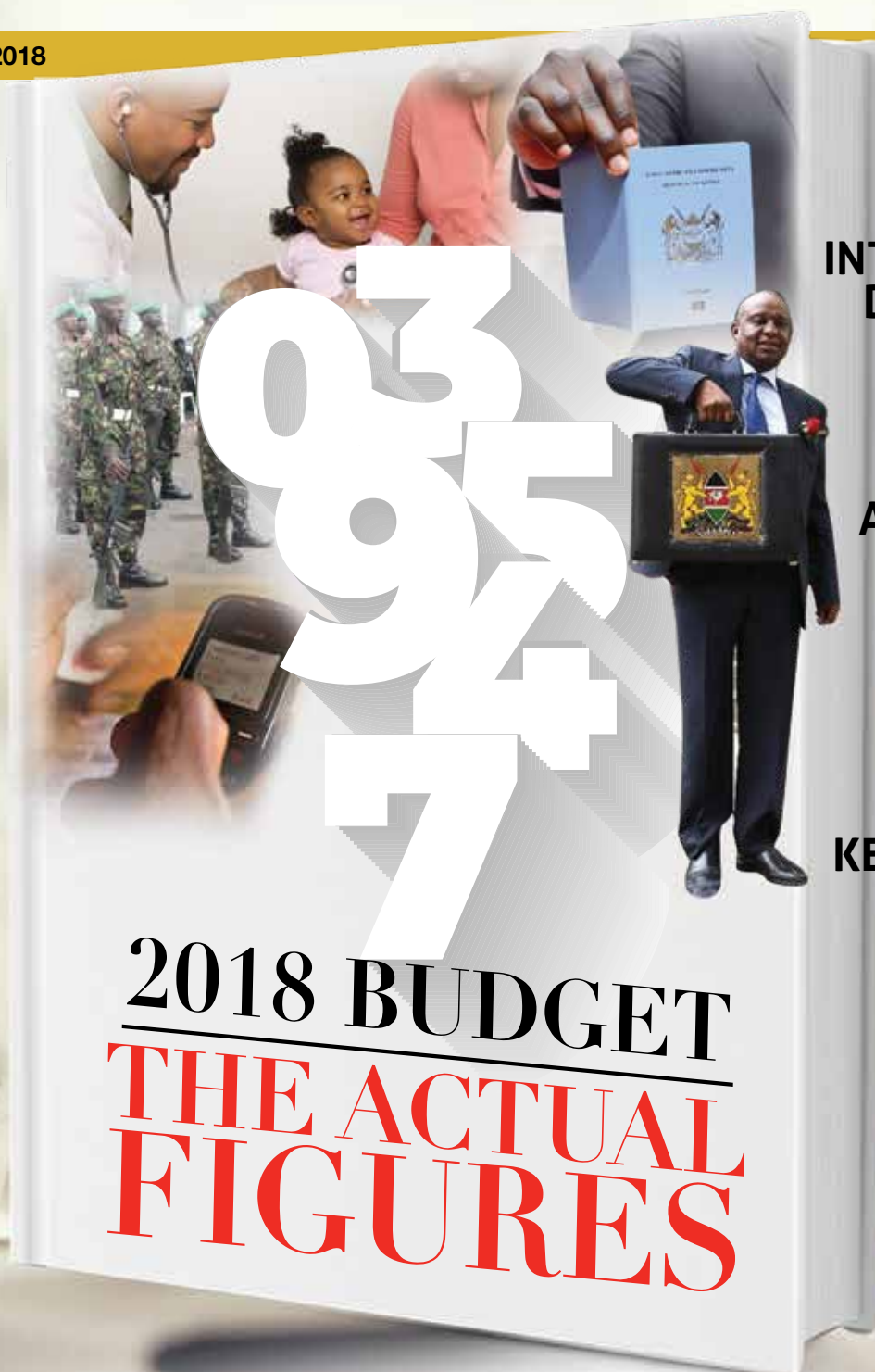
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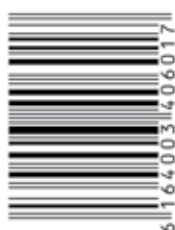
**MERGING
INTERNAL AUDIT
DEPARTMENTS**

**TECHNOLOGY
A MUST FOR
ACCOUNTANTS**

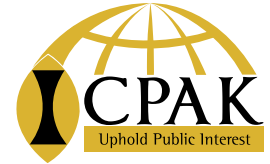
**ARE YOU
SLEEPING
ENOUGH?**

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**CAN KENYAN
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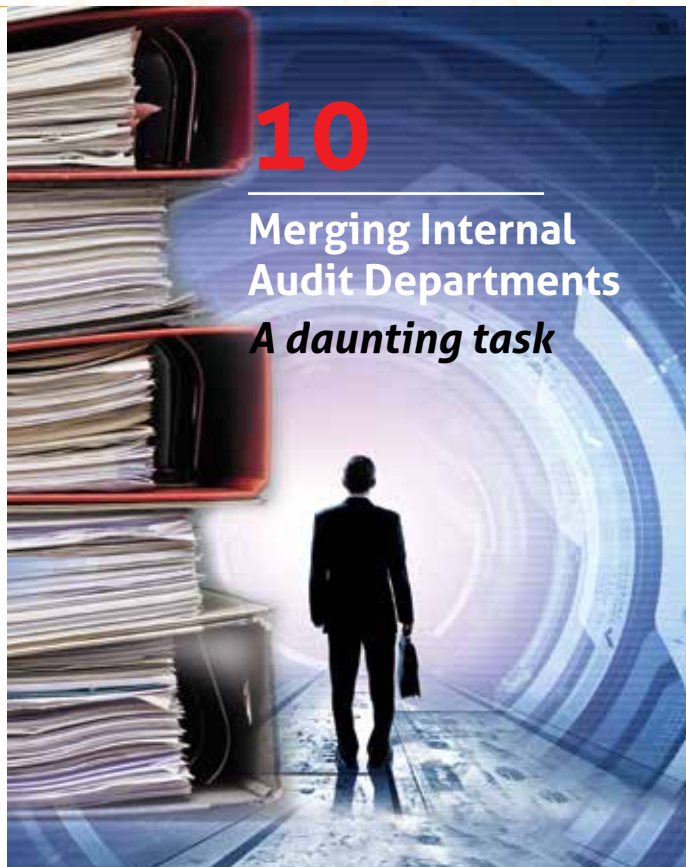


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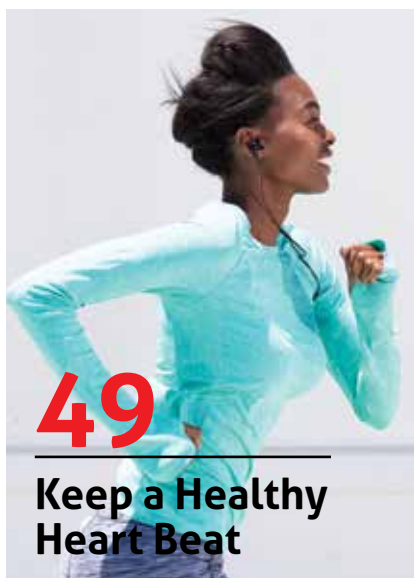
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Merging Internal Audit Departments *A daunting task*



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Support Women with Farm Accounting and Financial Reporting

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Dear Reader,

Accountants are in the habit of looking at, and pondering over, numbers. At the time of the budget each year, one will find many publications by the larger audit firms that deal with the many aspects that are typically dealt with in the Government Budget. But we seldom get to look at the numbers in detail.

One finds the numbers in the various publications prepared by the Treasury. When you examine them, you find that articles 220 to 224 of the 2010 Revised Edition of the Constitution deal with the budget; in addition, other articles deal with the various financial matters of the national and county governments. Article 220, sub-article 1, stipulates that “Budgets of the national and county governments must contain—(a) estimates of revenue and expenditure, differentiating between recurrent and development expenditure; (b) proposals for financing any anticipated deficit for the period to which they apply; and (c) proposals regarding borrowing and other forms of public liability that will increase public debt during the following year. Article 221 requires “At least two months before the end of each financial year (that is by 30th April each year), the Cabinet Secretary responsible for finance must submit to the National Assembly (Parliament but this does not include the Senate) estimates of the revenue and expenditure of the national government for the next financial year to be tabled in the National Assembly. The estimates mentioned must—(a) include estimates for expenditure from the Equalisation Fund; and (b) be in the form, and according to the procedure, prescribed by an Act of Parliament. Find out ‘the real figures’ on our cover story.

In the economy segment, our writer discusses, freezing employment in the public service. He says the government of Kenya decided to freeze employment in the public service; a decision that is still in force several years later and, a lot of debate has ensued since the decision was taken. The freeze was informed by the ballooning wage bill in the public service. The sectors

that were spared the freeze are security agencies, health and education. Any other organization that has a justifiable reason to increase its workforce has to seek approval from the National Treasury. In his own considered opinion this is a well thought strategy. He points out that, when you give agencies an open cheque in employment they will employ all manner of officers and justify. The only major downside however, is that fresh graduates looking for employment opportunities will not get them; at least not in the public service.

Still on the economy, in September 2014, Kenya was elevated to a Lower Middle Income economy. It was the ninth largest economy in Africa with gross national income (GNI) per capita, \$1,160, surpassing the World Bank threshold of \$1,036. As per Vision 2030 Secretariat the country is aiming to be a newly industrializing, middle-income country providing a high quality of life to all its citizens by 2030 in a clean and secure environment. The question any economist would ask is whether we are on the right track. First forward to 2018, the country is bedeviled with a huge debt of Ksh 4.5 trillion, equivalent to 50% of the country’s GDP. Whereas as per IMF, the recommended ratio is 40% for developing economies. In finance, debt to GDP ratio measures the financial leverage, and in a wider sense a country’s financial health which is the extent to which a country can meet the cost of internal expenditure. The effect of excessive debt are always felt by the citizens, through high cost of living as evidenced by hyperinflation, higher taxes instituted by the government to meet the cost of servicing the debt and low circulation of cash leading to low investment; hence slow rate of development. What should the government do? Find out what the author thinks.

In the work place, we give you tips for tackling 6 big challenges of remote work. As you’ll hear from enthusiasts, remote work offers incredible opportunities for personal and professional growth. But being a team player and building a career outside of a traditional office setting also

comes with a unique set of challenges. We provide some valuable insights about how we can appreciate the range of experiences and emotions people might have when working remotely.

For many firms the audit evidence that they obtain does not focus on a client’s internal control systems. Instead, work is focused on the control and substantive testing of the transactions and balances which make up the client’s accounts. You will get this in the finance and investment section, whereas in business and practice development you will discover how good processes can improve your business and why a business with good process oriented views of its operations, is easier to understand and to work with. We also bring you a round-up of ICPAK’s events under institute news.

Meanwhile in the information technology segment, you will see why keeping abreast of developments in technology is a must for accountants. In health, we look at ways to stem heart disease, and in travel we take you to Dubai. Under inspiration you will discover why sometimes, all you can do is lie in bed, and hope to fall asleep before you fall apart.

Mbugua Njoroge
Editor



DOES YOUR **INTERNAL AUDIT** DEPARTMENT ADD VALUE?

Develop a flexible annual internal audit plan

By David K. Gitare

The Institute of Internal Auditors (IIA) defines internal audit as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The introduction to the IIA standards acknowledge that internal auditing is conducted in diverse legal and cultural environments; for organizations that vary in purpose, size, complexity, and structure; and by persons within or outside the organization.

From the foregoing definition, it is evident that internal audit's overarching

role is to help an organization succeed and organizational success is defined as the achievement of the set objectives. This understanding must not be lost on internal auditors from the time they prepare their annual audit plans, plan for and execute individual audits projects and communicate their assurance, advice and insights to management and the Board (or audit committee if one is in place). Internal auditors must constantly ask themselves the following with regard to management and the Board:

- What are they trying to achieve?
- What information do they need to be successful?
- How can we help?

On developing the annual audit plan Internal auditors are advised to develop a

flexible annual internal audit plan based on a risk assessment. A risk assessment in the context of developing an annual audit plan entails the internal auditors identifying risks and evaluating their severity for the purpose of identifying significant risk areas to include in the annual plan. In this phase, it is not uncommon to find a risk identification exercise that has no regard to what the key organizational objectives are. In other words, internal auditors identifying risks based on their own assessment of the organization (which is commendable and demonstrates independence) but without a clear and meaningful tie to which objectives as set by management, will be impacted by the risk events identified. The catastrophe arising from this deficiency is that the audit plan will focus



on mundane and low risk areas in the eyes of management and the Board. An annual audit plan that will add value must focus on those significant risk areas that meaningfully tie to the objectives agreed between the Board and management. In a hospital set up for instance, where management and the Board agree that service quality and patient safety is a key objective, it would be meaningful to provide assurance to management and the Board regarding doctors credentialing, prescription errors, integrity of laboratory tests, compliance to maintenance schedules of key equipment, food safety, timely payments to key suppliers of such items as medical oxygen etc., as opposed to focusing on auditing payroll on a monthly basis. In an organization where management values internal audit services, it is common for the internal audit department to receive internal audits requests from management. As the internal auditors attend to these, it is prudent to take lessons from such requests regarding the effectiveness of their own risk assessment process during annual audit planning. Perhaps at least on a quarterly basis, internal auditors should review the relevance of the annual audit plan and advice the Board (or audit committee if one is in place), the changes

needed to continue delivering valuable internal audit services.

On planning and executing individual audit projects

IIA Standard 2230 provides guidance on engagement resource allocation and states that internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources. Appropriate refers to the mix of knowledge, skills, and other competencies needed to perform the engagement. Sufficient refers to the quantity of resources needed to accomplish the engagement with due professional care. An internal audit department that adds value must not shy away from providing risk assurance on key organizational objectives on the basis of resource limitations. As per IIA standard 2060, the head of the department MUST discuss the limitation with both management and the Board and reach a decision on whether to hire or outsource the skill needed to competently perform the audit. On the other hand, part of the functional supervisory responsibilities of the Board (or audit committee if one is in place) on the internal audit department is to make appropriate inquiries of management and the head of internal audit department to determine whether there are inappropriate scope or resource limitations.

On communicating the results of internal audit work

IIA 2400 group of standard provides guidance on communicating results. It is interesting that the standard does not mandate internal auditors to issue a written audit report when communicating results. Of relevance here is the standard 2420 on quality of communications. The standard states that communications must be accurate, objective, clear, concise, constructive, complete, and timely. Accurate communications are free from errors and distortions and are faithful to the underlying facts. Objective communications are fair, impartial, and unbiased and are the result of a fair-minded and balanced assessment of all relevant facts and circumstances. Clear communications are easily understood and logical, avoiding unnecessary technical language and providing all

significant and relevant information. Concise communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy, and wordiness. Constructive communications are helpful to the engagement of the client and the organization and lead to improvements where needed. Complete communications lack nothing that is essential to the target audience and include all significant and relevant information and observations to support recommendations and conclusions. Timely communications are opportune and expedient, depending on the significance of the issue, allowing management to take appropriate corrective action. An internal audit department that adds value is not only effective when performing quality work but provides the Board (or audit committee if one is in place) and management the information they need to be successful – when they need it, in a readily consumable and actionable way.

Conclusion

Internal auditors should have an in-depth understanding of the organization's objectives as agreed between management and the Board. Perhaps this may require that they more frequently meet face-to-face with the management team to discuss the significant dynamic and priority objectives and activities of the organization while giving their advice and insights. Only then can they align their audit plans to focus on what matters the most to management and the Board at any point in time. As a result, internal auditors will gain a seat at the leadership table as trusted advisors.

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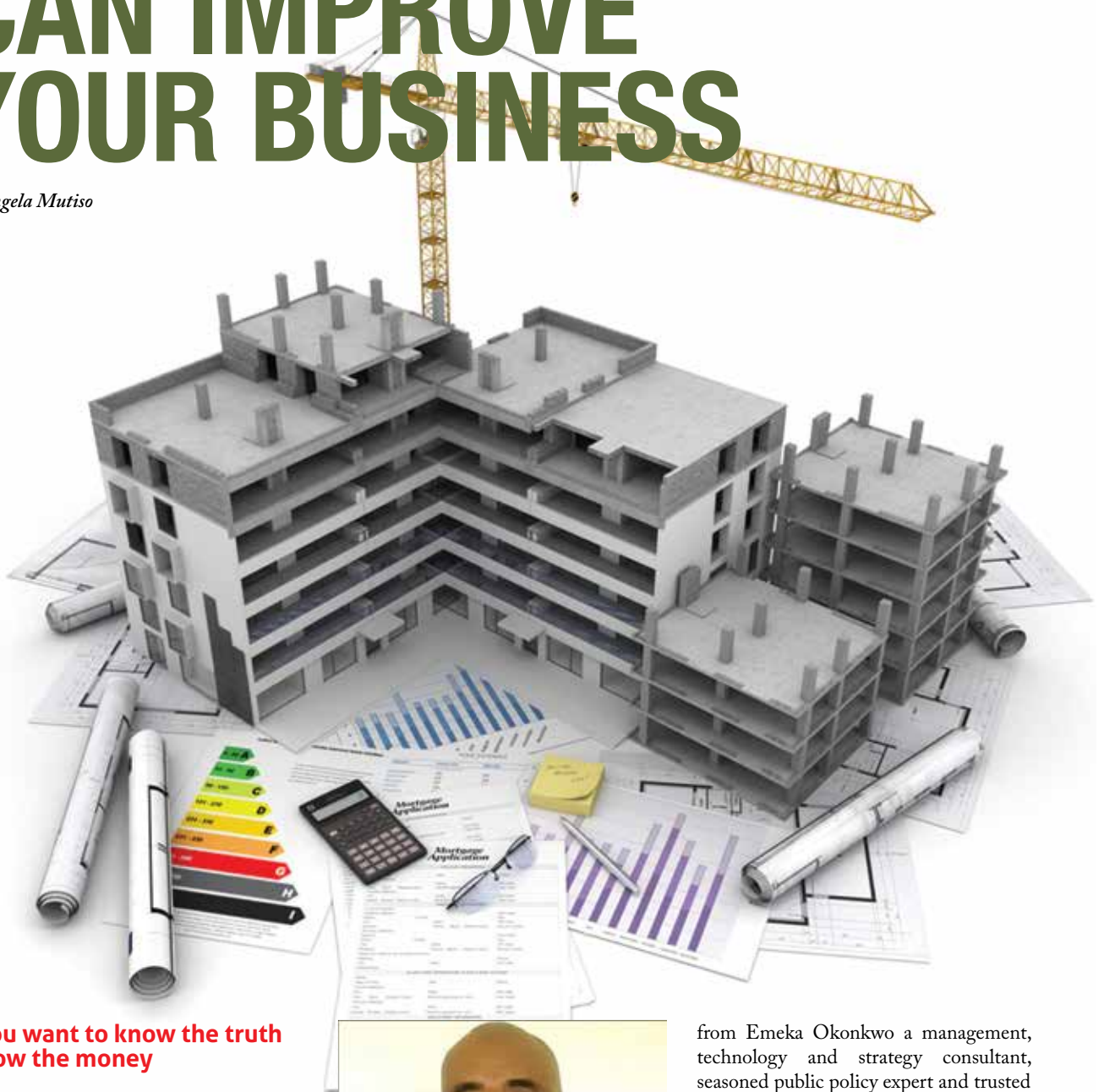
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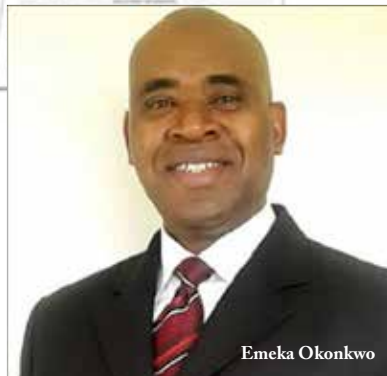
GOOD PROCESSES CAN IMPROVE YOUR BUSINESS

By Angela Mutiso



If you want to know the truth follow the money

A number of businesses are run without proper processes. Yet in order for any business to run smoothly and effectively, it must be visible, transparent and accountable. Besides, business owners must understand their business operations well. A business with good process-oriented views of its operations, is easier to understand and to work with. How can this be done? We sought answers



Emeka Okonkwo

from Emeka Okonkwo a management, technology and strategy consultant, seasoned public policy expert and trusted executive coach.

Okonkwo is an entrepreneur with over twenty years international experience in both public and private sector. He was previously a Managing Consultant at IBM Global Business Services where he successfully led multi-cultural and cross functional teams to implement complex multi-million-dollar transformation projects across industry sectors in the

United States, Canada, Asia Pacific, and 17 countries in Africa. He is presently the Managing Director of African Process and Performance Institute (APPI) at The United States International University (USIU) Chandaria School of Business. The Accountant interviewed him to establish how Accountants can benefit from APPI and how good processes can improve businesses.

Below are excerpts from the informative interview;

How do businesses benefit from good processes? Specifically how can accountants gain from them?

The roles and responsibilities of an accountant as I understand it, is to among other things, compile, examine, document, prepare and analyze financial records and transactions for their clients. In doing so, accountants require end-to-end visibility to understand all client processes and activities to provide timely and accurate financial reports. This in turn enables organizations to understand their business positions and performance.

Businesses gain visibility, transparency, accountability, and a much stronger understanding of their business operations. A business with good process-oriented views of their operations translate to a more clear view of the business for accountants. In essence our output is an input for the accounting profession.

What should accountants or any business person do to boost their client's businesses and their own?

Accountants and businessmen who desire to boost their businesses must do three things. First, Think-CREPESTM at all times. Second, strive to Be-CREPESTM at all times. Third, have a vested interest in enabling and facilitating their clients to Think-CREPESTM and Be-CREPESTM at all times. So what do I mean by CREPESTM?

CREPESTM is an acronym for Consistency, Responsiveness, Efficiency, Profitability, Effectiveness, and Sustainability. To enable businesses, including

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Responsiveness enables accountants to adapt to ever changing clients, markets, and regulatory requirements. It empowers them to run a flexible and agile organization and to take advantage of opportunities. To be responsive requires accountants to listen, understand, and be empathetic to each client's situation.

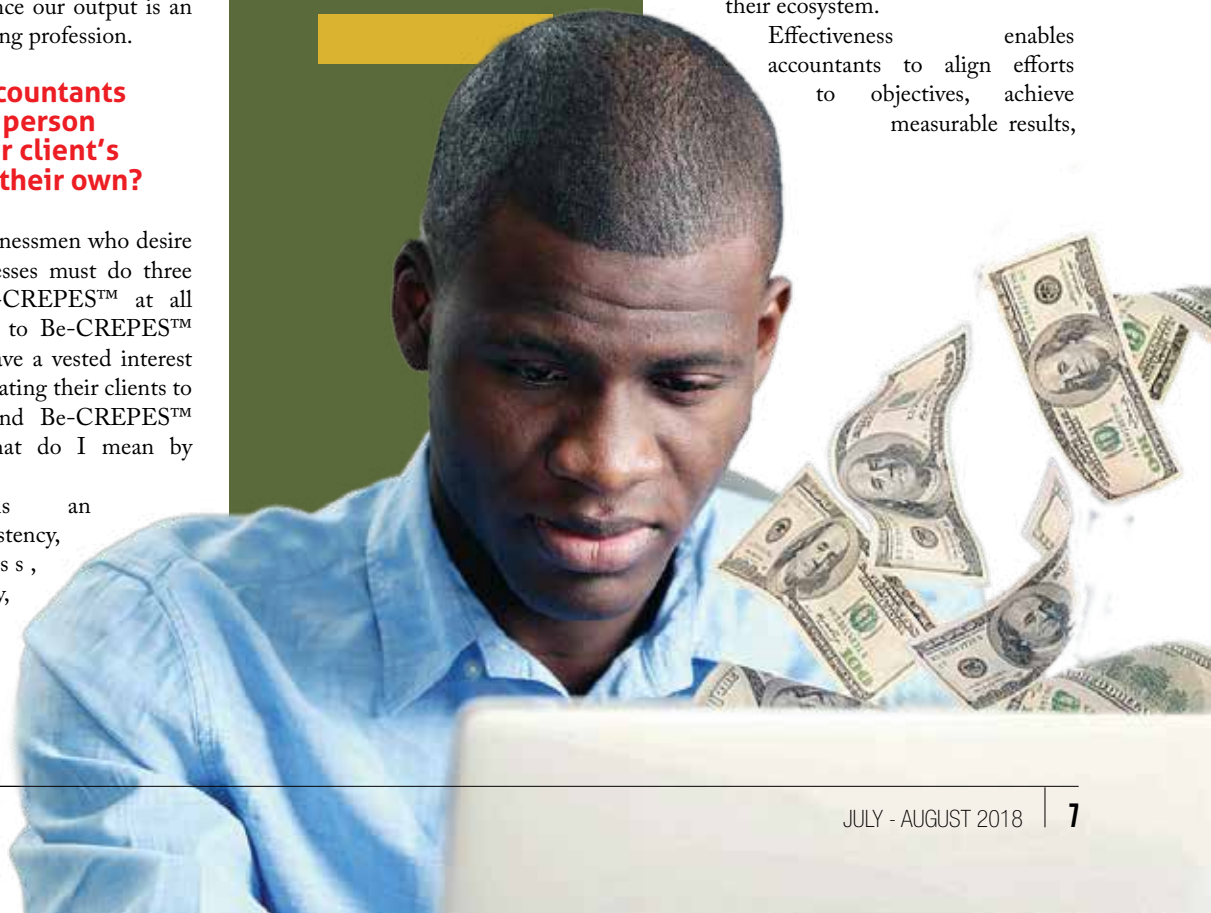
accountants and their clients across Africa to thrive, APPI designed and developed an approach for organizations to orient their strategy and operations around these six concepts that we call CREPESTM. APPI delivers this approach through hands-on workshops to convey and adopt these fundamental principles:

Consistency enables accountants to build trust, confidence, and branding. When accounts are consistent, they build trust and they instill confidence for clients to rely on their financial reports and information to make decisions. Ultimately, they establish their brand as the most trusted brand in the industry.

Responsiveness enables accountants to adapt to ever changing clients, markets, and regulatory requirements. It empowers them to run a flexible and agile organization and to take advantage of opportunities. To be responsive requires accountants to listen, understand, and be empathetic to each client's situation.

Efficiency enables accountants to constantly seek innovative ways to save time and cost; achieve goals faster; optimize resources; improve productivity and quality; and to ultimately ensure positive client satisfaction and experience. Profitability enables accountants to spur economic growth; generate investment income; create jobs and reduce youth unemployment; and ultimately to improve standards of living and quality of life in their ecosystem.

Effectiveness enables accountants to align efforts to objectives, achieve measurable results,



optimize performance, focus on making positive impacts, and to deliver high value financial reports and information.

Sustainability enables accountants to consider a long-term view of each client organization, as well as their own organization, to continually adjust and ensure inputs and outputs are sustainable. It also keeps the accountants and clients honest and encourages them to never compromise the law, standards, ethics, and quality.

What are your recommendations for accountants and their clients who desire to Be-CREPEST™?

Keep in mind that businesses, including accountants, do not operate in a vacuum. Every business activity or task is a part of one or more processes. It is critical that accountants understand their own processes as well as their clients'. Hence, the key question that accountants and their clients must explore and continuously improve the answer to is – How CREPEST™ are our processes? My recommendation is simple:
 Want to be Consistent? - Fix Your Process!
 Want to be Responsive? - Fix Your Process!
 Want to be Efficient? - Fix Your Process!
 Want to be Profitable? - Fix Your Process!
 Want to be Effective? - Fix Your Process!
 Want to be Sustainable? - Fix Your Process!

Why process and why is the understanding of accountant's own processes and client processes necessary for success?

Efficiency of accountants largely depends on the efficiency of clients' business processes. Process represents the way an organization currently performs its work (As-Is) and allows "what if?" (To-Be) design analysis. Process provides visibility, accountability, transparency, hindsight, insight, and foresight (i.e. the hallmarks of the accounting profession) into business operations and performance. APPI's mission is to work with leaders of business, government, and education to discover, map, document, analyze and improve processes and measure performance. It enables businesses to better understand

and articulate their business activities in terms of discrete tasks, sequence of steps, roles, and interdependencies.

I would like to note that what accountants do is to a large extent determined by laws, policies, regulations, accounting principles, standards, and procedures. So, the scope of my discussion is limited to how accountants operate as a business, in terms of processes for managing clients and workloads. A hands-on workshop empowers businesses, including accountants, to discover, map, document, analyze, and improve their processes using state of the art technologies. By understanding their processes, activities, workflows, and decision points, businesses can infuse every activity with intelligence to facilitate performance analytics. This provides the accountants with end-to-end enterprise visibility of the clients business. As a result, accountants can track activity-based costs, risks, value-adds, cycle times, problems, and compliance gap, with a click of a button.

Having a documented process that is CREPEST™ and having a client that understands and can articulate their processes makes life easy for accountants as it enables them to produce accurate and timely financial information for decision making. Nothing gives accountants grey hair faster than a client who has no clear understanding and is unable to articulate their business processes and cost variables. So, if you didn't know beforehand, now you know (Laughs)

Why do you think some accountants are not very good at managing their own finances and businesses despite the knowledge and expertise they have?

This is one of the unsolved mysteries of human professional existence. On the same token, how come we seldom find mechanics in brand-new cars? How come lawyers go to jail? How come doctors die from a simple cold or flu? How come Mike Tyson's coach was not the world heavy weight boxing champion? How come as a systems engineer I was building top of the line desktops computers for clients while my computer at home was a junk? So, this phenomenon is not limited to accountants. However, if I can come up with the answers, I am sure someone will be looking for me with a Nobel Prize check.

What kind of questions should be presented to clients to determine what they need?

First of all, ask the what? - You should endeavor to understand the client's story and journey by simply asking the client: what do you do? Tell me your story? Including but not limited to vision, current and future business goals, organization structures, incentive structures, and key performance indicators.

Secondly, ask the how? - How is the business conducted from start to finish?

“

Efficiency of accountants largely depends on the efficiency of clients' business processes. Process represents the way an organization currently performs its work (As-Is) and allows "what if?" (To-Be) design analysis. Process provides visibility, accountability, transparency, hindsight, insight, and foresight.

Including but not limited to the processes, activities, workflows, workforce, cost variables, known problems and risks, and ultimately supporting documentations.

Thirdly, ask for The Accounting Information Flow? – Accounting is also about the flow of information that has been produced. So, the accountant would want to ask: who will use the information? What do they need to do with it? Where did it come from? Where is it going? When is it required? And how does it get there?

What is the major difference between how we run our businesses in Africa and how it is done in institutions where the right processes are followed?

It would not be fair for me to compare an apple and an orange. Based on my global experience however, I can tell you with every reasonable assurance that clients or potential clients' criteria for choosing accountants is the same regardless of the geography. The criteria can be summarized in five points:

1. **Numbers:** Clients want accountants who know, understand and are very good with numbers
2. **Standards:** Clients want an accountant who knows, understands and follows accounting principles, standards, and procedures
3. **Capacity and Process:** Clients want accountants whose business operations, workforce, and service delivery processes are CREPES™
4. **Risk and Compliance:** Clients want accountants who are detail oriented, inquisitive, and abreast with

regulatory changes to protect them from adverse risk and exposure

5.Accounting Information System: Clients want accountants who understand their business and the types of decision making by various stakeholders and are able to customize and deliver financial information appropriately (content and format) to stakeholders.

So, the point I am trying to make is that any accountant who consistently meets these five criteria will remain competitive locally and globally regardless of geography.

What is the role of the accounting profession in economic development?

One of the first lessons I learned as an auditor with the United States Government Accountability office (GAO) is - if you want to know the truth, follow the money. Then, let me ask you, who knows the truth about the health and state of the nation, economy, and businesses more than accountants? People may manipulate and lie by manipulating their numbers, but numbers themselves do not lie. So, let me ask you again, who has the numbers? The accountants.

The Central Bank of Kenya report indicated that 98% of all the businesses in Kenya are SMEs but contribute only 3% to GDP. This implies that only 2% of the businesses in Kenya accounts for 97% of GDP. Based on these numbers, we can see that low productivity is killing businesses and jobs resulting in 46.3% of business closing in the first year of operation annually, according to Kenya National Bureau of Statistics. How do we know about this situation? The accountants told us.

The point I am trying to make is that the accounting profession is a vital organ of any economic development. That is why it is critical for accountants to understand the business processes and cost variables of their clients to prevent the impending doom of youth

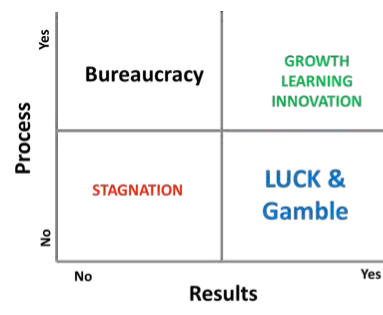
unemployment and economic under-development across Africa.

Why do many businesses fail in the first year?

According to the Kenya National Bureau of Statistics, 46.3% of businesses in Kenya close in the first year of operation due to inefficiencies such as increases in operations cost, declining income, and losses incurred.

Businesses fail for many reasons. Based on our work and workshop experiences with SMEs and entrepreneurs, we find that one of the root causes for a vast majority of failures is ad hoc business processes and vague cost baselines. As a result, efficiency, productivity and quality is compromised and performance management becomes a challenge. This condition makes any type of business vulnerable to internal and external turbulence.

Second, a vast majority of SMEs and entrepreneurs are unable to duplicate and/or sustain their success because they don't know how they got there. Any business that achieves desired results with ad hoc or no processes in place operates by chance. It is a gamble with a dash of luck. This implies that the result is not repeatable, or at least the business leadership does not know how to make it repeatable yet. Either way it is not sustainable and can ultimately lead to the inevitable demise in the short run.



To reverse this trend, workshops that empower businesses with the knowledge, skillsets, and the tools to be both process and result oriented are necessary.

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MERGING INTERNAL AUDIT DEPARTMENTS

A daunting task

CPA Derrick Majani

As organizations try to keep up with rapid changes in technology, they are using acquisitions as a way to quickly develop entirely new lines of business or to simply close gaps in technological capability. According to Deloitte's most recent mergers and acquisitions (M&A) trends report, "acquiring technology assets has surged in importance as a top strategic driver of M&A."¹

This trend has significant implications for internal audit groups as they strive for high-level risk management, while simultaneously integrating new auditors and quality/compliance personnel from newly acquired organizations. Large-scale M&As, especially when they result in the internal audit function integrating many new staff at once, can be particularly daunting for the Chief Audit Executive (CAE) and the leadership team.

Merging internal audit teams poses considerable risk. For example, if cultures are not successfully understood and aligned, there is a possibility that employees will become entrenched in defending old norms such as roles and processes.² at the same time, the internal audit department must ensure that all areas of the new, merged company that require audit coverage are addressed. For example, when The Nielsen Company (Nielsen) acquired Arbitron in 2014, Nielsen's internal audit department not only experienced an influx of new staff, it also acquired the responsibility for ensuring audit coverage of Arbitron's portfolio

of products and services, including its technology and processes. Also challenging is the fact that in an M&A environment, senior leadership is likely to focus on the financial and operational aspects of the process, whereas the role and integration of internal audit may not be considered a high priority.

Successfully integrating internal audit departments begins with a firm understanding of the strategic goals of the company and the internal audit function, as well as an understanding of the cultural differences between the two groups that are coming together. Keeping a big-picture goal in mind makes managing the tactical aspects of integrating new staff much easier.

Strategy

Before making decisions about personnel or how to organize a department, it is necessary to have a clear understanding of the internal audit function's strategy. This ensures that all decisions support that strategy and are aligned with it. That sounds intuitive, but it is not always clear how that concept translates to action. While processes such as updating organizational charts, updating the audit charter and reviewing past audits of the newly acquired business are important tasks, understanding the role and objectives of the new, merged internal audit group is not something that can be done by taking a passive approach. It requires talking to the senior leaders who are defining success criteria for the merger itself and understanding what types of risk could have an impact on success.

During a merger, a great deal of thought is given to the company's long-term strategy. Internal audit leadership must not be timid or subtle about asking questions such as:

- Where is the company going?
- Where does senior leadership see internal audit fitting into the big picture?
- How does leadership define success for the internal audit function after the merger?

Down the road, the departmental leader

“

Before making decisions about personnel or how to organize a department, it is necessary to have a clear understanding of the internal audit function's strategy. This ensures that all decisions support that strategy and are aligned with it.

will have to make some difficult decisions, and these strategic conversations with senior leaders will be the basis for having confidence in those decisions.

Culture

In addition to understanding the department strategically, it is also important to “define the target culture.”⁴ A department must consider, for example:

- Does it prefer a more horizontal or vertical leadership structure?
- Does it tend to specialize or work across disciplines/specialties?
- How does it track progress, communicate issues and interact with stakeholders?
- How does it establish its independence?
- Does it focus on compliance only, or does it serve in an advisory role as well?
- To what standards does it audit?
- Is it global or domestic? Small, medium or large?

If this line of questioning points to significant differences in structures and styles between the merging groups, the differences cannot be expected to resolve themselves. Instead, this analysis should form the basis for creating understanding and agreement about how things will be done going forward. Otherwise, these contrasts are certain to cause difficulties. Indeed, according to a survey of executives who have managed through mergers, failure to successfully reconcile cultural differences was the number-one reason for a deal's failure to achieve the promised value.⁵



To avoid experiencing such failure at the internal audit department level, department leadership must ensure that team-building (e.g., volunteering, recreation, creative collaboration) and knowledge-sharing activities are built explicitly into the integration plan as opposed to being things that happen incidentally.⁶

In businesses with multiple locations, it is also important for departmental leaders to travel and be visible to newly acquired staff throughout the course of integration. In addition to active participation, team building can also be achieved through passive communication. For example, M&As, which, historically, carries a high rate of failure, create a unique opportunity for the internal audit function to demonstrate its value to senior leadership from a risk management standpoint.⁷ At the same time, internal audit staff want to believe that the work they do is important to the success of the organization. Thus, one way internal audit leadership can help foster this belief, while at the same time building teamwork and camaraderie, is to share wins that demonstrate the department's impact on the success of the business. The key is to communicate the wins both within the department and to senior leadership. For example, one way Nielsen's internal audit department accomplishes this is through a bimonthly electronic newsletter that is distributed to department members and Nielsen senior leadership.

Personnel

To take full advantage of the opportunities presented by the integration of new staff, it is vital to inventory all personnel—new and existing. This helps leverage everyone's skills and strengths. In terms of assessing the team's collective skill set, there are two primary ways of taking inventory:

1. Audit expertise
2. Subject matter expertise

This involves looking at the types of engagements the team needs to perform and the related business areas that require internal audit coverage. The next step is to match personnel accordingly, while taking note of coverage gaps, overlap and imbalances in the distribution of responsibilities. The simplest way to accomplish this is with a matrix that identifies where departmental needs and staff expertise intersect. In some cases,

the acquisition may be an entirely new business, while in others, it could be limited to a technology solution applied to the acquirer's existing business, so the complexity of this skills inventory may vary.

If the inventory reveals any gaps in audit coverage or expertise, it is necessary to have a plan for compensating for those gaps. This can include training existing staff, hiring new staff or (for the short term, perhaps) using an outside resource such as a contractor. This analysis should also form a basis for defining needs for a long-term talent pipeline and for building a professional development plan that equips the team with the skills to meet the business's evolving needs.

Meanwhile, if the analysis reveals overlap, it may indicate the opportunity to economize staff. It is unlikely in any merger or acquisition that 100 percent of staff will be retained. Efficiency is one of the benefits of the process, though it may result in making difficult personnel decisions. Having a process like the one described herein is critical to making those staff reduction decisions less difficult.

While identifying redundancies in skill sets can indicate the opportunity to streamline staff and, thereby, save costs, this is not the only outcome department leaders should consider. Redundancies can also signal where there is an opportunity to leverage existing staff (i.e., retrain them) to address future needs. To realize this opportunity, it is important not only to evaluate staff based on past experience, but on potential as well.

Other Considerations

When it comes to budgeting and cost management, it can be easy for internal audit leadership to focus too much on payroll and work hours without giving enough attention to other cost factors. For example, if the merger or integration results in new areas of business that require audit coverage, these audits may require technology upgrades such as the integration of computer-assisted audit techniques (CAATs). At the same time, if new responsibilities necessitate training/professional development, these things can come at a significant cost to the department as well. Meanwhile, new geographies that require audit coverage





will impact the department's travel and expense budget. As such, it is important to look at cost in a holistic way as opposed to segregating payroll, travel/ expenses, benefits, training, technology, etc. Anticipating impacts on these subtle areas will help reduce the risk of surprises once the new, blended team gets to work.

Organization

Effective internal audit organizations do not work in silos, but on paper, there are typically one or two aspects around which teams within the internal audit department are organized. For example, for a global internal audit group, that aspect may be geography, whereby teams are organized according to the different markets in which the business operates. Another possible focus is business area,

in which case the internal audit function may be organized according to each critical business area, such as production, customer service and business continuity. An internal audit group may even be organized according to audit process (e.g., performing IT audits, business process audits or fraud investigations). When looking at the new merged group from an organizational perspective, that aspect or attribute should be defined based on what is most intuitive for the new, merged department. Most likely, it will end up being a hybrid of these aspects. Ultimately, when it comes to determining how the team will be organized, the only thing that truly matters is whether the chosen aspect(s) supports internal audit in achieving its objectives and communicating its value to senior

leadership, and department leadership should remain open to the possibility of changing organizational structures based on the changing needs of the company. With a framework for organizational structure defined, organizing the internal audit staff becomes a process of determining who will be on what teams/ subgroups and who will lead those teams. Naturally, past leadership experience should be considered, but it is also important to assess the leadership needs of the new structure and determine which team members best fit those profiles. Integrating people from each side of the merger is also important to promote team building and ensure that the acquired subject matter expertise does not stay locked within a few people.

Conclusion

If organizations continue to leverage M&As to address technology needs, it will be increasingly incumbent upon internal audit leadership to execute good integration management. Leading an internal audit department through a merger/acquisition is a delicate balancing act. To be successful, internal audit leadership must understand the success criteria for internal audit in the new, merged company based on the company's strategy and the department's objectives. Only then can tactical decisions regarding personnel and organization be addressed. In terms of measuring success, a good place to start is assessing whether the audit plan has been executed effectively. But success must be based on more factors than that, such as employee satisfaction; open, effective communication within the department and to external stakeholders; and follow-through with individual and collective professional development goals. Integration has unique objectives, processes and challenges, but, done right, it can result in a better internal audit function.

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Endnotes

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UNDERSTANDING THE CLIENT

Gain a detailed knowledge of your customer

By CPA Kipkoech Victor

For many firms the audit evidence that they obtain does not focus on a client's internal control systems, instead, work is focused on the control and substantive testing of the transactions and balances which make up the client's accounts. Consequently

many practitioners do not believe that they are required to spend much time documenting a client's internal systems and controls or indeed to test whether any of the controls actually operate in practice in any detail. However, to ignore this area will mean that the requirements of ISA 315 "Identifying and Assessing

the Risks of Material Misstatement Through Understanding the Entity and its Environment" are not complied with.

At the outset of every audit, an auditor must gain an understanding of their client. The purpose of this procedure is to assess the risk that the financial statements contain a material misstatement due to:



- The nature of the client's business
- The industry in which the client operates
- The level of competition within that industry
- The client's customers and suppliers
- The regulatory environment in which the client operates.

ISA 315 provides guidance on the steps to take when gaining an understanding of a client. It requires the auditor to do the following:

1. Make inquiries of management and of others within the entity who may have information to help identify the risk of material misstatements. This includes making inquiries of both financial and non-financial staff at all levels of the organization, including those charged with governance, internal audit, sales, and operational personnel.

2. Perform analytical procedures at the planning stage of the audit to identify any unusual or unexpected relationships that may highlight where risks exist. Analytical procedures are a study of plausible relationships between both financial and non-financial data.

3. Perform observation and inspection procedures to corroborate the responses made by management and others within the organization. These procedures also provide information about the entity and its environment. Examples of such audit procedures include observation or inspection of the entity's operations, premises, and facilities; business plans and strategies; internal control manuals; and any reports prepared and reviewed by management (such as management reports, interim financial statements, and minutes of board of directors' meetings).

By performing these activities, the auditor will gain an understanding of the issues at the client's level, the industry level, and the economy level.

Client's level

It is important that an auditor gains a detailed knowledge of their client. Knowledge about the entity is gained through interviews with client personnel, including those charged with governance. The auditor will ask questions about what the client does, how it functions, how its ownership is structured, and what its sources of financing are. For new clients, this process is very detailed and time consuming. For a continuing client, this process is less complex and involves updating the knowledge gained on previous audits. By gaining an understanding of the client, the auditor

“Major customers are identified so that the auditor may consider whether those customers are on good terms with the client (that is, likely to remain a customer in future), and are likely to pay the client on a timely basis.”

is in a stronger position to assess client's risk levels and the financial statement accounts that require closer examination. The following paragraphs outline some of the procedures followed by an auditor when gaining an understanding of their client.

Major customers are identified so that the auditor may consider whether those customers are on good terms with the client (that is, likely to remain a customer in future), and are likely to pay the client on a timely basis. Dissatisfied customers may withhold payment, which affects the allowance for doubtful accounts and the client's cash flow, or may decide not to purchase from the client in the future, which can affect the going concern (ISA 570) assumption. If a client has only one or a few customers, this risk is increased. The auditor also considers the terms of any long-term contracts between their client and their client's customers.

Major suppliers are identified to determine whether they are reputable and supply quality goods on a timely basis. Consideration is given to whether significant levels of goods are returned to suppliers as faulty, and what the terms of any contracts with suppliers and the terms of payment to suppliers include. The auditor also assesses whether the client pays its suppliers on a timely basis. If the client is having trouble paying its suppliers, it may have trouble sourcing goods as suppliers may refuse to transact with a company that does not pay on time.

Whether the client is an importer

or exporter of goods is identified. If the client trades internationally, the auditor considers the stability of the country (or countries) the client trades with, the stability of the foreign currency (or currencies) the client trades in, and the effectiveness of any risk management policies the client uses to limit exposure to currency fluctuations (such as hedging policies).

The client's capacity to adapt to changes in technology and other trends is assessed. If the client is not well positioned to adjust to such changes, it risks falling behind competitors and losing market share, which in the longer term can affect the going concern assumption. If the client operates in an industry subject to frequent change, it risks significant losses if it doesn't keep abreast of such changes and "move with the times." For example, if a client sells laser printers, the auditor will need to assess whether the client is up to date with changes in technology and customer demands for environmentally friendly printers.

The terms of discounts given by the client to its customers and received by the client from its suppliers are reviewed. An assessment is made of the client's bargaining power with its customers and suppliers to determine whether discounting policies are putting profit margins at risk, which may place the future viability of the client at risk.

An assessment is made of the client's reputation with its customers, suppliers, employees, shareholders, and the wider community. A company with a poor

reputation places future profits at risk. It is also not in the best interests of the auditor to be associated with a client that has a poor reputation.

An understanding is gained of client operations. The auditor will note where the client operates, the number of locations it operates in, and the dispersion of these. The more spread out the client's operations are, the harder it is for the client to effectively control and coordinate its operations, increasing the risk of errors in the financial statements. The auditor will need to visit locations where the risk of material misstatement is greatest to assess the processes and procedures at each site. If the client has operations in other provinces or overseas, the auditor may plan for a visit to those sites by staff from affiliated offices at those locations where risk is greatest.

An understanding is gained of the nature of employment contracts and the client's relations with its employees. The auditor will consider the way employees are paid, the mix of wages and bonuses, the level of unionization among the workforce, and the attitude of staff to their employer. The more complex a payroll system, the more likely that errors can occur. When staff are unhappy, there is greater risk of industrial action, such as strikes, which disrupt client's operations. The client's sources of financing are reviewed. An assessment is made of a client's debt sources, the reliability of future sources of financing, the structure of debt, and the reliance on debt versus equity financing. An auditor assesses

whether the client is meeting interest payments on funds borrowed and repaying funds raised when they are due. If a client has a contract with a debt provider, the auditor will need to understand the terms of that contract and the nature of the restrictions it places on the client. Debt contracts vary, for example a company may agree to limit further borrowings or to maintain a certain debt-to-equity ratio. If the client does not meet the conditions of a debt contract, the borrower may recall the debt, placing the client's liquidity position at risk, and increasing the risk that the client may not be able to continue as a going concern.

The client's ownership structure is assessed. The auditor is interested in the amount of debt funding relative to equity, the use of different forms of shares, and the differing rights of shareholder groups. The client's dividend policy and its ability to meet dividend payments out of operating cash flow are also of interest.

Industry level

At the industry level, an auditor is interested in their client's position within its industry, the level of competition in that industry, and the client's size relative to competitors. The auditor evaluates the client's reputation among its peers and the level of government support for companies operating in that industry. Another consideration is the level of demand for the products sold or services supplied by companies in that industry and the factors that affect that demand.

A comparison is made between the client

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At the industry level, an auditor is interested in their client's position within its industry, the level of competition in that industry, and the client's size relative to competitors.

and its close competitors nationally and internationally. When an auditor has a number of clients that operate in the one industry, this stage of the audit is more straightforward than if the client operates in an industry that the auditor is not already familiar with. The following paragraphs outline some of the procedures followed by auditors when gaining an understanding of their client at the industry level.

The level of competition in the client's industry is assessed. The more competitive the client's industry, the more pressure placed on the client's profits. In an economic downturn, the weakest companies in highly competitive industries face financial hardship and possible liquidation. A key issue for an auditor is their client's position among its competitors and its ability to withstand downturns in the economy.

An auditor also considers their client's reputation relative to other companies in the same industry. If the client has a poor reputation, customers and suppliers may shift their business to a competing firm, threatening their client's profits. The auditor can assess their client's reputation by reading articles in the press and industry publications.

Consideration is given to the level of government support for the client's industry. This issue is important if the industry faces significant competition

internationally or the industry is new and requires time to become established. Support is sometimes provided to industries that produce items in line with government policy, such as manufacturers of water tanks, solar heating, and reduced-flow taps in the context of environmental policies.

An assessment is made of the impact of government regulation on the client and the industry in which it operates. Regulations include tariffs on goods, trade restrictions, and foreign exchange policies. Regulations can affect a client's viability and continued profitability. An auditor will consider the level of taxation imposed on companies operating in their client's industry. The auditor assesses the different taxes and charges imposed on their client and the impact these have on profits.

Economy level

Finally, when gaining an understanding of a client, an auditor assesses how economy level factors affect the client. Economic upturns and downturns, changes in interest rates, and currency fluctuations affect all companies. An auditor is concerned with a client's susceptibility to these changes and its ability to withstand economic pressures.

During an economic upturn, companies are under pressure to perform as well as or better than competitors, and shareholders expect consistent improvements in profits. When conducting the audit in this environment, more focus is given to the risk of overstatement of revenues and understatement of expenses.

During an economic downturn, companies may decide to “take a bath.” This means that companies may purposefully understate profits. When the economy is poor, there is a tendency to maximize write offs, as a fall in profits can easily be explained to the investment community since most companies experience a decline in earnings. A benefit of “taking a bath” is that it provides a low base from which to demonstrate an improvement in results in the following year. Conducting the audit when the economy is in recession and clients may be tempted to “take a bath” means the auditor must focus more on the risk of understatement of revenues and overstatement of expenses.

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THE 2018 KENYA BUDGET

The Actual Figures

By FCPA Dr. Jim McFie



Accountants are used to looking at, and pondering over, numbers. At the time of the budget each year, one will find many publications by the larger audit firms that deal with the many aspects that are typically dealt with in the Government Budget. But we seldom get to look at the numbers in detail.

One finds the numbers in the various publications prepared by the Treasury. Articles 220 to 224 of the 2010 Revised Edition of the Constitution deal with the budget; in addition, other articles deal with the various financial matters of the national and county governments. Article 220, sub-article 1, stipulates that "Budgets of the national and

county governments must contain—(a) estimates of revenue and expenditure, differentiating between recurrent and development expenditure; (b) proposals for financing any anticipated deficit for the period to which they apply; and (c) proposals regarding borrowing and other forms of public liability that will increase public debt during the following year. Article 221 requires “At least two months before the end of each financial year (that is by 30 April each year), the Cabinet Secretary responsible for finance must submit to the National Assembly (Parliament but this does not include the Senate) estimates of the revenue and expenditure of the national government for the next financial year to be tabled in the National Assembly. The estimates mentioned must—(a) include estimates for expenditure from the Equalisation Fund; and (b) be in the form, and according to the procedure, prescribed by an Act of Parliament. The National Assembly must consider the estimates submitted together with the estimates submitted by the Parliamentary Service Commission (which is responsible for preparing annual estimates of expenditure of the parliamentary service, submitting them to the National Assembly for approval, and exercising budgetary control over the service) and the Chief Registrar of the Judiciary (Each financial year, the Chief Registrar must prepare estimates of expenditure for the following year, and submit them to the National Assembly for approval. On approval of the estimates by the National Assembly, the expenditure of the Judiciary is a charge on the Consolidated Fund and the funds must be paid directly into the Judiciary Fund, which must be administered by the Chief Registrar of the Judiciary and must be used for the administrative expenses of the Judiciary and such other purposes as may be necessary for the discharge of the functions of the Judiciary.) When the estimates of national government expenditure, and the estimates of expenditure for the Judiciary and Parliament have been approved by the National Assembly, they must be included in an Appropriation Bill, which must be introduced into the National Assembly to authorise the withdrawal from the Consolidated Fund of the money needed for the expenditure, and for the appropriation of that money for the purposes mentioned in the Bill.

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At the time of the budget each year, one will find many publications by the larger audit firms that deal with the many aspects that are typically dealt with in the Government Budget. But we seldom get to look at the numbers in detail.

Article 218 lays down that, at least two months before the end of each financial year, there must be introduced in Parliament—(a) a Division of Revenue Bill, which must divide revenue raised by the national government among the national and county levels of government in accordance with the Constitution; and (b) a County Allocation of Revenue Bill, which must divide among the counties the revenue allocated to the counties in accordance with a resolution passed by the Senate, once every five years, which determines the basis for allocating among the counties the share of national revenue that is annually allocated to the counties. Each Bill must be accompanied by a memorandum setting out—(a) an explanation of revenue allocation as proposed by the Bill; (b) an evaluation of the Bill in relation to the national interest, any provision that must be made in respect of the public debt and

other national obligations, the needs of the national government determined by objective criteria, the need to ensure that county governments are able to perform the functions allocated to them, the fiscal capacity and efficiency of county governments, the developmental and other needs of the counties, economic disparities within and among the counties and the need to remedy them, the need for affirmative action in respect of disadvantaged areas and groups, the need for economic optimisation of each county and to provide incentives for each county to optimise its capacity to raise revenue, the desirability of stable and predictable allocations of revenue and the need for flexibility in responding to emergencies and other temporary needs, based on similar objective criteria.; and (c) a summary of any significant deviation from the Commission on Revenue Allocation’s recommendations, with an explanation for each such deviation. Article 224 stipulates that, on the basis of the Division of Revenue Bill passed by Parliament under Article 218, each county government must prepare and adopt its own annual budget and appropriation Bill in the form, and according to the procedure, prescribed in an Act of Parliament.

As a result of the 2010 Constitution, the Budget numbers are made public in April each year. The 2018 Budget Policy Statement (2018BPS), the “2018/2019 Estimates of recurrent expenditure of the Government of Kenya for the year ending 30th June 2019, Volume I (Votes R1011 – R1162) and Volume II (Votes R1165- R2151)” and the “2018/2019 Estimates of Development Expenditure of the Government of Kenya for the year ending 30th June 2019, Volume II (Votes D1091-D1096) and Volume III (Votes D1107-D2111)” are all published in April 2018. One of the difficulties that an accountant faces when trying to put together the numbers from these different documents is that, sometimes, they do not agree. Hence, arriving at a “single source of truth” is impossible. I have stated wherever possible where a number, or a set of numbers, has come from. However, you will see places where I have had to invent a number so as to make the final numbers agree with an overall Summary, “Table 1.5 Fiscal Framework” on page 13 of the “2018 Budget Policy Statement”.

The first table below this article

contains the estimates of recurrent and development expenses for the two fiscal years 2017/2018 and 2018/2019, listed in order of magnitude of the recurrent voted expenditure items for 2018/2019. One can see that the largest recurrent voted expenditure item is the Teachers Service Commission at Shs 226.629 billion, up 12.25% from 2017/2018. The largest amount funded by Government Revenue for 2018/2019 is the county allocation at Shs 372.7 billion, up 7.81% on the preceding year; however, it must be kept in mind that this covers both recurrent and development expenditure in the counties. A close second to the county allocation is the interest cost on the national debt at Shs 370.8 billion, up 21.93% from the Shs 304.1 billion, again the second largest number in 2017/2018. A number of Ministries or State Departments have been renamed. For example, the State Department for University Education, Vote number 1065, which was allocated Shs 90.755 billion in 2017/18 is now referred to as the State Department of

Research and University Education, Vote number 1067, which has been allocated Shs 87.302 billion in 2018/19: it would seem that the troubles at the national universities are set to continue. Of interest is the fact that planned total expenditure on recurrent voted items is down by 2.95%. I leave the reader to interrogate the numbers that interest you in this first table.

The second table shows the revenue and expenditures for the years 2017/2018 and 2018/2019. It will be noted that I had to introduce an amount of Shs 254.9 billion of expenditure in 2017/2018 in order to arrive at the overall deficit stated on page 13 of the 2018 Budget Policy Statement, and a minus figure, which is not really material, for 2018/2019.

One important statement in the 2018 Budget Policy Statement is that, in order to ensure that County Governments effectively play their role, support from the National Government towards devolution will focus on three key areas: (i) enhanced financing for the County

Governments; (ii) development of legal and regulatory frameworks for Public Finance Management (PFM); and, (iii) technical support and capacity building for the Counties. The reason why this is important is that County Governments are increasingly relying on equitable share transfers from National Government which form over 80% of the Counties' total revenue. Between FY 2014/15 and 2016/17, own source revenue (OSR) collection deteriorated, with a significant drop in actual collection being registered in FY 2016/17, even though the economy grew by 5.8%. The underperformance could be attributed to administrative inefficiencies as well as gaps in policy and legislation in respect of County OSR – or for some other reason. In FY 2015/16, County Governments' aggregate expenditure exceeded exchequer releases: this is an indication that some County Governments spent their OSR at source or they had other non-disclosed sources of revenue. Since FY 2013/14, County Governments have missed their OSR

ESTIMATES OF EXPENDITURE		RECURRENT: p. v		DEVEL: p. (i)	
RECURRENT VOLUME I/DEVELOPMENT VOLUME III	Vote no.	2017-18 KShsm	2018-19 KShsm	2017-18 KShsm	2018-19 KShsm
Teachers Service Commission	2091	201,893	226,629	118	136
State Department for Interior	1021	111,919	109,357	17,647	15,539
Ministry of Defence	1041	105,261	96,079	-	10,974
State Department for Early Learning and Basic Education	1066	-	88,505	-	11,179
State Department for Research and University Education	1067	-	87,302	-	13,038
The National Treasury	1071	81,435	74,295	29,384	37,377
State Department of Infrastructure	1091	53,821	58,364	76,859	112,985
Ministry of Health	1081	30,877	49,101	18,660	40,906
National Intelligence Service	1281	29,754	30,711	-	-
State Department for Correctional Services	1023	21,535	26,066	900	1,813
State Department for Social Protection	1185	15,218	18,712	14,664	12,291
Ministry of Foreign Affairs and International Trade	1052	14,570	15,170	247	1,938
State Department for Public Service and Youth	1211	14,456	13,443	11,892	12,318
State Department of Transport	1092	6,327	10,324	7,775	90,425
Ministry of Environment and Forestry	1108	-	9,964	-	6,169
State Department for Planning	1072	-	9,363	-	34,061
Ministry of Tourism and Wildlife	1204	-	9,204	-	3,746
The Presidency	1011	7,867	7,673	894	1,109
State Department for Agricultural Research	1168	-	5,086	-	476
State Department for Crop Development	1165	-	5,038	-	20,215
Auditor-General	2111	5,111	4,937	171	232
Ministry of Information, Communications and Technology	1121	-	4,854	-	27,047
Independent Electoral and Boundaries Commission	2031	32,860	4,191	-	43
Ministry of Water and Sanitation	1107	-	4,048	-	37,207
Office of The Attorney General and Department of Justice	1251	-	4,028	-	1,614
State Department for Housing, Urban Dev and Public Works	1096	-	3,122	-	29,101
State Department for Heritage	1134	-	3,057	-	842
State Department for Devolution	1032	1,007	2,883	2,539	9,638
Ethics and Anti-Corruption Commission	1271	3,069	2,752	1,268	100
Ministry of Lands and Physical Planning	1112	2,313	2,690	3,563	3,330
State Department for Industry	1175	-	2,618	-	7,738
State Department for Vocational and Technical Training	1064	2,535	2,587	4,435	7,728
Office of the Director of Public Prosecutions	1291	1,944	2,312	3	100
State Department for Energy	1152	2,053	2,188	38,860	59,887
State Department for Livestock	1162	7,114	1,962	2,876	4,297
State Department for Immigration and Citizen Services	1024	-	1,885	-	2,690
State Department for Labour	1184	1,793	1,779	636	510
State Department for Small and Medium Sized Enterprises	1176	-	1,712	-	1,012
State Department for Shipping and Maritime	1093	219	1,669	-	-

State Department for Gender	1212	1,424	1,557	3,188	2,968
State Department for Sports	1132	3,748	1,502	2,950	525
National Land Commission	2021	1,094	1,276	-	-
Public Service Commission	2071	1,351	1,160	15	59
State Department for Mining	1192	-	1,104	-	509
State Department for Development of the ASAL	1035	-	1,035	-	5,358
Ministry of E. A. Community and Northern Corridor Develop.	1221	-	1,027	-	65
State Department for Irrigation	1167	-	918	-	17,058
State Department for Post Training and Skills Development	1068	-	888	-	1,039
Office of the Registrar of Political Parties	1311	799	822	-	-
Independent Police Oversight Authority	2151	696	817	-	-
Controller of Budget	2121	495	618	-	-
State Dept for Fisheries, Aquaculture and the Blue Economy	1166	-	607	-	2,184
Salaries and Remuneration Commission	2081	610	542	-	-
National Police Service Commission	2101	467	531	-	-
State Department for Cooperatives	1173	738	501	385	870
The Commission on Administrative Justice	2131	417	484	-	-
Witness Protection Agency	1321	442	438	-	-
The Commission on Revenue Allocation	2061	392	423	-	-
Kenya National Commission on Human Rights	2011	390	392	-	-
National Gender and Equality Commission	2141	353	375	-	-
State Department for Petroleum	1193	-	272	-	3,259
State Department for Special Programmes	1033	4,339	-	2,787	-
State Department for Planning and Statistics	1034	5,384	-	29,361	-
State Department for Basic Education	1063	83,269	-	7,142	-
State Department for University Education	1065	90,755	-	2,460	-
State Department for Housing and Urban Development	1094	1,609	-	8,317	-
State Department for Public Works	1095	790	-	544	-
State Department for Water Services	1103	4,404	-	11,701	-
State Department for Irrigation	1104	902	-	9,222	-
State Department for the Environment	1105	2,744	-	2,046	-
State Department for Natural Resources	1106	12,893	-	2,100	-
State Department for Info, Comm, Technology & Innovation	1122	985	-	8,901	-
State Department for Broadcasting and Telecommunications	1123	1,957	-	191	-
State Department for Arts and Culture	1133	2,866	-	641	-
State Department for Petroleum	1153	195	-	2,064	-
State Department for Agriculture	1161	14,116	-	13,335	-
State Department for Fisheries and the Blue Economy	1164	1,844	-	421	-
State Department for Investment and Industry	1172	2,189	-	2,561	-
State Department for Trade	1174	2,164	-	71	-
State Department for East African Integration	1183	1,356	-	-	-
Ministry of Mining	1191	1,288	-	309	-
Ministry of Tourism	1201	2,777	-	980	-
State Law Office and Department of Justice	1252	4,384	-	79	-
The Judiciary	1261	12,362	-	3,249	-
Parliamentary Service Commission	2041	10,287	-	2,637	-
National Assembly	2042	19,591	-	-	-
Judicial Service Commission	2051	184	-	-	-
Total voted expenditure		1,054,001	1,022,949	351,048	653,705

2018 Budget Policy Statement		Page 94	
		2017-18	2018-19
Government revenue		KShsbn	KShsbn
		Revised	Budget
Income tax		709.1	816.6
Import duty (net)		102.4	116.9
Excise duty		183.7	209.6
Value added tax		383.7	441.2
Investment income		23.1	24.6
Other		84.3	79.7
Railway development levy		21.2	24.7
Fees collected (Appropriations in aid)		135.6	140.6
Item to arrive at stated total		23.1	-
Total ordinary revenue (2018 BPS p. 94)		1,643.1	1,853.9
Grants (2018 Budget Policy Statement p.94)		59.2	50.5
Total revenue (2018 Budget Policy Stat. p.13)		1,702.3	1,904.4
Total voted expenditure (EREi p.vi)		1,054.1	1023.0
Interest on National Debt (BPS2018 p.94)		304.1	370.8
Pensions and Gratuities (EREi p.vi)		71.9	86.3
Salaries and Allowances (EREi p.vi)		4.1	4.2
Miscellaneous services (EREi p.vi)		0.1	0.1
Contribution to civil service pension fund		-	15.3
County allocation		345.7	372.7
Equalization fund for marginal areas (BPS p.94)		7.7	4.7
Contingency fund		5.0	5.0
Silent item		254.9	-2.9
Recurrent expenditure		1,743.5	1,879.2
(Deficit)/Surplus on recurrent items		(41.2)	25.2
Development and net lending (2018BPS p. 13)		579.6	612.9
Balance inclusive of grants (2018 BPS p. 13)		(620.8)	(587.7)
Financed by: Domestic borrowing		323.2	214.7
Overseas borrowing		297.6	373.0
		620.8	587.7

“One of the difficulties that an accountant faces when trying to put together the numbers from these different documents is that, sometimes, they do not agree. Hence, arriving at a “single source of truth” is impossible.

targets. In general, the increasing variance between projected and actual OSR collection highlights the difficulty Counties continue to face in preparing realistic revenue forecasts. The absorption rate for recurrent expenditure was above 100% in FYs 2014/15 and 2016/17 which implies that the Counties reallocated funds from the development budget to the recurrent budget. In FY 2016/17, as in previous years, personal emoluments comprised a significant portion of the County Governments' total expenditure. This is more pronounced in Counties that inherited comparatively more staff from the defunct Local Authorities, with some, such as, Nairobi, Nyeri, Embu, Kisumu, and Nakuru registering wage bills above 50% of total expenditure in FY 2016/17. Section 107(2) of the Public Finance Management Act 2012 requires that County Governments allocate a minimum of 30 percent of their budget to development expenditure. However, the National Treasury is concerned that even though approved County budgets comply with this requirement, actual development expenditure for some Counties is below 30 percent.

I would suggest that all the documents from which the Budget is prepared are worthwhile reading for accountants, so that they are able to give informed arguments to the general public.

KENYAS' PUBLIC WAGE BILL, A DISEASE OR A SYMPTOM?

Freezing employment in the public service

By Frederick Ukongo

The government of Kenya decided to freeze employment in public service. This decision is still in force several years later. A lot of debate has ensued since the decision was taken. I went out to gather different views from different quotas. How does wage bill affect the economic wellbeing of a country?

The freeze was informed by the ballooning wage bill in the public service. The sectors that were spared the freeze are security agencies, health and education. Any other organization that has a justifiable reason to increase its workforce has to seek approval from National Treasury. In my own considered opinion this is well thought strategy. However it continues to feed into our ever increasing unemployment levels. I say well thought because, when you give agencies an open cheque in employment they will employ all manner of officers and justify. The only major downside is that the fresh graduates looking for employment opportunities will not get them; at least not in the public service.

The freeze was geared towards enforcing fiscal discipline and prudence in management of public sector wage bill. Stephen Jairo (2014) of Institute of Economic Affairs (IEA), wrote, "It comes as no shocker, that the budgetary allocation for development expenditure has been lower than the allocation for recurrent expenditure." This recurrent expenditure is hugely skewed towards meeting the public service wage bill. When this happens and continues for long the country will not grow as fast as we would expect. Development expenditure has a multiplier effect which sparks growth in multiple sectors. Victor Bwire (2017) writing for Citizen Digital, states, "While the ballooning of public wage bill is a national problem, the bigger issue would seem to be wastage of public resources through policies that allow mismanagement. Bwire identifies the policies such as the Public Procurement and Disposal Act, 2015, the Mwongozo code of governance that guides the composition and remuneration of board members and commissioners serving on public bodies. He further

identified the duplication of functions by the national and county governments because of vested interests, deep involvement of private sector in running public entities and hiring too many advisors and consultants by many senior persons serving in the public sector. He brings on board other factors that affect the economy which to him have greater adverse effects to the Economy than the wage bill. I will however, not lose focus and beg to concentrate on the wage bill issue for now. We will probably discuss other issues in a different paper when time allows.

The Institute of Certified Public Accountants of Kenya (ICPAK), has not been left behind in lending its opinion on Public Service Wage Bill. Through a position paper on wage bill, ICPAK, posed, "indeed the country's current wage bill is neither affordable nor sustainable given the current economic situation". Further ICPAK, stated that the wage bill is just but a component of the bigger challenge of public Finance Management failures in Kenya. Therefore, ICPAK, concurs with Bwire (2017) that the issue is

not just the wage bill but more underlying issues. Inherent to root cause is the lack of the necessary policy framework failure to rationalize other current expenditures, misappropriation of funds and resources, mismatch in professional custodianship and misplaced priorities among others, concluded ICPAK.

The Salaries and Remuneration Commission (SRC), the body tasked with ensuring a healthy and sustainable affordable public wage bill has taken its rightful place in matters wage bill. Its former Commissioners were called all kinds of names when they tried rationalize the public wage bill. In a

quarterly Bulletin (January to March 2017), they noted the wage bill in public sector grew from Ksh. 464.9 billion in 2012/13 to Ksh. 627 billion in 2015/16. But what did the first holders of that office achieve? Did their efforts amidst insults yield anything worth talking about? In the 2017 bulletin SRC provides vivid evidence that they were able to deliver. The data shows Kenya is making progress in meeting the internationally recognized thresholds of Public Sector Wage bill to GDP ratio. Wage bill as a percentage of ordinary Revenue reducing from 55% in 2012/2013 to 49.25% in 2016/2017, while wage bill as a percentage of

nominal GDP decreasing from 10.3% 2012/2013 to 9.3% in 2016/2017. This is a positive achievement and a move in the right direction. If only we can sustain it, however the jury is still out there. With the lobbying, picketing and striking in this country and with the energized and more empowered labour unions, we need to be afraid. Yes, be afraid, since the lobbying and picketing and the action of labour unions continue to threaten any gains that SRC and National Treasury may have achieved in matters Public Wage Bill. On the other hand we have our political class that does not respect any law when it comes to their pay perks. Definitely when the action of the unions and political class is combined it will erode the gains by SRC so far.

I believe the best solution to our many problems as a country lies in two things; viz, political goodwill and the Rule of law. Yes if we understood and committed these two principles of governance to our hearts and minds and above all resolving to adhere to them religiously; Kenya would change overnight. Many problems we face today revolve around the lack of these two. We don't believe in the rule of law. A leader or a person in a position of power is not bound by law or so the behavior tells. We have seen leaders going Scott free even after committing heinous acts. I have heard people justify corruption – a mega one, since according to them a chicken thief will most likely be punished more severely than a corrupt well-connected individual. Rule of law simply means the law applies equally to all and no one is above the law.

Political goodwill is also said to be political capital, it refers to the trust, goodwill and influence a politician has with the public and other political figures. This goodwill is a type of invisible currency that politicians can use to mobilize the voting public or spend on policy reform. As a country we may need the last bit of the definition; “spend on policy reform”. Our politicians should give priority to the common good and not their own interests. When and if this happens we are definitely going to have a sustainable public wage bill among other many good things. Those in leadership will create an environment that benefits all and not just a few well-connected personalities.

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WHICH WAY FOR DEBT RIDDEN KENYA?

Down grade of rating leads to expensive loans and high interest rates

By CPA Kibet Leonard

In September 2014, Kenya was elevated to Lower Middle Income economy and was the ninth-largest economy in Africa with gross national income (GNI) per capita, \$1,160, surpassing the World Bank threshold of \$1,036. As per Vision 2030 Secretariat the Country is aiming to be a newly industrializing, middle-income country providing a high quality of life to all its citizens by 2030 in a clean and secure environment. The question any economist would ask is whether we are on the right track?

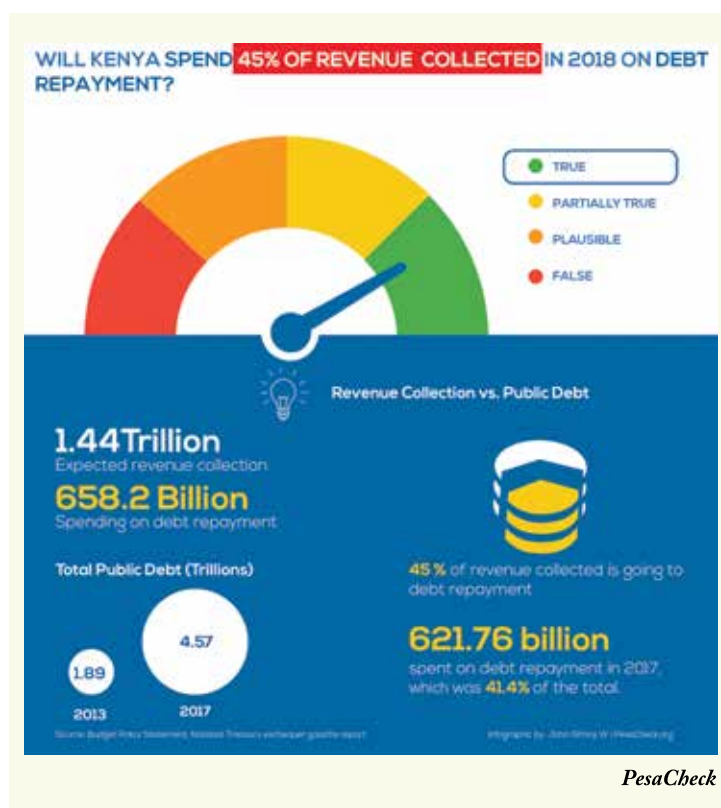
First forward to 2018, the country is bedeviled with huge debt of Ksh 4.5 trillion equivalent to 50% of the Country's GDP whereas as per IMF the recommended ratio is 40% for developing economies. In finance, debt to GDP ratio measures the financial leverage, and in a wider sense a country's financial health which is the extent to which a country can meet the cost of internal expenditure. Though it may be rightfully argued that the debts were used for capital expenditure such as the SGR and the LAPSET Corridor project hence spurring economic growth, it won't escape our minds that many countries have been ruined by excessive debt. The effect of such excessive debt are always felt by

its citizens, through high cost of living as evidenced by hyperinflation, higher taxes instituted by the government to meet the cost of servicing the debt, low circulation of cash leading to low investment, hence slow rate of development.

In the early 90's, and at the height of inflation occasioned by mega corruption in the name of Goldenberg and Anglo leasing, Kenya was advised by the donors and the World bank to restructure the civil service. The restructuring resulted

into so many casualties of employees who suddenly became jobless and hopeless. The effect of such job losses was felt for a long time given the nature of Kenyan Culture where employees have so many dependents. Such is the fate that will befall the citizens of a country when the Government is so indebted to the extent that it can no longer finance its own internal operations and that the only option available is to reduce its wage bill. There have been calls recently by the salaries and remuneration commission of the need to reduce the wage bill; a classic case of history repeating itself.

The effect of such a huge debt has also been witnessed by Moody's downgrade of Government of Kenya's issuer rating to B2 citing erosion of fiscal metrics and rising liquidity risks. Such a down grade of rating will lead to expensive loans, leading to high interest rates, which ultimately will upset the fiscal measures put in place by the Government. That said, the Government of the day should perform a balancing act, and reach an equilibrium position by ensuring the level of debt is not harmful but beneficial in the long run.



BEYOND MANAGEMENT SUMMIT

DATE: 17TH – 21ST July 2018 VENUE: Golden Tulip Hotel

Addis Ababa, Ethiopia TIME: 9am to 4pm

THEME: Harnessing Business and Human Development in the Region

Topics

- Africa's thirst for Great Leadership - what must Africa do to achieve visionary leadership?
- The Changing Workplace: People performance, Flexibility and Creativity – how to cope.
- Addressing Institutional Culture - what is the manager's role in institutional culture development and sustainability?
- Demystifying Leadership Myths – a panel discussion on moving from traditional leadership to the modern styles.
- Addressing Public Finance Management Challenges in the Region.

Target Audience

Accounting & Finance Professionals, Senior Managers and Executives, Line Managers, Internal Auditors, Auditing Practitioners, Compliance and Risk Managers, ICT professionals, HR Professionals, Senior Officers in the Public & Private Sectors, Supervisors, Economists, Engineers, Architects, Marketers, among other professionals.

Seminar Charges

Category	Early Bird Registration Booking & Payment on or before 6 th July 2018	Normal Registration Booking & Payment or LSO/LPO received after COB 6 th July 2018
Members	Ksh 74,950	Ksh 79,950
Non-Members & International Delegates	Ksh 84,950	Ksh 89,950

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+254 719 074 000/100, memberservices@icpak.com or Book online www.icpak.com

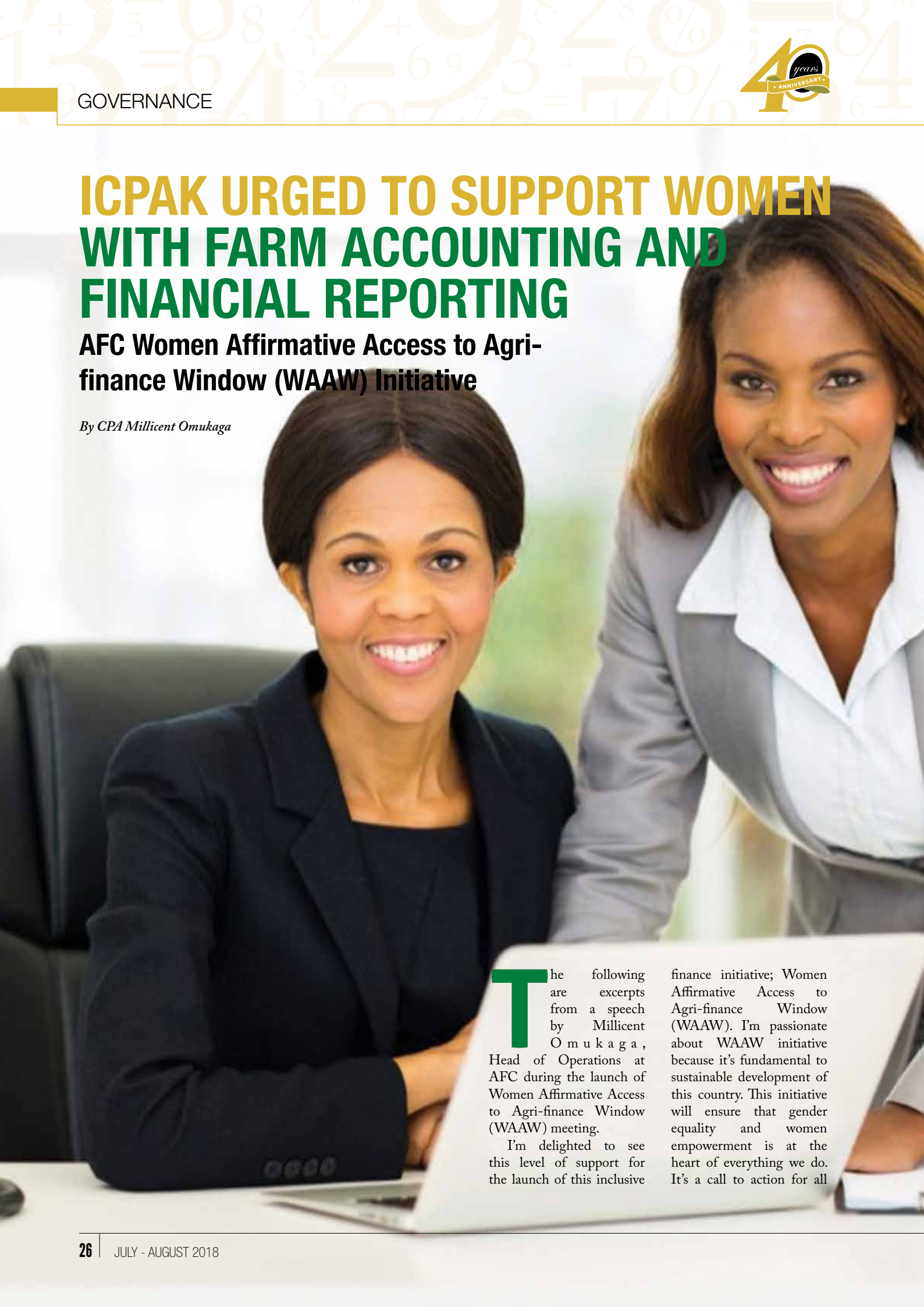


**20
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ICPAK URGED TO SUPPORT WOMEN WITH FARM ACCOUNTING AND FINANCIAL REPORTING

AFC Women Affirmative Access to Agri-finance Window (WAAW) Initiative

By CPA Millicent Omukaga



The following are excerpts from a speech by Millicent Omukaga, Head of Operations at AFC during the launch of Women Affirmative Access to Agri-finance Window (WAAW) meeting.

I'm delighted to see this level of support for the launch of this inclusive

finance initiative; Women Affirmative Access to Agri-finance Window (WAAW). I'm passionate about WAAW initiative because it's fundamental to sustainable development of this country. This initiative will ensure that gender equality and women empowerment is at the heart of everything we do. It's a call to action for all



present here and others who could not make it to join us, to make specific and measurable pledges that contribute to the goal of integrating women fully into the global economy through agribusiness. The WAAW initiative supports the Agricultural Finance Corporation's strategic plan 2018-2022 and AFC's transformation to align to Government objectives to deliver on food and nutrition security under the Big4 Agenda, a very momentous time for AFC.

I thank Hon Franklin Bett and Mr. Lucas Meso, for all the work they do to support agricultural revolution through finance in this country with enthusiasm and energy in their roles as Chairman and Managing Director of (AFC). The world needs leaders like you. I also thank you for a coveted opportunity to serve my country through AFC as Head of Operations, a position I took over with overwhelming expectations from the women and youth of this country.

AFC is a State Corporation wholly owned by the Government of Kenya and mandated to finance rural and agricultural development in Kenya. As a Development Finance Institution (DFI), the Corporation prioritizes its agri-finance activities in line with Government objectives towards development impact on improved livelihoods through food security, poverty alleviation and employment/income generation. This requires full participation of both men and women. The Corporation has done a lot to address the issues that constrain women in agriculture, particularly on technical assistance and access to finance but a lot remain unaddressed and AFC cannot do it alone, hence this rallying call. According to FAO, women produce more than 50 percent of the food grown worldwide. Women play multiple roles in agricultural production and food security. In sub-Saharan Africa; women contribute 60 to 80 percent of the labor in both food productions for household consumption and for sale. In Kenya, a sizeable proportion of the rural labor force (over 51%) is engaged in small-scale agriculture and women are the majority in this sector hence their crucial role in translating agricultural production to food and nutrition security.


The significant involvement in small scale agriculture is an important factor among measures to improve agricultural

performance. Women provide 75% of the labor force in small-scale agriculture and manage 40% of the small scale farms in Kenya. The role of women in the overall development of the agricultural sector cannot therefore be overemphasized.

Today I speak not just as an employee of AFC, but a daughter, wife, mother and woman from the Teso community on the extreme west of Kenya. There, not many of us are educated hence so many of us live in the rural areas of Busia County, married early, rearing many children and ploughing with a hoe to produce subsistence food. Recent statistics confirm that the poorest segment of Kenya's population is women in rural areas. In Teso, we women traditionally don't own land, meaning we face difficulties accessing capital unless lenders like AFC offer alternative collateral or organize us into well governed groups. Even the women who go against this norm, face land adjudication challenges. Several NGOs come with 'poverty alleviation' projects so we wait for one after another. This story is common for all the rural small holder farmers, majority of whom are women. I can go on to narrate the situation in pastoralist communities, arid and semi-arid lands, conflict stricken areas, highlands/high potential/cash crop areas, informal urban settlements, and the youth. In most pastoral communities for instance, women don't own the cattle but only access the milk to feed the children. Whenever I take time to interact with these women groups, the common response is 'Mungu ametukumbuka' (God has remembered us).

A bigger challenge for the women agri-preneurs we work with, is on farm accounting and financial reporting for agricultural enterprises. Several small and medium agricultural enterprises struggle with industry specific issues on accounting for agricultural operations. I call upon the Institute of Certified Public Accountants (ICPAK) to support the WAAW initiative and continuously offer education on accounting and financial management to women agri-preneurs and their farm managers. Such training should be comprehensive enough to go beyond format and content of farm financial statements, disclosure notes, specific farm financial ratios to include calculation and use of farm financial data.

Over my last two years at AFC, the



Corporation disbursed just below Ksh 10 billion across the food value chains with evident gender gap in the portfolio that AFC cannot be addressed alone. With the support of partners, most present here today, rural women are being organized into groups, trained and supported to access finance and markets for their produce. We have women SME clients who form the 'missing middle' with challenges around markets and collateral. We have devised alternative collateral and established a risk sharing facility but very small, among other gender-smart solutions to address agriculture sector's productivity and profitability. Including women more equally demands investment and partnerships with various actors along the value chain from input (provision and correct use), production, post-harvest management (storage and processing), logistics (transport, sales and marketing). It is these partnerships that AFC seeks

to establish and strengthen under the WAAW initiative.

For all of you here today, if we are to close the gender gap, we must appreciate women contributions and constraints at each stage. We've observed that it's the women who track seasons in the farms and spot when disease attacks the crop or livestock. The quantity and quality of produce is determined at production and post-harvest stages yet the significant contribution of women here is either informal, resource constrained or not acknowledged. Post-harvest and logistics stages tend to be most profitable in the food value chains, yet this is where women are either scarce or play limited roles.

In this room today, there are women clients of AFC who have not maximized their contribution to the sector across the entire value chain as they face limited access to information, skills, technology, assets and networks. Notwithstanding restrictions on land ownership and tenure, domestic violence and multiple roles that include care. Despite the challenges, these women have remained resilient even as AFC continues to find innovative ways of walking with them, a journey that would not have been possible without the support

of partners like the Alliance for Green Revolution in Africa (AGRA). AGRA believes just like AFC that there can be no economic transformation without agriculture which requires integration and coordination of the ecosystem.

I urge the business community to see that there can be immense business benefits resulting from improved market linkages and transparent and reliable supply chains if we work together and close gender gaps in agribusiness. Such opportunities include new input markets and improved production, increased yields and improved quality production, reduced losses and strengthened supplier base as well as concentrated supply base and new markets.

The rest of you who have honoured our call, we urge you to:

- Support access to finance, land and inputs that will ensure increased consumer loyalty, secured sales and access to new customer base.
- Support women to be actively involved in training that will ensure supply chain stability, improved product quality and increased produce yields
- Support women to gain from harvest

through reduced post-harvest losses, strengthened supplier base for new and improved markets

- Engage men and women to open networks to ensure concentrated supplier networks, increased supply chain stability and access to new markets for agricultural goods and services

This initiative is the road map that will set out how we seek to achieve the objectives set out in our strategic plan 2018-2022. Your coming together today sends a very powerful message around the world that AFC and Kenya is part of the fight for gender equality and empowerment of women. Real change will not happen in our board rooms or offices but in our living rooms and communities when people like you come together from across business and social services to improve the lives of others. Promote education, support women in crisis, do things differently. Raise your voice, take action, and commit to WAAW initiative so we can secure a better future for the women agripreneurs and their families in this country.

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I call upon the Institute of Certified Public Accountants (ICPAK) to support the WAAW initiative and continuously offer education on accounting and financial management to women agripreneurs and their farm managers.

By CPA Vishal Soni

One of the most sought after resources in the world is Human Resource.

Though, abundantly available, it is an intricate resource to manage.

The relationship which engages this resource is employment. This is the world's most common yet complicated relationship. One which if handled well can take the company from rags to riches otherwise it may even topple dynasties.

Nevertheless, like all complicated things, this precarious resource also has its secrets... secrets which if used appropriately may yield incomparable success for an institution.

The secrets, which I refer to as the 5 R's, for a healthy employment relationship are unraveled below:

- Respect
- Remunerate
- Recognize
- Responsibility
- Reliability

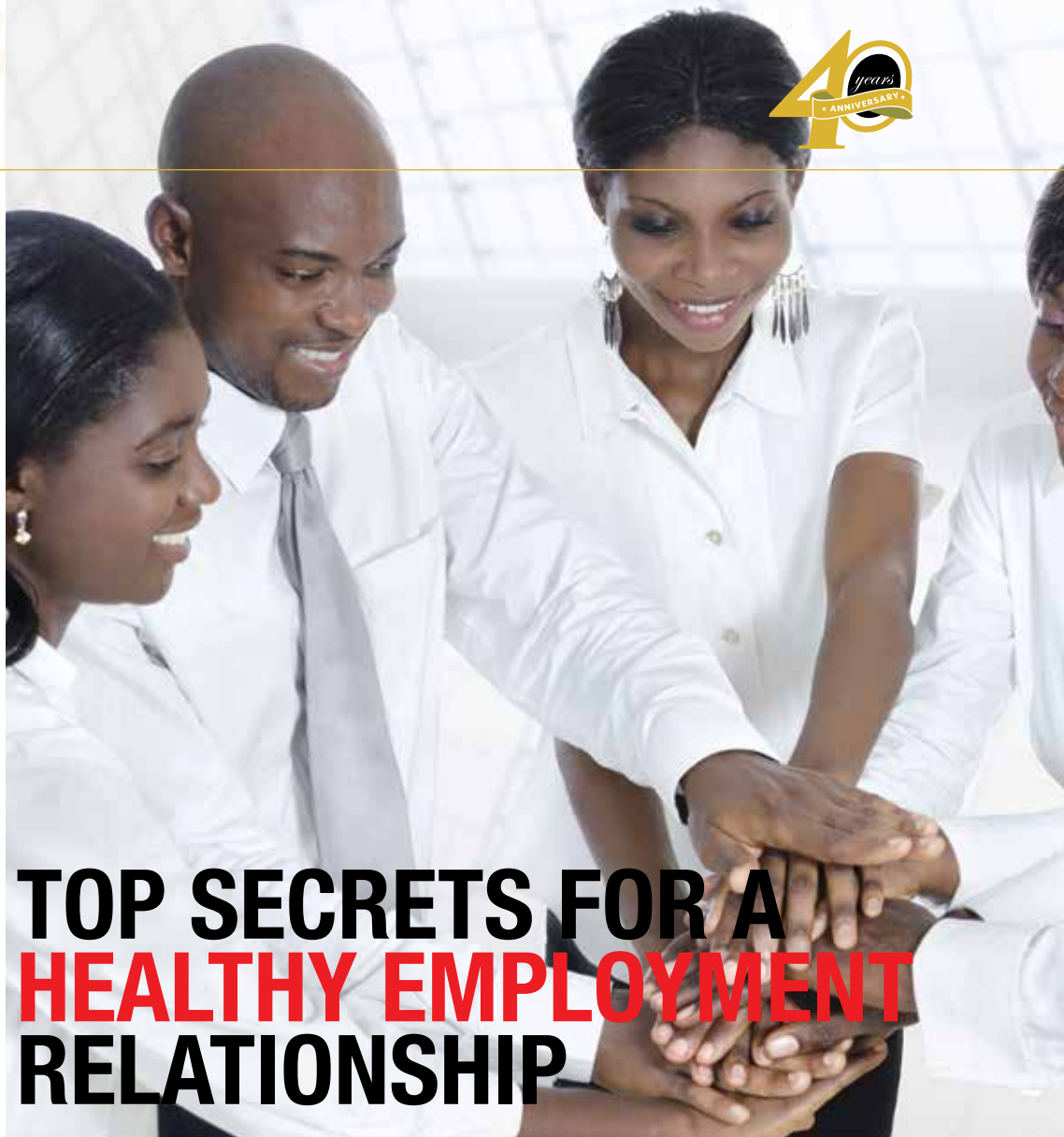
These may sound like common words and are usually taken for granted, but successful employers and employees are very well aware of the gravity of these words.

These are not meant to be single sided priorities, and are intended to be exercised from both ends, the employer's and the employee's.

However by virtue of the power that an employer has, as compared to a single employee, the burden is increased on the employer's shoulders to ensure that the work force is well motivated.

The balance between these 5 R's is similar to that between our five fingers. We can't do without any one of them.

Knowing exactly how to maintain equilibrium between these 5 constituents for a healthy employment relationship can create immeasurable success for companies, which largely depend on this precarious resource.



TOP SECRETS FOR A HEALTHY EMPLOYMENT RELATIONSHIP

A satisfied workforce leads to increased productivity

Elaborating on the above 5 R's, I shall look into how both the employer and the employee can contribute towards success in this relationship.

Respect

Employer: As it's said, to gain respect, one must give respect, similarly one must appreciate the mere fact that the employee sacrifices 1/2 of his/her "awake time" of the day in order to accomplish the task assigned, which eventually yields the company's income and success. In consideration of which one should at least uphold a courteous regard for the person's feelings by conducting themselves considerately.

Employee: As an employee of the company, you not only have to deal with your employers but also with your peers, seniors and juniors, all of whom form part of your work network. Irrespective of their age, gender or race, they all need to be treated with respect. No matter whom

you are or what your background is, it is essential to be humble ensuring that we do not look down upon our juniors as we too were once juniors, and would have not liked being mistreated.

Remunerate

Employer: Needless to say that one of the prime reasons for doing any job is to earn a living, and the employer is duly responsible for making sure that we are satisfactorily remunerated. Remuneration is mostly pegged to an individual's performance, although there is no hard and fast rule as to how much pay is considered sufficient, employers should be sensitized on issues of general increase in costs of living, inflation and the market value of the employee.

Moreover a satisfied workforce leads to increased productivity and performance which inherently means success for the company's performance in terms of turnover as well as customer satisfaction.



Insufficient pay has been a major reason as to why employees choose to leave their employers, according to a survey by David Aplin Group.

Employee: You may ask as to what's the employee's role in matters remuneration, you're doing your job and that's it, and rather it is the prerogative of the boss to pay you well. Moreover many employees tend to have an attitude that once they have completed working for the designated hours of the day, they have accomplished their duties. Jim Rohn, a famous motivational speaker for Business and Life thinks otherwise, proclaiming "You don't get paid for the hour. You get paid for the value you bring to the hour". This is pretty much what should be every employee's duty, in that they should try and add value to each and every hour that they work, keeping in mind efficient, effective and economical use of time.

Recognise

Employer: The power of mere recognition, of a good job done by an employee, is

often underestimated by employers. Recognizing good performance in itself invites more good performance from that employee. It also motivates other employees to perform better so as to also earn such recognition. Recognition does not necessarily have to be monetarily. Employers can recognize staff performance by having themes like employee of the month, and employee of the year, whereby targets are set for employees of each department and on achieving such targets, the employee is officially declared the top employee of the period, having for say his picture framed on the office notice board. Such employees may also be rewarded in kind, depending on the employer's reach.

Employee: Many employees are of the opinion that the employer does only the least for them. Many employees ignore the efforts made by employers in trying to make the employee's life as comfortable as possible. The bottom line for any employee is to complete the task assigned to them and leave office at the prescribed time. The focus is merely on what is expected of you, and that too is not always done to satisfactory levels. Employees often ignore the larger picture of what the employer goes through. One of the prime issues an employer faces is meeting working capital requirements in order to earn actual cash so as to pay your remuneration, and other costs of running the business the way it is operating. Many times, the employer has to face the music from customer/clients for shoddy work done by employees; work for which the employer has employed and remunerated you. An employee cannot fully shoulder all the responsibilities of an employer, but at least perform his/her duty to the required level recognizing that the work assigned directly affects the employer.

Responsibility

Employer: It is undeniably difficult for a person to delegate a responsibility to another person because, many times, the outcome leads to the conclusion that doing it yourself would have been precisely correct. However shouldering all responsibilities would be practically impossible and thus the need to delegate responsibility.

Assigning responsibility is in itself an empowering feeling for the person who is in the receiving end, especially when this empowerment has been handed over from

the employer to the employee, obviously subject to the type of responsibility, and the caliber of the assignee. This act of empowerment actually creates a motivational energy within the assignee, who in this case is the employee. And you obviously know what motivation can do...

Employee: Being referred to as "a responsible person" by an employer is almost like being knighted. But what does it take to be done unto? You need to be worthy of being entrusted. The mere fact that you underwent an interview process, and thereafter got selected, after rigorous filtering and deliberating, is an act by your employer of entrusting you and considering you responsible and worthy of your conferred duties. Thus performance of your duties with due care and diligence should be your number one priority. It is only when you show your employer that you are fully responsible, by performing to the best of your abilities, that they shall deem you responsible enough for more advanced and senior duties.

Reliability

Employer: reliability in this instance refers to being consistent. You cannot be relied on if you are not consistent. From the employer's end, consistency in many ways is an important requirement, for say consistency in the way the employer treats people or problems. An employer should not be seen as being biased in anyway, be it towards people or situations, in fact (s) he should exhibit a fair and consistent behavior in order to appear reliable in the eyes his/her employees. This in its self will create decorum of reliability in the office.

Employee: being reliable is one of the key factors of growth for an employee in any organization. It is the first step to being trustworthy. An employer shall only be able to instill trust in an employee after (s)he has exhibited a reliable demeanor. Moreover the success of a company is dependent on its employees' being trustworthy and reliable and such persons are not only retained, but also promoted in their careers, in order to ensure that the company's operations are in the right hands.

It is surely difficult to instantly instill the above mentioned qualities at the work place, but it can be taken one step at a time, by constantly reminding yourself of the 5 secrets.

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TIPS FOR TACKLING 6 BIG CHALLENGES OF REMOTE WORK

Be more interactive with workmates

By CPA Donald Obonyo

As you'll hear from enthusiasts, remote work offers incredible opportunities for personal and professional growth. But being a team player and building a career outside of a traditional office setting also comes with a unique set of challenges. The following are some of the valuable insights about the ups and downs of "Embracing remote" a company value that means we witness, acknowledge, and support the range of experiences and emotions people might have when working remotely. Thanks to the honest group discussions of remote work at Trello, our team has developed From Social Butterfly To Social Butterflunk.

At the outset, moving to a home office or working in a solo space can feel quiet—even lonely. If you're an extrovert by nature, talking out loud to your cat instead of an office mate can deliver less-than-satisfying results.

But ask yourself this: How much of your socialization at the office is merely chance encounters at the snack bar? When you're remote there's no physical communal snack spot, so you need to be more intentional about when, how, and why you're communicating with others. The thing is, being more mindful of your social interactions at work will deliver more satisfaction overall, remote or otherwise.

The first step is to shift the perception that work communication tools should only be used for work. Technology is enabling remote work, and should be used to foster the best possible environment

for team-building of all types. Studies have shown that small talk at work will improve your decision-making skills, how satisfied you are with your job, and build psychological safety for you to share your best and brightest ideas.

For example, set up threads in your chat tool to talk about hobbies, world events, travel, kids, cooking... you name it! Do not feel guilty for chatting about your favorite LaCroix flavor or best summer vacation memory on work time. A great way to get more comfortable with this is to poll your co-workers for recommendations on things you want to buy, places you want to visit, or what to eat for lunch. It's easy to get people talking about things they love! Seeing up to 10,000 non-verbal cues can be exchanged in one minute of face-to-face interaction, video meeting tools are essential for building relationships with others. You can set up team -building activities over video that play into the strengths of remote work, like sharing your office view or introducing your cat to your coworker's cat and watching the furry friendship unfold. Video meetings don't need to be time-bound. Outside of your immediate teams, the added time you'll have ditching the commute could be used for group fitness classes, local meetup groups with other professionals, or chill time with friends. Set up weekly recurring events, or simply make a personal rule to venture out with others a few times a week. Intentionally interacting with others means you can reap the rewards of choosing the best activities and conversations for your personality and

social comfort level.

Working from home means you can throw in a load of laundry between meetings (yay!). The advantages of multitasking work and home to-do's can also be pitfalls when you want to procrastinate writing a less-than-savory report for an impending deadline.

Just as with socializing, intention comes into play with setting boundaries between work and home. I strongly encourage people to set up their work station in a place where they can shut the door, put on some headphones, and have a dedicated space to concentrate.

If you want to take it a step further, there are ways to customize your work place to boost productivity. Plus, you won't have corporate restrictions putting a damper on your scented candles or neon green accent wall!

Context switching is a pitfall for both co-located and remote employees. It can take up to 25 minutes to regain focus after a distraction, so use that as a check each time you feel yourself wanting to get up and check the mail: Can you afford this unplanned 25-minute break?

If you're just having a foggy brain day, try some focus exercises to get back on task. If you find yourself getting constantly interrupted by family or coworkers, set aside regular 'maker time' and communicate that you don't want to be interrupted or attend meetings at that time.

Working remotely is an adjustment for everyone in your life (including little ones), but if you're consistent (and reasonable) with your work schedule and productivity requirements, people will adapt and accommodate.

Bringing Work To Bed

The flipside to being distracted by personal tasks while working remotely is neglecting to shut off work when it's time to be present with family and friends.

The biggest enabler of extended workdays is your smartphone. Especially if your team's workday is extended because you're all distributed across time zones, it's very tempting to check your chat app or collaboration tool first thing on waking up or right before bed, "just in case" someone needs something. As productivity expert Tim Ferriss explains, balancing work and life requires a shift in thought about what the word "balance" really means:

"I am a strong advocate of work-life 'separation' as opposed to work-life 'balance.' The concept of work-life

"balance" is a dangerous one because "balance" is often mistaken to mean blending, where work and personal tasks are alternated in the same environments, or where one activity is expected to provide both work and life."

-Tim Ferriss

Use your shared calendar tool to communicate your "online" hours and try to stick to them. If you're all distributed across time zones, use a map or chart to list out who lives where and be mindful when choosing how to communicate with coworkers during their off hours. Just because you can be connected at all times doesn't mean you should.

Languishing In A Networking No Man's Land

Choosing to live outside your industry's physical hubs can provide a more affordable cost of living or the flexibility to be near family, but it can also be a nerve-wracking move when it comes to your career. After all, you can't attend all the same industry events or happy hours as your peers.

Remote work is shifting that compromise, as it allows you to make an ambitious career choice without sacrificing your location. Just as technology is enabling you to work remotely, it's also creating different, and equally valuable, networking opportunities. Virtual networking isn't

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The first step is to shift the perception that work communication tools should only be used for work. Technology is enabling remote work, and should be used to foster the best possible environment for team-building of all types. Studies have shown that small talk at work will improve your decision-making skills, how satisfied you are with your job, and build psychological safety for you to share your best and brightest ideas.

complicated. In fact, it's a best practice to have an engaging online brand that people can discover regardless of where you live.

Interactive moments like Twitter chats or commenting on a connection's latest Medium article all tally up as networking efforts. Find online groups and communities where your peers are interacting, be authentic, and build meaningful value for people in your industry using channels like email or a video meeting.

Living On A Diet Of Cookies And The Couch

Eating well, sleeping enough, and exercising are all good habits regardless of where you work, and being remote means you have the opportunity to excel at your self-care. It also means you can get lazy because you only have to walk from your bedroom to your home office and can put pizza delivery on speed dial without sharing a slice.

You are as productive at what you eat, and working remotely often means that the task of keeping a selection of enticing meals and drinks on hand falls to you instead of a super-organized workplace experience manager. It's infinitely harder to be valuable at your team's morning meeting when all your fridge contains is ketchup and nail polish.

While you will need to be more responsible about stocking your pantry, the reward is that you'll perform better at work while having the opportunity to use your full kitchen to create delicious snacks

and meals whenever you want.

Set up a remote lunch club at work and challenge each other to try new ingredients. Batch cook and prepare lunches the night before just like you would if you were heading to an office. Or even take a proper lunch hour and go out to eat. Bottom line, respect your work and your ability to enjoy it by taking the time to feed yourself.

The same goes for exercise and motion. You might have to work a little harder at getting in your daily steps without the commute, but you'll have more time to stroll the block. Set intermittent reminders on your calendar or find a remote buddy to check in with about your fitness goals, and make it an excuse to take a break and get away from your screen.

Feeling Like A Lesser Contributor To The Company

This last remote work challenge can be the hardest one to overcome mentally. The FOMO (fear of missing out) that can come with remote work is an emotion that can set in deep and undercut every interaction with your team. In particular, having team members split between remote locations and a central office requires extra attention to inclusionary best practices. Having a shared collaboration tool like Trello where you can update each other in real-time on tasks, ideas, meeting agendas, vacation calendars, questions, etc. is half the battle. Any habit of disseminating information which can exclude people is one to avoid. For example, share meeting agendas in Trello ahead of time and then both record

the proceedings and take notes on the meeting agenda cards so if someone is unable to attend, they can catch up later. Leading a team to embrace remote also requires a company culture of keeping information and conversations open to everyone, documenting actions and plans so that they're available asynchronously for every team member. Have particular HQ-to-remote rules to live by that keep all team members connected.

On a personal level, it's important to focus on delivering results rather than time in your office chair. Aligning with your team on goals and objectives at the outset and then baking in video meeting time to collaborate and review progress together all contribute towards a more inclusive process of getting things done. Get in the habit of sharing everything, even works in progress, and you'll be surprised at how much more connected you'll feel to your team.

And if you just can't shake that FOMO feeling? Talk about it with your coworkers! Remote work is a practice that is continually evolving as new tech and even newer theories about how we work best come into play. Exploring the boundaries of distributed and asynchronous teamwork means that some processes will be a smashing success, and some will need to be thrown out and revised.

Make remote work a skill in itself to develop and perfect, and it will feed back into your satisfaction with it tenfold.

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KEEPING ABREAST OF DEVELOPMENTS IN TECHNOLOGY

A must for accountants!

By FCPA Dr. Jim McFie

Speaking on 13th June 2018 at a session of “2018 Engage” in Las Vegas, the annual seminar of the American Institute of Certified Public Accountants (AICPA), Mark Koziel spoke about a variety of technologies and technology issues that are going to have a major impact on accounting, from cybersecurity, the cloud and big data to blockchain, machine learning and virtual learning. Koziel is the executive vice-president for public accounting in the AICPA. He pointed out that the accounting profession needs to change itself before change is thrust upon it: “Technology is going to take us out of our comfort zone and pull us into new areas,” he explained, and while in the past the profession might have waited for legislation and regulation to point the way to the future, that is no longer possible. “We as a profession cannot wait

for regulation to disrupt us; we need to disrupt ourselves,” he said. “We are going to take our expertise and interact with our clients in new and different ways.” Among the most important ways the profession will need to change will be to move up from services and activities that are rapidly being automated. “Technology could automate 49 percent of our current activities,” he warned. “Data processing and bookkeeping have a higher percentage chance of being automated, versus managing others and applying expertise – and that is what CPAs should do: We need to apply



expertise. That is less likely to be automated. Analyzing and interpreting data is where it is at – not the low end of data entry. Automation is going to be constantly affecting the profession. It is really going to have an impact on our financial model. What happens when inputs are no longer the gauge of revenue? That is where value pricing comes in. But billing practices are not the only things that will need to

change in the face of automation and new technologies. When you look at accounting firms, they are being run the same way they were 20 or 30 years ago. The pyramid model is going to change. Our model has been to hire as many people as we can up front, and those left standing in a few years we will promote to partner. Automation and outsourcing are already significantly reducing the need for entry-level people – but that will also mean that there will be fewer trained accountants down the line. Both firms and individual accountants will need to be more open to training and retraining as circumstances change. The key to success and change management is learning, then unlearning, and then relearning”.

An example of what Koziel speaks about is that CPA.com, the technology arm of the AICPA, along with CaseWare

International, has released OnPoint PCR, a smart, cloud-based solution for CPAs to conduct preparation, compilation and review engagements. CaseWare is a technology company that provides cloud-enabled audit, financial reporting and data analytics solutions. “OnPoint helps guide the practitioner through the entire process of doing a preparation, compilation or review,” said Erik Asgeirsson, president and CEO of CPA.com, at the 2018 AICPA ENGAGE. “At the start, there is an intelligent questionnaire that asks a lot of questions about the service that the firm is providing. Based on that, it dynamically fills out things like an engagement letter, management representation letters where appropriate, and a report if it is a compilation or review. It also helps with the importing of data in a very seamless manner, and provides some visual analytic capabilities that will help the firm provide more strategic insight to their client as they look at their

business. It is really taking that category of prep, comp and review, which is an important category, to the next level.” While the tool is “smart,” providing a predictive template that fills in the type of engagement letter a firm is likely to send, it does not have a machine learning capability built in that would allow it to learn a firm’s habits over time.

OnPoint offers guided engagements, a smart, interactive process meant to eliminate unnecessary steps and facilitates compliance with standards. It also facilitates integrated data, simplifying data management and the import of client data, and is designed to reduce redundant data entry. Built on a cloud platform, it gives real-time updates to data and provides built-in collaboration tools that can be used instead of third-party apps, including external email. “A solution that includes intelligent checklists informed by AICPA technical guidance will help practitioners focus on adherence to standards and the firm’s quality control process,” stated Susan Coffey, the AICPA’s executive vice president of public practice: “CPAs still must exercise professional judgment, and OnPoint supports proper documentation and promotes consistency and quality in engagements.” “Technology offers great potential in attest services, but it is only part of the equation,” stated Dwight Wainman, CEO of CaseWare. “Our collaboration with CPA.com and the AICPA gives us greater visibility into CPA firms’ needs, plus the critical content and methodology these firms rely on.”

On an earlier occasion, Agnes Ann Pepe wrote in “CPA Practice Advisor”: “Accounting technology has always played a part in making the accountant’s

“ OnPoint offers guided engagements, a smart, interactive process meant to eliminate unnecessary steps and facilitates compliance with standards. It also facilitates integrated data, simplifying data management and the import of client data, and is designed to reduce redundant data entry.

job just a little easier. As our knowledge of technology increased, so has the accountant’s ability to analyze statistical values. Technology advancements have enhanced the accountant’s ability to interpret data efficiently and effectively. S/he now has the ability to interpret the language of business with such ease that the accountant has become a corporation’s most trusted business advisor”. I think it is important therefore to realize that an accountant must keep listening, thinking and learning best practices for businesses. So accountants must develop a deeper knowledge of higher level skills - especially now that most routine tasks are being carried out by computers.

One area where changes are occurring is in cloud computing - Internet-based computing that provides shared computer processing resources and data to computers and other devices on demand. This allows accountants to perform accounting tasks from any location as well as the ability to deliver financial information and reports through the cloud. This opens up a new way for accountants to work with their clients. Now there is more time to engage with the client and focus on business strategy instead of getting burdened with detailed processes. There is a need for proper security. So cloud computing keeps business information in a secured internet server. When an accountant uses cloud computing solutions, the business owner has immediate access via her/his computer to all accounting information. Any credits or debits made or notated by either party are immediately available for review. This accessibility makes it possible for business owners to review the valuable financial information needed to



run operations with no delay.

In other countries, tax software has been developed. This tax software has helped improve accuracy while reducing margins of error - something businesses want to embrace in order to avoid tax penalties and prevent issues with stakeholders. Better tax software also helps streamline audits by making them more efficient and effective. Raymond Cheng, a Council Member of the Hong Kong Institute of Certified Public Accountants, states that "An understanding of new accounting software and other business and financial models will be necessary if practicing (American spelling) accountants are to effectively conduct audits and discharge their responsibilities. Continuing professional development and education in this area will be necessary for auditors." Accounting and tax software advancements have streamlined the entire process of accounting and filing returns. Most accounting software integrates with most corporate tax software, which means the data is quickly segmented and categorized in the appropriate tax categories. Not only does this make tax filing faster, but it also makes it more accurate. As long as the data in the accounting software is categorized correctly, the information going into the tax software is entered correctly.

Accountants are increasingly dependent on their mobile devices to access data. Mobile connectivity

also links accountants to their clients. Companies like Xero are helping to launch the mobile age of accounting. Their mobile apps help accounting firms manage their business while on-the-move. Firms can reconcile, send invoices, add receipts and create expense claims from smartphones or tablets. Bill Price writes in "Accounting Today" that, "Mobile accounting could mean different things to different people and businesses; so the first step in a successful rollout is defining what it means to you and your company. For example, consider who the users will be and what they will be using it for. Think about the different functions you would want your mobile accounting and financial solution to cover." Many small business owners do not need a full-time in-house accountant. With the internet and advances in information technology, a virtual accountant is as effective as an in-person accountant. This way of doing business reduces overheads and travel time. Business owners save money because information technology brings accountants directly to the company finances without travel time.

Optical Character Recognition (OCR) technology enables accountants to convert scanned paper documents, PDF files, or images captured by a digital camera into editable and searchable data. This type of record digitization has helped streamline the archiving process by making documents searchable, sortable, and transferable. Another added bonus to this type of technology is that now accounting firms are empowered to be nimbler with their accounting processes. Andrew Marder from "Accounting Web" writes that, "OCR is the technology that finally kills the hand-entered receipt..."

The technology has already made leaps and bounds, but there is plenty of room for process improvement."

Major accounting programs and banks sync with a few mouse clicks. Online accessibility provides bank information to the accountant as soon as it is available, which streamlines the process of monthly bank account balancing. The accountant only needs to go in and troubleshoot lines items that do not make sense. Business records can more easily be kept up to date, and the accountant's life a lot easier at the month end and when tax returns have to be filed, all of which minimizes costs to the company.

Social media has become an essential tool for firms wanting to engage with their current and potential clients while expanding their brand reach. Experts see social media as a tool that will continue to evolve and provide accountants with a valuable sales and marketing platform that can instantly connect firms to current and potential clients. Most accounting firms understand the importance of implementing traditional marketing into their overall business development plans, but many firms may not realize the power of integrating social media marketing into their long-term marketing strategies. Social media should be a part of a firm's overall business development strategy and if done consistently, will help amplify the effectiveness of all other marketing and business development efforts.

In a survey conducted by Robert Half Management Resources, 41 percent of CFOs cited technology as a major source of stress in their jobs, saying that innovations in accounting are progressing so rapidly that it is difficult to keep up. Becoming familiar with the biggest trends minimizes the struggle with increased efficiency and a more streamlined approach to managing corporate finances. All accountants need to become much more expert in the use of technology - and that will relieve them of that stress.



By Angela Mutiso

ARE YOU SLEEPING ENOUGH?

Napping gives your brain a chance to rest and your body a chance to heal


Sometimes, all you can do is lie in bed, and hope to fall asleep before you fall apart. – William C. Hannan

During this year's (2018) world cup, reports that preparations for Portugal's world cup game with Iran, were disrupted after thousands of the opponents' fans stayed outside the Selecao's team hotel for the whole night started seeping in. People were informed that they were shouting

and singing in order to disturb their opponents' sleep.

Amidst this incredible frenzy, Portugal's star player Ronaldo was seen late at night, at a time he should have been peacefully asleep, gesturing to these fans to keep quiet and allow them to sleep. All their efforts were however in vain. The game ended with a 1-1 draw when

it happened. It is unlikely that these fans were unaware that they were disturbing their opponent's sleep, and that what they were doing, would have a negative effect on their physical and mental health. According to football analysts, this team could only move to the knock out stages if they defeated the Portuguese who needed only a draw to progress. Tom Roth aptly



said Sleep is an investment in the energy you need to be effective tomorrow. It seems certain that this was what the opponents of the Portuguese team hoped to deprive them of.

Dalai Lama was not off the mark when he said sleep is the best meditation. Sleep has many definitions. A rather precise one describes it as; a condition of body and mind which typically recurs for several hours every night, in which the nervous system is inactive, the eyes closed, the postural muscles relaxed, and consciousness practically suspended.

Pub med (University of California, Department of Biology, Los Angeles USA) says in an article titled Origin and evolution of sleep: roles of vision and endothermy, that the origin of both sleep and memory appears to be closely associated with the evolution of mechanisms of enhancement and maintenance of synaptic efficacy.

Sleep is so critical that most studies have found that if you are sleep deprived even by one night, your judgement can be impaired and you may not be strong or active enough to effectively carry out complex and even simple tasks the next day. Instead, you will feel low, distracted, stressed and irritable. An associate once said that if he loses one night's sleep, it usually has a residual effect on him. In other words, it takes days before he can get himself together. Another interesting fact is that you can do without food for some time, but not without sleep. Most middle-aged and even older adults yearn for deep sleep... tuck.com says that as we pass from young adulthood to middle age, we get less deep sleep and surprisingly more light sleep. People say they slept well the previous night if it included a lot of deep sleep. It says that the cardiovascular system also gets a break during sleep. When you are asleep, your body is able to replace chemicals and restore muscles, other tissues and aging or dead cells.

To stay healthy, you must get enough sleep. It is true that when you sleep better, you feel better. National Sleep Foundation (dedicated to improving health and well-being through sleep education and advocacy) stresses the usefulness of a sleep dairy. It says a sleep dairy will help you track your sleep allowing you to see habits and trends that are helping you sleep or that can improved. In fact, devalandclinic, reporting on National Sleep Foundation's findings notes that you can aim for a

INSPIRATION

targeted sleep number tailored to your age. It says the foundation based its report on two years of research. Published in a recent issue of the foundation's journal *Sleep Health*, the report updates previous sleep recommendations. It breaks them into nine age-specific categories with a range for each, which allows for individual differences:

Older adults, 65+ years: 7-8 hours

Adults, 26-64 years: 7-9 hours

Young adults, 18-25 years: 7-9 hours

Teenagers, 14-17 years: 8-10 hours

School-age children, 6-13 years:

9-11 hours

Preschool children, 3-5 years: 10-13 hours

Toddlers, 1-2 years: 11-14 hours

Infants, 4-11 months: 12-15 hours

Newborns, 0-3 months: 14-17 hours

Even though sleeping patterns are affected by several factors, the recommendations above are good indicators of how much sleep you should get. Your body has an internal clock that determines when you wake up and when you sleep. If you sleep in the right way, you will find that so much happens to keep you well during your sleep. Your blood flow goes round your body, into the muscles and tissue, your blood pressure goes down by even up to 20 percent and your breathing slows down. Human growth hormones are also discharged at this time.

Sleep makes you feel great! Its importance goes way beyond just enhancing your mood or removing under-eye circles. Sufficient sleep is a key part of a healthy lifestyle, and can benefit your heart, weight, mind, and more says health.com... discussing 11 health benefits of sleep, it says that sleep helps you to improve memory, live longer, control inflammation, build creativity and be a winner. It also helps to improve your grades, sharpen attention, helps you to have a healthy weight, reduces stress and makes you avoid accidents and reduce depression.

Meanwhile, huffingtonpost says there are a lot of activities that take place in your body while you are asleep. It notes that while many people think of catching sleep as the body "shutting off" until morning, sleeping actually activates a complicated process that helps you feel rested and healthy the next day.

How about naps? Naps are good for you, yet not

enough people appreciate its importance. An interesting story is told about Clemchara, a long time result-driven civil servant who loved napping every afternoon. He'd go home for lunch from work, take a 40 minute siesta, and then get up, and have lunch. He was always pleasantly alert at the end of his daily snooze. No one understood why he kept this habit going though. All his family knew was that this was his 'don't disturb' moment and would wait for him to wake up before presenting him with any issues. His children did not understand then why these naps were immensely important to him; but today, a number of years after he departed, they know. They have emulated Clemchara and are getting all the naps they can get with rewarding results. Writing about unleashing the power of the nap, artofmaniliness under the heading your cat knows something you do not, says that humans are among the few animals that usually take their sleep in one shot. The rest of the animal world consists of polyphasic sleepers who alternate sleep and wakefulness all through a 24 hour period. They say naps increase alertness and if you break your day with it, you'd be as energetic during the second part of your day as you were in the first. So, if you can manage a nap every afternoon, you will be doing your body a very big favour.

Did you know that naps also improve your memory retention? artofmaniliness says that during sleep, recent memories are transferred to the neocortex, where long-term memories are solidified and stored. Not just that, it also aids productivity. It points out that many people may choose to work for a long time without a break because they have so much work, but working continuously without taking a break actually reduces productivity. It is better for you to take even a half



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Sleep is so critical that most studies have found that if you are sleep deprived even by one night, your judgement can be impaired and you may not be strong or active enough to effectively carry out complex and even simple tasks the next day. Instead, you will feel low, distracted, stressed and irritable.

hour nap then come back to your work more refreshed. It observes in a powerful statement that quite apart from boosting your health, creativity, appetite and mood, when you sleep, you release growth hormone, the antidote to cortisol which boosts your immune system, primes your sexual function, reduces stress and anxiety, and aids in muscle repair and weight loss. Napping gives your brain a chance to rest and your body a chance to heal.

There are five different stages of sleep, says artofmanilness 1 2 3 4 and REM (Rapid Eye Movement) have different effects on your mind and body. You cycle through them repeatedly as you sleep or nap: 1,2,3,4, 2, REM, 2,3,4,2, REM and so on. Each cycle lasts 90-100 minutes. Stage 1: Lasting 2-5 minutes, this stage transitions you into sleep. Stage 2: Motor skills and complex tasks you've been working on are solidified... You spend

about 50% of your sleep time in Stage 2. Stages 3 and 4: In these stages you slide into Slow Wave Sleep. Information that you've recently and consciously learned such as the dates for a history test are solidified. You spend about 30% of your sleep time in Stages 3 and 4. REM: During REM your brain shuttles your recently-made memories from their short term holding tank in the hippocampus to long term storage. The information is thus made permanent; you spend about 20% of your sleep time in REM. With this knowledge, you simply cannot afford to deny yourself, (more so your brain) the volume of sleep it needs to keep you whole, sane and updated.

Poet William Wordsworth said the strongest minds are often those whom the noisy world hears least.

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BEAT PLASTIC POLLUTION

It is endangering lives

By Angela Mutiso

Plastics are severely choking our environment. So unless urgent steps are taken to reduce their use, not only will we lose our marine life, but ailments like cancer, birth defects, low immunity and several other diseases might well be what will wake us up to action, by which time, it might be too late. The United Nations (UN) has taken note of this. The World Environment day is usually planned according to a theme focusing on a persistent environmental problem, The UN's theme for 2018 is beating plastic pollution.

Every year, a different country is selected to host this day, this is followed by official celebrations in the selected country. The emphasis is laid on the environmental challenges the host country is facing and how to deal with it. The host this year was India and the chief focus was plastics.

Plastics are brutally and rapidly endangering the lives of humans and animals, as well as birds and fishes. In addition plastics are choking the Earth... onegreenplanet says that most of the Earth's wildlife is in the sea, which means that at least 260 other species of animals are also at risk of ingestion or entanglement due to plastic bag flotsam. They point out that around the world, an estimated one million birds and 100,000

marine mammals and sea turtles die every year when they are trapped in plastic or eat it, perhaps thinking it is a tasty treat. In addition, single-use disposable plastic bags are suffocating the planet, with 60,000 plastic bags being consumed in the U.S. every 5 seconds - onegreenplanet. Plastics are made using non-renewable resources, either petroleum or natural gas. They don't break down in landfill sites (due to lack of oxygen and light- nothing does), but over time they release dangerous chemicals. They're not easy to recycle, causing problems like blocking the sorting equipment used by most recycling facilities. They bring about extensive, global litter problems. And that's not all. Plastic bags are one of the most common types of litter worldwide. Their build-up are known to block local drainage structures in developing countries. They also create serious health problems to populations as over time they leach toxic chemicals into drinking water supplies.

It is one of the biggest threats to all whales and dolphins occurring throughout the world's oceans. It is also endangering many sea creatures. Remains of plastic bags decay in their stomachs, and use up space for actual food. And since they can't be digested, it doesn't disappear from the sea even after creatures like turtles who eat them have long died because of it. This

is why we must stop plastic pollution; we cannot reclaim lost animals that are currently being consumed by the plastic menace, or our health once we are plagued by terminal diseases.

Meanwhile, Forbes on its part, explains that studies have found high levels of microplastics in the fish we consume. As plastic is broken down into smaller pieces, it is swallowed by fish and small marine life, only to be munched by larger fish. It then hardens the plastic in the fish we eat. It says that it is not clear how much the presence of microplastics in seafood affects our health. This is difficult to

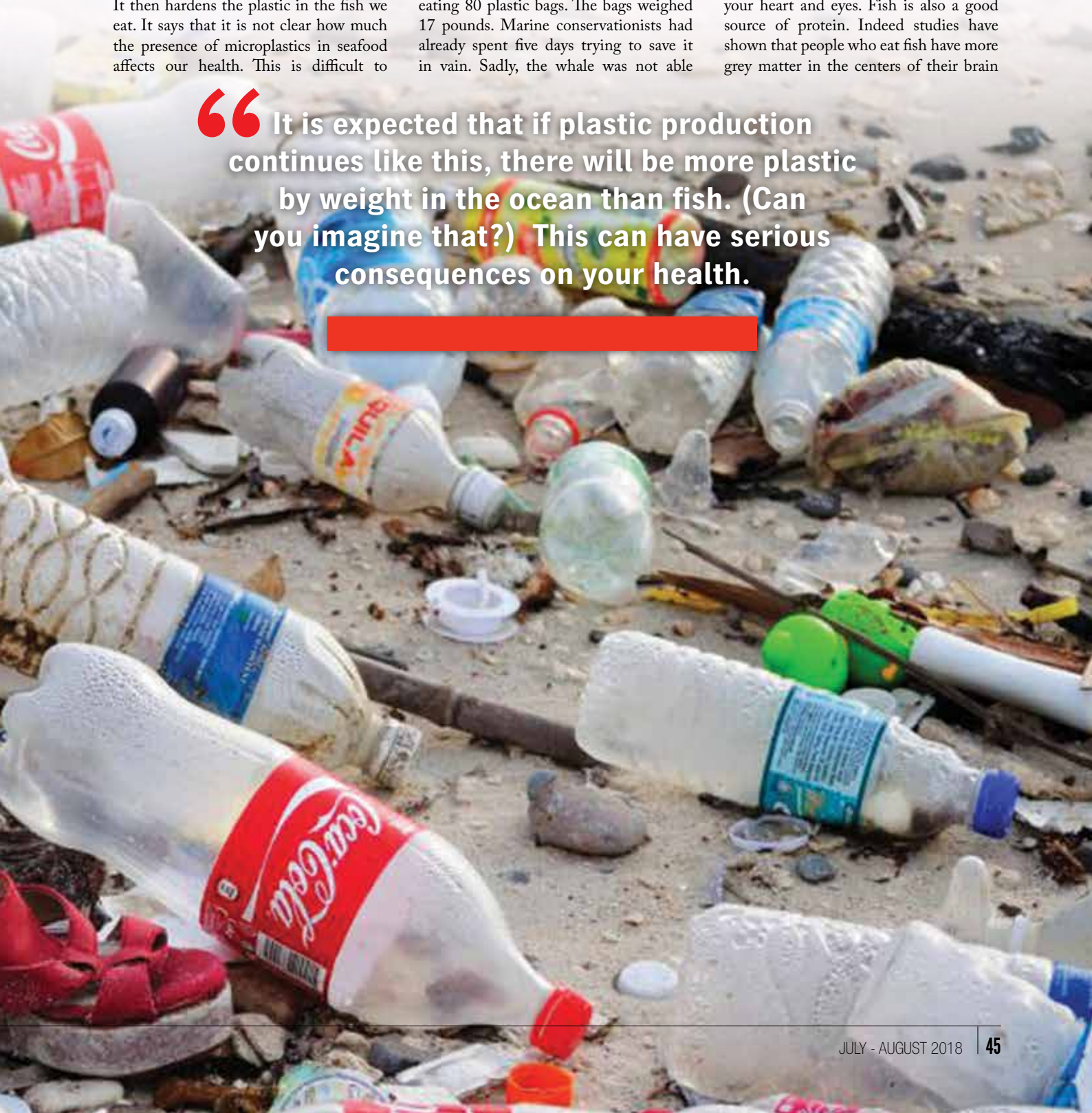
test because it is hard to find a sample group that hasn't ingested seafood with microplastics for a baseline. It is expected that if plastic production continues like this, there will be more plastic by weight in the ocean than fish. (Can you imagine that?) This can have serious consequences on your health.

Reports of animals and birds ingesting plastic bags abound. Just recently, a pilot whale died in Southern Thailand after eating 80 plastic bags. The bags weighed 17 pounds. Marine conservationists had already spent five days trying to save it in vain. Sadly, the whale was not able

to digest or throw up the plastic bags and it had no room for real food. The environmentalists attempting to save the whale's life were only able to remove 5 out of the 80 bags the whale had swallowed, it could not live with what remained inside it.

It is worth noting that fish ranks high in the healthy food list. It has useful nutrients like vitamin D and omega-3 which are vital for your brain, your body, your heart and eyes. Fish is also a good source of protein. Indeed studies have shown that people who eat fish have more grey matter in the centers of their brain

“It is expected that if plastic production continues like this, there will be more plastic by weight in the ocean than fish. (Can you imagine that?) This can have serious consequences on your health.



and are not so prone to mental ailments. Eating fish helps stem blood pressure and heart ailments too. It enables you to sleep well, avoid asthma especially in children, and type one diabetes.

Meanwhile, UN reports that a Platform for Action World Environment Day is the UN's most important day for encouraging worldwide awareness and action for the protection of our environment. It commenced in 1974 and has developed to the point that it is now observed in at least 100 countries. The UN further states that "The People's Day Above all, World Environment Day is the "people's day" for doing something to take care of the Earth. That "something" can be focused locally, nationally or globally; it can be a solo action or involve a crowd. Everyone is free to choose. It encourages each one of you to do something positive for the environment on this day as your way of marking it. It falls on the 5th day of June.

Kenya is one of the countries that has banned the use of plastic packaging. Kenya's banning of the manufacture and use of plastic packaging both at industrial and domestic level was lauded during the environment summit third United Nations Assembly in Nairobi. Kenya's President Uhuru Kenyatta was reported as saying that his advice is that nations should not heed the sceptics, who say that all countries cannot protect our planet better by banning plastic carrier bags. More than 4,000 delegates attended the conference held in December 2017. Several participants said they were encouraged by Kenya's example. President Kenyatta called for global support to help Kenya deal with this threat.

Since the banning, shops in Kenya have stopped using plastic paper bags to wrap customer's shopping and instead encourage them to buy environment friendly bags. This has greatly reduced the use of plastic paper bags in the country. More and more people are seeing the positive results of not using plastics. Today, you see most people shopping with their environment friendly bags in hand, fully aware that using plastics can attract a big fine.

Plastic bags are bad for children, yet children love to play with them. Marshallbrain says babies can roll over and get jumbled in a thin bag. Infants and toddlers can pull a bag above their heads and this can choke them when they

cannot get them off. Sleeping infants can fall asleep next to a bag, roll over against it and suffocate. So when you have little children, you are advised to keep plastics out of their reach; Marshallbrain warns strongly against having these bags near a sleeping child because in addition to what we have said here, you should always remember that infants have neither the strength nor consciousness to move away from anything when it blocks the face.

What is known is that plastic breaks down slowly in the ocean than it does on land. So because they get into the sea before degradation takes place, it is hard for them to disintegrate into smaller pieces which become microplastics. This is the same case with plastics that sink down in the seafloor.

Plastics are not all bad and their uses are interminable; they are durable, cheap, and water resistant. They are used by manufacturers and are not heavy. They protect health workers against contamination and keep things sterile. Plastic bags help with holding and moving goods. They can transport waste, chemicals, books, journals, newspapers, food and powder among other things. They can be made into many shapes because of their flexibility and lightness. They are largely made from plastic film; it is commonly used for all kinds of packaging and wrapping stuff.

The idea should be to minimize their use and restrict its use to very essential services. You could get natural, reusable bags to use when you go shopping, you can go further and give them to your family and friends, and even wrap your gifts in them. Any role you play in reducing plastic use will greatly help the environment. Don't forget there are still several companies out there who do not want to see people campaign against plastic bags.


You can help to clean our water sources, if for example you regularly walk around these water sources and remove any plastic or debris you see along them. You will have played your part by helping to remove the millions of microplastics away from the places where they cause a lot of damage. It would also be useful to recycle plastics, since besides bringing down greenhouse emissions, if plastic water bottles are recycled, there can be a reduction of the percentage of pollution in the air and water sources.

cananews@gmail.com

“ Since the banning, shops in Kenya have stopped using plastic paper bags to wrap customer's shopping and instead encourage them to buy environment friendly bags. This has greatly reduced the use of plastic paper bags in the country.







***“For good health’s sake,
run, jump, and shake.”***

- The Fresh Quotes

KEEP A HEALTHY HEART BEAT

Compiled by Angela Mutiso

Can you stem heart disease?

Coronary artery disease, is believed to be the number one cause of deaths in the U.S. Studies have also found that more men than women die from it. It is worth noting that apart from our genetic disposition to heart disease, there are many other factors that stress our hearts and cause heart attacks.

This article reveals some of these features and how you can stem them.

The good news is that there are several measures we can take. These include among others, a change of lifestyle, eating the right food, avoiding stress, doing the right exercises, exercising at the right time, and getting enough rest. The heart's main function as we know, is to pump blood around the body. Blood carries nutrients and waste products and is vital to life. One of the crucial nutrients found in blood is oxygen. But did you know that despite the crucial role the heart plays, not many people know enough about the way it functions, or how to keep it healthy, and why it can lead to instant death.

How does it happen?

First, we need to understand how it is triggered. Sudden cardiac death (SCD) is a sudden, unexpected death caused by a change in heart rhythm says webmed. It is the largest cause of natural death in the U.S., causing about 325,000 adult deaths in the U.S. each year. SCD is responsible for half of all heart disease

deaths. According to this report, heart attacks occur when there is a blockage in one or more of the arteries to the heart, preventing the heart from receiving enough oxygen-rich blood. If the oxygen in the blood cannot reach the heart muscle, the heart becomes damaged. Heart attack can also happen as a result of a detachment of blood flow in the heart's arteries. You can either feel pain near your chest, and at times because of diabetes,

you may have silent heart attacks when you don't even feel it coming.

So what should you look out for? (The diabetes factor)

Another factor is diabetes. Type 2 diabetes can affect you in several ways. You need to protect yourself, so you should learn about the kinds of heart diseases that are linked to diabetes and the warning signs to watch for. Coronary heart disease is the most common type of heart disease in people with diabetes. When you get this condition, your arteries get a buildup of (plaque) a fatty, waxy substance. This substance increases and eventually stiffens your arteries and reduces room for blood flow so your heart does not get enough oxygen... explains webmed. The clumps formed by

plaques can burst and give room for blood clots in your vessels.

This according to webmed can result in conditions like angina, which makes you feel pain in your chest or other parts of your body, or like you have indigestion. You could also get Arrhythmias, when your heart can beat unevenly and in a worst case scenario, your heart beat can stop.

What should you eat?

Jean Carper, bestselling author of - Food: Your Miracle cures, your miracle medicine and stop

“ The miracle heart; the ultimate guide to preventing and curing heart disease with diet and supplements. The writer notes that while heredity plays a big part in one's disposition to heart disease, biology can be overcome with the right foods and dietary supplements.



aging now - has delved deeply into matters relating to heart health. She has written a useful book about the heart, titled "The miracle heart; the ultimate guide to preventing and curing heart disease with diet and supplements. She notes that while heredity plays a big part in one's disposition to heart disease, biology can be overcome with the right foods and dietary supplements. Carper who has written several articles on a weekly column - USA weekend, updates her readers on current findings in the undeniable power of what we eat, of vitamins minerals and natural solutions in the treatment and possible reversal of heart diseases. She points out the benefits of fish and how it can help you fight heart disease. She advises that you to eat garlic, tomatoes, nuts, vegetables, and avocados among others. Carper encourages fish eating because among other things, it

blocks clotting, reduces blood vessels constriction, increases blood flow, lowers blood pressure and makes cell membranes more flexible. Did you know that raw onion can help with the reduction of cholesterol? In fact, the less you cook onions, the more potent it is in fighting HDL. Carper advises that you should use olive oil a lot; you can spread it on your salads before taking a meal.

In addition, eat carrots, apples, and take green tea to boost your health and to keep heart ailments at bay. Eat bananas and oranges as well if you are on blood pressure medications. Take less alcohol if you want some and avoid smoking as much as possible. Your body will thank you for that. Of course, as you age, so does your heart. To keep your heart young and healthy, add dark green vegetables to your diet. You will get magnesium from them and this can protect premature heart aging.

The Japanese diet

A study done in 2005 found that the more fish the Japanese ate, the higher was their consumption of omega-3 fats, and the lower was their rate of

heart disease (roguehealthandfitness)... we discover from this site that the consumption of sugar can be connected to heart ailments, and this is more likely because of its effects on insulin resistance roguehealthandfitness points out that people who consume 2 or more sugar-sweetened drinks (SSBs) daily have a 35% greater risk of heart attack. The omega 3 fats the Japanese eat, seems to reduce the possibility of getting heart attacks. This was revealed after a study showed that Japanese smoke almost as much as Americans and the British. They even get cholesterol and high blood pressure and type 2 diabetes but still get fewer heart attacks than their British and American counter-parts. They avoid ready-made meals, they also believe in eating a variety of dishes and including soy in their diet.

Sarver heart center (University of Arizona) which is dedicated to a future free of heart disease and stroke, gives us ten tips that can prevent heart disease and stroke. They advise that you should; take responsibility for your health, know your risk, don't smoke or expose yourself to second hand smoke, ensure you have a healthy blood pressure, monitor your

“ Always be on the lookout for stress related symptoms which according to family medical (achieving relaxation) normally include; increased pupil dilation, increased heart rate and blood pressure, rapid breathing, (to take in oxygen), tense muscles, heightened blood flow to your brain, less blood flow to your skin as well as increased blood sugar.

cholesterol (blood lipids), check your calories, exercise daily, pick your pills wisely, minimize stress and stay informed about what's trending in this field because science changes constantly. The University of Arizona in a study also found that every year, more women (425,000) than men (375,000) suffer a stroke. This is possibly because women live longer than men and as you grow older you are more predisposed to this ailment.

Do you know your risks?

Talking about knowing your risks, this center points out that the most notable risk factor for heart disease is age- the older you are the likelier you are to suffer from heart disease. Another factor is your genetic make-up. This is because if your parents, or other family members suffered from or died of a heart ailment, stroke or diabetes, your risk is enhanced. In fact, strokes reduce someone's mobility and quality of life immensely. In addition, post-stroke hopelessness is greater in

women than men. Another factor that predisposes you to heart attacks is leading a sedentary life and obesity.

Loneliness is bad for your heart

Research has shown that being lonely can kill you because it is not good for your health. Specifically, your heart. A report by Business Insider says that a new study found a link between loneliness and increased risk of death from heart problems. Studies show that those suffering from heart ailments were likelier to die if they had poor social connections. Loneliness, they say can have a detrimental impact on both our minds and bodies. In addition, experiencing difficult times in life including disease, can be even harder without a support network. When you do not have helpful networks, you can get into a depression with no one to turn to.

Always be on the lookout for stress related symptoms which according to family medical (achieving relaxation)

normally include; increased pupil dilation, increased heart rate and blood pressure, rapid breathing, (to take in oxygen), tense muscles, heightened blood flow to your brain, less blood flow to your skin as well as increased blood sugar. Another one is increased blood clotting. When your stress is protracted, you feel anxious, panicky, angry and very insecure. These feelings can cause you to take too much alcohol, and drugs. Family breakdowns can also lead to this unfortunate state of affairs. This is why you need to be active and in good company and it is the reason you should do all you can to avoid getting depressed.

Depression can mess up your life. Try to find your old friends, make new ones, join a social group and participate in community based activities. Also, spend time with people who make you happy and relaxed. Anything that cheers you up is helpful.

cananews@gmail.com

Health Tips

- Regular milk doesn't freeze well, mainly because the fat in it detaches during the freezing and the milk can become crumbly. Homogenized milk should do.
- Vegetables meant for the freezer should be blanched in very hot (boiling water) do not over do or under do it. Drain, pack and freeze.
- A simple way to relieve headache, is by rubbing the muscles of the shoulder; this gives you a feeling of ease and comfort.
- Celery is known to naturally reduce cholesterol and blood pressure.
- Give your body a good stretch when you get up every morning.
- Be on good terms with your parents.



TAX AMNESTY IN NIGERIA YIELDS FRUIT

In another report, Nigeria is said to have recovered a whopping 30bn naira after a tax amnesty arrangement. The scheme known as The Voluntary Assets and Income Declaration Scheme (VAIDS) allows those evading tax, immunity from prosecution as long as they voluntarily reveal assets and income they had not disclosed before. Ethiopia is opening some state owned businesses to investors. Meanwhile African Business says in another lead story that for the first time, Ethiopia will open its national carrier Ethiopian Airlines and state-owned telecom company to investors. They intend to do this by selling minority stakes in these organizations. This is seen as a bigger desire by the country's new Premier Abiy Ahmed to reform his country's economy which is reportedly East Africa's fastest growing economy. It has so far been dominated by the state. Follow these up for a more comprehensive report.

Meanwhile, the following are briefs from Africa.com. You can follow them up for more information.

SOUTH AFRICA'S PRESIDENT'S PLAN TO EMPOWER WOMEN AND THE YOUTH

South Africa intends to introduce a new bidding phase of the independent power producers (IPP) programme. It will be worth 50b rand (3.9bn) towards the end of 2018. The renewable energy projects are expected to add about 1800MW of power to the national grid. The new bids are

mainly targeting women-owned business participation and are also offering special openings for the youth. This is part of President Cyril Ramaphosa's economic plan to empower the youth and increase the involvement of women in developing SA's economy.

In other News...

PRINCE HARRY WEDS MEGHAN MARKLE



"Prince Harry's new title is His Royal Highness, The Duke of Sussex, and after marriage, Meghan Markle's title is Her Royal Highness, The Duchess of Sussex. She is the first woman to be known as the Duchess of Sussex. Prince Harry is the second Duke of Sussex. Prince Augustus Frederick, who campaigned against slavery, was the only other person to hold the title."

Source; Time



FAREWELL JOE JACKSON

Joe Jackson 89 has died. He was the father of music legends 'The Jackson 5' who included the late Michael & Janet Jackson. He played a major role in advancing the careers of his children. The tough patriarch died after a long battle with pancreatic cancer on 27th June 2018.



The following are some briefs from Africa.com for you to follow up



KEEPING AN EYE ON JOHANNESBURG'S CONSTRUCTION PLANS

Gauteng province's department of infrastructure development has unveiled a fleet of drones that will be used monitor building projects including those in and around Johannesburg.



SOUTH AFRICA'S PRESIDENT'S PLAN TO EMPOWER WOMEN AND THE YOUTH

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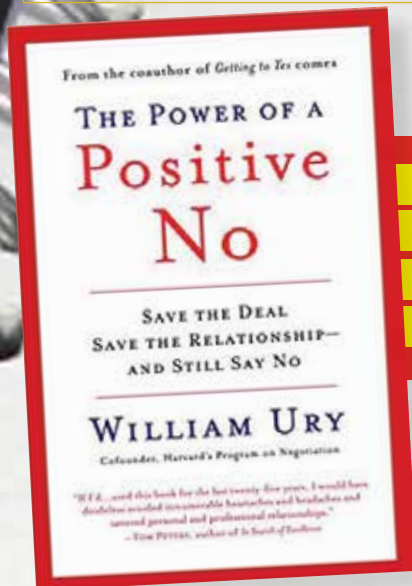
EAST AFRICAN COUNTRIES HAVE BECOME THE INVESTMENT HAVEN IN AFRICA

Both of Africa's biggest economies have experienced growth at below 2%, hit hard by fall in global commodity prices in 2016. While East African countries' led by Ethiopia, Kenya, Tanzania and Rwanda have been enjoying growth rates not less than 5% since then.

CELEBRATING EXCELLENCE IN BANKING AND FINANCE ON THE AFRICAN CONTINENT

Winners of the 2018 African Banker Awards have been declared and East Africa dominated the awards this year.





Reviewed by Angela Mutiso, cananews@gmail.com

Title: The Power of a positive No

Author: William Ury, Ph.D

Category: Self-help

Publisher: Hodder & Stoughton



“All in all, the power of a positive No is an invaluable book that will help you in whatever situation you find yourself in. It will keep you out of trouble, it will help you to keep your friends, tame your anger, get co-operation, get sales, appear reasonable and above all, makes it easier for the other person to understand your complaint and reasoning.

William Ury, author of “The power of a positive No, how to say no and still mean yes” co-founded Harvard’s Program on Negotiation. He is co-author (with Roger Fisher) of *Getting to Yes: Negotiating Agreement without Giving In*, a five-million-copy bestseller translated into over twenty languages. He is a respected and well-read author. In this book, we are told that the most powerful word in the language happens to be the potentially most destructive, and for many people, the hardest to say. But if we know how to use it well, it can dramatically change our lives. That word is “No”. The writer says that all too often we cannot bring ourselves to say No when we want to and know we should. Or do we say No but say it in a way that blocks agreement and destroys relationships?

We often find it difficult to say No when we feel doing so can ruin our relationships with family, friends and associates. This informative book guides you and tells you how to say No. It takes you through five important steps that can help you to deal with this recurrent issue. It shows you how to engage the person you are dealing with in a constructive and respectful way. It helps you to say No in a way that does not ruin your cherished relationships. Failure to express yourself can lead to serious consequences. So the author encourages dialogue. In many cases, if you have the upper hand, you can manipulate a yes (at the cost of a relationship) but is that what you really want? Or you could use relationship (at the cost of power). His advice is that you can use both to great effect.

This book essentially teaches you how to say “NO” by first understanding what you want to say “yes” to. The author explains that when you do, it becomes apparent why you must say “No”. This happens to be the central message of the book. Once you understand why your “Yes” is significant, the rest of the book will fill in the pieces on how to be very successful with your “No”.

The topics in this book include: Stage one, prepare...uncover your yes, empower your no, respect your way to yes. Stage two; express your yes, assert your no, propose a yes. Stage three; follow through, stay true to your yes, underscore your no, negotiate to yes. Conclusion; the marriage of yes and no. Here we learn that the No without yes is war. Yes without No destroys one’s own satisfaction, whereas No without Yes destroys one’s relationship with others. We need both yes and no together.

Ury stresses the importance of moving from reactive to proactive. Using interesting anecdotes, he advises that you must never react out of anger or any adverse feeling like fear or guilt. Think of what you really want and what is most important to you under the prevailing circumstances. Try to move from being reactive and from laying emphasis on No, to being proactive and more focused on Yes. We may not be able to control a situation unless we are able to control our own natural anger. He notes that anger can blind, fear can paralyze while guilt can weaken.

He regrets that these days the scarcest resource is time to think. It is important to find time to go to the balcony to reflect on your yes. Even rote phrases can help when someone is making an unwanted request. You could use phrases like - I am sorry, but this is not a good time to talk about this, Let’s talk about it this afternoon; or let me think about it and I will get back to you tomorrow; let me think about it; I need to contact someone, or let me make a call. You can actually come up with a number of reasons that are polite and meaningful enough to give you time to think, decide, and come up with an appropriate answer. And if the other person is behaving offensively, you could ask for a short break as you do one thing or the other. When you come back, you can give your reply after some reflection and consultation, your answer will then be a well thought out one and will have two very important ingredients; which are calm and balance.

All in all, the power of a positive No is an invaluable book that will help you in whatever situation you find yourself in. It will keep you out of trouble, it will help you to keep your friends, tame your anger, get co-operation, get sales, appear reasonable and above all, makes it easier for the other person to understand your complaint and reasoning. Remember that in speaking fact, there isn’t need to make the other wrong.

This book is available in all leading bookshops.

"You know what the gifts were? First of all, she's great at yoga, so I said, 'Bring your yoga mat and your sneakers in case we just want to do yoga on the lawn.' "So one of the bags was a yoga mat and the other was lunch."

- US television mogul Oprah Winfrey clarifying her April meeting with Meghan Markle's mother, Doria Ragland. Meghan's mum had visited her in her California home three weeks to her daughter's wedding to Prince Harry, and there was talk that she left with gifts.

"Well, he is very talented. Anybody who takes over a situation like (Kim Jong Un) did at 26 years of age and is able to run it and run it tough. I don't say it was nice, I don't say anything about it, he ran it. Very few people at that age – you can take one of 10,000 probably couldn't do it."

"I learned he's a very talented man. I also learned that he loves his country very much." These are some quotes from US President Donald Trump after meeting North Korean leader Kim Jong Un.

Source; *Financial Times*

"PreP Pre-exposure prophylaxis is not for everyone and it's not to be taken for life. Individuals who perceive themselves to be at risk should visit a healthcare facility for a HIV test and

have a discussion with the healthcare provider."

Dr. Nelly Mugo, Principal Research Scientist at the Kenya Medical Research Institute and lead researcher on the PrEP efficacy trials conducted in Kenya. It is feared that a pill meant to protect people from getting HIV might be indirectly encouraging promiscuity through unprotected sex.

Source; *Daily Nation*

"The government is doing whatever it can, but it is not possible to police each and every officer in every department. What it (government) needs to do is to make sure that the levels of corruption are reduced or controlled."

Construction hardware billionaire, Narendra Raval, talking about corruption in the country, during the launch of a three year entrepreneurship and social innovation training programme. He regretted that it was reversing investment gain.

"The first World Cup I remember was in 1950 when I was 9 or 10 years old. My father was a soccer player, and there was a big party, and when Brazil lost to Uruguay, I saw my father crying."

–Pele aka - Edson Arantes do Nascimento

In football as in watchmaking, talent and elegance mean nothing without rigour and precision."

–Lionel Messi.

"If you're in the penalty area and don't know what to do with the ball, put it in the net and we'll discuss the options later."

–Bob Paisley...

Top Inspirational Fifa World Cup Quotes 2018 – myfifacup.com

"Will we be able to continue working well together or will we all fall back into our individual roles? I call on us, and I hope we will find a common position on this, let's make the world better together and then things will get better for every single one of us."

– German Chancellor Angela Merkel

"Man's mind stretched to a new idea never goes back to its original dimensions."

– Oliver Wendell Holmes

"Far better it is to dare mighty things, to win glorious triumphs, even though checkered by failure, than to rank with those poor spirits who neither enjoy much nor suffer much, because they live in the grey twilight that knows neither victory nor defeat."

–Theodore Roosevelt

THE ONLY DISABILITY IN LIFE IS A BAD ATTITUDE

Interviewed by Angela Mutiso, cananews@gmail.com

CPA Calvin Onyancha Ayunga a KRA Tax Agent and county representative of ICPAK in Kisii (Nyanza branch) has never regretted resigning from the Association for the Physically Disabled of Kenya (APDK) where he was an Accounts Assistant, to set up his own business in Kisii. CPA Onyancha realized this choice would give him more time and space to use his talents to help disadvantaged people. "When KRA appointed me as a tax agent in May 2014, I knew I had to change strategy. I realized that with sheer discipline, focus, tenacity and hard work, it was possible for me to continue with my tax job and at the same time enhance the lives of people living with disabilities and those in the lower echelons of society, most of whom are ignorant of tax obligations and penalties, and are often snubbed by people." Onyancha says he has been powerfully motivated by former US President Barack Obama. He was particularly thrilled by how President Obama's mother and grandmother brought him up, how hard he worked despite his circumstances to reach the highest office, and how he led America diligently. He is also strongly influenced by Scott Hamilton's words; the only disability in life is a bad attitude.

Growing up in a humble home the odds of success were not on his side. But when his parents Nehemiah and Agnes Ayunga decided to ensure he goes far in his quest for education, he vowed to work hard and to use his talents to great effect. Onyancha 37, is married with three children. He grew up in Kisii where he started his primary education. He is particularly passionate about the poor and disabled because of his own humble background. It is a life he describes simply as difficult and grim. Nonetheless, rather than get discouraged, CPA Onyancha continued to use empathy, expertise and the right attitude to raise people's living standards. And as they say... charity



CPA Calvin Onyancha Ayunga

begins at home. Accordingly our star decided to start with his wife; he ensured that she completed her training as a P1 teacher. She is now doing a diploma in Special Education at the Kenya Institute of Special Education (KISE). It is clear that his tough and constrained life has taught him the value of patience, perseverance and teamwork- all abilities that have proven critical to his present job and life.

CPA Onyancha believes it was the will of God that got him to this point, and it is that will, that has made him aware of the silent suffering of many. Working in Kisii has enabled him to see the challenges many tax payers are

experiencing. He is calling upon KRA to increase awareness on tax obligations at the grass root, since many people do not seem to know about it. He discovered that at this level, a number of people are totally unaware of the function of the PINs they have. 'They do not know how to comply with the tax laws to avoid penalties. Basically, most people in rural areas have taken these PINs but do not know that they are supposed to pay a fine of 20,000 if they fail to file returns. They do not realize that if for example they do not file returns for 5 years they will have to pay a fine of 100,000. Most of the population in counties and villages are poor and ignorant and have neither the money nor the wherewithal to pay these amounts. "They acquire the PIN for purposes of selling land and getting electricity and water, and have no idea that they are supposed to file returns. So he is penalized for being ignorant and the law says ignorance is no defense. I feel sorry for these people who took a PIN for a transaction and now the tax man has a rope on their necks."

Below are excerpts from our interview;

What is your Present Position?

I am a Kenya Revenue Authority Tax Agent and a member of the Executive Committee of the Institute (ICPAK Nyanza branch)

What does your present job entail?

Handling tax matters for taxpayers, Convening ICPAK events in County and representing Kisii accountants in the executive committee, ICPAK Nyanza branch.

Academic qualifications

Bachelor's Degree in commerce (Accounting) on going

What was your First Job?

Audit assistant (Mwencha & Associates) later merged to form Nyakundi Mwencha & Associates

What did your first job entail?

Book-keeping, preparation of final accounts, carrying out audit assignments as directed by audit seniors and filing of tax returns.

What are your present responsibilities?

- Advise and represent taxpayers on matters pertaining to tax
- Liaise with Kenya Revenue Authority on behalf of taxpayers on all matters relating to tax
- Prepare and submit tax returns on behalf of taxpayers
- Dealing with any other matters that relate to tax on behalf of taxpayers

Professional development and other training

Attending ICPAK trainings, Attending Kenya Revenue Authority Trainings
Main gains

I have acquired more skills in handling tax issues, networking and acquiring more professional skills, as well as sharing different experiences from colleagues in other sectors.

Where have you worked and what have you done in those places?

I worked at APDK from 2014 May to 2016 May. I worked as an Accounts Assistant. My duties included:

- Controlling Petty Cash.
- Preparation of cheques for payment.
- Preparation of monthly reports to National Office.
- Banking/withdrawal of cash.
- Preparation of vouchers for making payments.
- Deputizing the branch coordinator.
- Keeping the fixed asset register for the assets held in the branch.
- Ensuring branch activities are carried out as required by National office.
- Preparation of budgets for branch activities.
- Keeping of financial records.
- Advising the Branch committee on financial matters.

Nyakundi & Mwencha associates (2007 to 2014) (Certified Public Accountants)
My work included:

- Preparation of financial statements
- Assisting taxpayers handle their tax matters
- Processing monthly and annual tax returns for taxpayers.
- Bookkeeping.

- Advisory services to taxpayers as pertains their financial records.
- Online submission of taxpayer's tax returns and online registration.
- Carrying out other office duties as assigned by the partners
- Carrying out Audit assignments (Sacco's, NGOs, private businesses) February 2005-2007: I worked for } the Electoral Commission of Kenya as a Polling/ Counting clerk and was involved with voter registration among other things.

How has the accounting profession developed lately in your view?

The accounting has highly embraced technology for instance most firms have embraced technology, in keeping their financial information.

What was your biggest challenge?

Reaching unregistered CPA graduates within the county

What changes would you like to see?

Regular training programs devolved to the counties and regular county visits to sensitize members on the need to join and maintain good standing status.

What tips would you like to give upcoming accountants?

- The young accountants be determined to stay focused on the profession
- They should be geared to create employment not being job seekers
- They should be felt in the society by being role models.
- Above all they should have discipline and patience

Major work highlights?

Reaching out CPA graduates, getting to learn various challenges facing accountants and being the link between the institute and the county. I was quite happy when I became a registered member of the Institute of Certified public Accountants of Kenya (ICPAK) in May 2015.

What have been your lowest moments?

When I am not able to meet my set objectives/targets

Hobbies? What inspires you? And who has inspired you most in your life?

Reading, watching soccer, travelling and encountering challenges. I am inspired when I am able to touch the lives of others, and bring positive changes to the society. I have been greatly inspired by former US President Barrack Obama. He has made me realize that no matter who you are, and no matter where you come from the sky is the limit.

Who would you like to appreciate for your professional success?

I would to thank my parents, and my wife Jackline Moraa for her patience and moral support, and the late CPA Zablon Mwencha and CPA Nyakundi Henry Juma. They mentored me in the profession.

What is your hope for your organization? To be professionally managed, offer quality services to the society and compete globally

What do you like reading? What are you reading now?

Financial magazines and journals, inspirational books, biographies of great world leaders and The Word of God. I am currently going through the budget 2018/2019 that was read the minister for finance.

Your take on the Institute today?

The institute should device a mechanism to ensure that each accountant employed whether in private or public is registered as a member.

Where/what did you study?

Riteke Primary, Ibencho secondary, St Ann's Training College for KATC 1. Thereafter, I went to Brilliant College of Accountancy where I did KATC 2, CPA Part, then proceeded to Buk pen College of Accountancy for CPA Part 2 & 3. I am currently at Kisii University doing Bachelor of Commerce (Accounting) and hope to graduate this year.

What changes if any would you like to see in your profession?

Cutting training costs to encourage new entrants to the Institute. The institute should make follow ups on CPA graduates annually and even conduct annual graduation ceremonies to track all graduates.

If you would like to be featured here, contact accountant@icpak.com

NEW APPOINTMENTS



On behalf of the Institute of Certified Public Accountants of Kenya (ICPAK) Council, members and staff I wish to salute CPA Denish Osodo on his election as Vice Chairman and CPA Anne Wangechi following her election as a council member. CPA Osodo takes over from CPA Rose Mwaura as Vice Chairman for period 2018 - 2019. I would like to take this opportunity to applaud CPA Rose Mwaura for having served as the Vice Chairman for period 2017 - 2018. CPA Rose continues to serve as a council member of the Institute until the end of her term. At the same time, I would like to commend CPA Samuel Okello for being re-elected as a council member. I look forward to having a productive engagement with the newly elected council members so as to actualise the mandate of the Institute.

FCPA Julius Mwatia
ICPAK Chairman



CPA Denish Osodo,
Incoming Vice Chairman
2018 - 2019



CPA Rose Mwaura,
Outgoing Vice Chairman
2017 - 2018 and a Council
Member



CPA Samuel C.O. Okello,
Re-elected for a further
3-year term



CPA Anne Wangechi,
Newly elected
Council Member



CPA Edwin Makori,
Chief Executive Officer

Other Council Members



FCPA Pius M. Nduati,
OGW



FCPA Wycliffe M. Shamiah



CPA Geoffrey Malombe,
HSC



CPA Obare Nyaaga



CPA Susan Khakasa
Oyatsi



Ms. Damaris Kimosop



CPA Edwin Makori
ICPAK Chief
Executive Officer
hands over a token
to H.E. Joyce Laboso,
Bomet Governor
after she officially
opened a CPD
event targeting
county officials in
Mombasa.



ICPAK Chairman, FCPA Julius Mwatu speaking during the opening of the 34th Annual Seminar in Mombasa.



From Right: ICPAK Chairman FCPA Julius Mwatu; outgoing ICPAK Vice Chairman, CPA Rose Mwaura and ICPAK CEO, CPA Edwin Makori cut a cake to mark Institute's 40th year anniversary.



ICPAK Chairman FCPA Julius Mwatu and CEO Edwin Makori hand over a memento to the Chief Administrative Secretary for National Treasury, Nelson Gaichuhie, after official opening of the 2018 Annual Seminar.



ICPAK Chairman (centre) together with the Cabinet Secretary for Education Ambassador Amina Mohamed (right) together with other IAESB delegates during the IAESB dinner.

THE PHENOMENON OF DUBAI “THE WORLD’S GREATEST CITY”

It has grown in sophistication



By Clive Mutiso

Nobody could accuse Dubai of being too modest – the tiny Gulf state bills itself as The World’s Greatest City. That might seem quite a boast, since, at first glance, Dubai has little to recommend it as a potential mega city. Although it is located on the Persian Gulf, it has no substantial oil reserves like its naturally endowed neighbours in the region, with oil comprising only 5 per cent of the economy. But watching Dubai

grow over the last 25 years has been a fascinating experience of how much can be achieved by a small nation with a giant vision.

Quite apart from hosting the tallest building in the world the Burj Khalifa, Dubai has to be the fastest growing city on Earth, with seaside residential developments and skyscrapers under construction round the clock. With no industry to speak of, the city state has become the unrivalled shopping capital

of the Middle East, attracting millions of visitors a year from as far away as every corner of Africa and Europe. The country’s biggest single enterprise in terms of revenues is Emirates Airlines, and with its global reach the airline has been crucial to the development of Dubai as a commercial hub and holiday destination.

The concept behind the establishment of Emirates Airlines was simple enough – buy a fleet of brand new wide-body

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Quite apart from hosting the tallest building in the world the Burj Khalifa, Dubai has to be the fastest growing city on Earth, with seaside residential developments and skyscrapers under construction round the clock.

aircraft, fit them out to an impressive standard of comfort, crew them with cabin service staff from around the world speaking almost every known language between them, and commission chefs to develop in-flight meals that would set a new standard for the industry. But it was the extra wrinkle of routing all intercontinental flights through Dubai that turned a sleepy desert port into a modern commercial colossus.

Instead of just hopping from one

plane to another in the course of getting around the world, passengers were encouraged with cheap overnight hotel deals to break their journey and spend a bit of time in the city. Truth to tell, the place did not have much to recommend it at first – just year-round scorching temperatures, and sand, sand, and more sand. But the establishment of a free port created the chance for savvy traders to lure travellers with quality goods shipped in from around the world





and sold at prices that were unbelievably cheap. Ships docked in the Dubai Creek at Deira, cargo was off-loaded onto the quay, and waiting buyers snapped up the bargains, often loading them straight onto smaller vessels like coastal dhows to be carried straight out of the country to destinations through the Gulf, the Middle East, and the ports of coast of Africa.

Over the past quarter of a century, the Deira operation has expanded exponentially, and grown in sophistication, but it has maintained its reputation for unbeatable bargains on almost every imaginable type of merchandise. It was the free port that first brought in large numbers of visitors, mainly international traders looking for goods to take to their home countries. But soon more hotels were needed to accommodate the traders, warehouses were needed to stock, re-package, and re-ship merchandise, and offices were built and fitted out to house trading operations, shipping, insurance and legal services, banking and currency trading establishments. The professionals manning these operations began to demand leisure facilities, luxury residential accommodation, health services, and world-class educational facilities. Even though the population is only 3 million, Emiratis are outnumbered about five to one by expatriates, who come from 200 different countries around the world.

The Tryp by Wyndham Hotel at Barsha Heights



Air conditioned bus stop



This cultural diversity is reflected in the many different religions that are represented in the Emirates because although Islam is the official religion, with the state licensing and paying all the imams in the public mosques, other religions are allowed to worship freely, so long as they do not engage in proselytising. Emiratis are passionately attached to their faith and culture, and public modesty is the norm, with infringements likely to cause offence and attract penalties that can sometimes seem harsh to visitors from less conservative countries.

As the economy has grown, Dubai has developed hundreds of hotels, luxury waterside developments, beach resorts, superbly equipped hospitals, international schools, universities, and palatial residential neighbourhoods and shopping malls, all linked by immaculate broad highways and a state-of-the-art, air-conditioned, elevated metro railway. And in the process, Dubai became a destination in itself, with visitors coming

to shop in pristine malls stocked with every known luxury brand. To handle the massive influx of business visitors and tourists, the international airport has grown into a massive city in its own right, with a metro railway station just a few steps away from the arrivals hall with frequent trains that can connect visitors to all the attractions of the city. All the world's major hotel chains have properties dotted around the city, and the visitor is spoiled for choice.

The cosmopolitan staff of all of the hotels and malls leads to a great working atmosphere and provides the guest with a really friendly, welcoming, experience. The Tryp by Wyndham Hotel at Barsha Heights is just one example of the professional friendly service to be found throughout the city. The food can be a little bland, with almost all of the ingredients being imported, but it is fresh, creatively prepared, and served in generous portions. The name Barsha Heights is something of a misnomer, since the locality is sited on the flat coastal plain, with nary a hill

Dubai Mall Aquarium



One of Dubai malls



in sight. The only heights round are the skyscrapers that dominate the landscape, with more under construction, day and night, in every direction. Every building is air conditioned, which is essential in a place where daytime temperatures can stay around 45 degrees Celsius for weeks on end, humidity is almost continually 90 per cent, and sandstorms sweeping in off the desert can sometimes reduce visibility to a few metres.

However, the harsh climate is forgotten, and reality is suspended once the visitor is indoors, on the Metro, or safe within the airy, spacious, malls, with their own carefully controlled climate and seemingly endless expanses of bright and spacious retail outlets and restaurants. There is every type of fast food on offer,

with all the major global franchises ubiquitously represented, but it is the gourmet restaurants, atrium coffee houses and vast food courts that make the malls a memorable culinary experience. Regular meal breaks are essential because the malls are open from early morning to late at night, and most visitors take “shop until you drop” as their motto. With its annual Shopping Festival, Dubai makes no apology for its dedication to radical retail therapy.

Nowhere else in any city world offers such a concentration and choice of luxury goods and designer brands, with not a counterfeit in sight, and everything bang in fashion. The shopping frenzy is maintained by regular sales and promotions, some of which offer astonishing bargains with up to ninety per cent reductions on prices that are already more competitive compared with other

world cities. There is a recently introduced value Added Tax on most item, but visitors can keep their VAT receipts and claim all the tax back at the airport, were they will be given their refunds in the form of a loaded debit card that can be used anywhere around the world. But most of the refund cards are put to use almost the instant that they are issued, because the international airport has an almost limitless range of duty free stores loaded with attractions that few can resist.

And, beyond the duty free zone, aircraft are waiting to whisk visitors exhausted by shopping to almost every destination on the international aviation network. Which is just as well, because after an intensive bout of compulsive shopping, most visitors feel ready for a well-earned holiday.

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MANUFACTURING IN KENYA

Can it grow?

By FCPA Dr. Jim McFie

During the celebration of Jamhuri Day on 12th December 2017 to mark the 54th anniversary of Kenya's becoming an independent nation, President Uhuru Kenyatta reiterated that he would dedicate his final term to achieving the "The Big Four Pillars": food security; affordable housing; manufacturing; and affordable healthcare for all. It is always informative to look at numbers: accountants do this all the time – one may "feel" that a company is doing well financially, but what do the financial statements reveal: one may feel one has done well in an examination, but

what mark did one achieve? (hoping that the person marking one's script really examines one's answers carefully and honestly); and one may feel that one has run a race well, but does the stop-watch indicate a time that is better than one's previous best. It is always important to seek the truth about any situation. But let us examine some points in the President's speech.

President Kenyatta's words were inspiring: "For a long time now, many in our political arena have believed that politics matters more than economic development. We have drawn Kenyans into our squabbles. For fifty years, we have

squabbled over politics for politics' sake, and squandered economic opportunities that would have made a difference in the lives of our people. My Friends, there is abundant evidence that focusing on economic development transforms nations. Over the fifty years, we have seen countries that focused on development, and nothing but development, leap from poverty to prosperity.

Singapore, a city State, is a shining example. It focused on using politics to build its economy, and was so ambitious and disciplined that it became a world leader in multiple sectors. The pursuit of politics for politics' sake is the



Enhancing Manufacturing

a Kenyan without hope. You, the Kenyan people, spoke clearly. We want dignity; we want to put enough food on our tables; and we want a lower cost of living. I listened”.

It is great to hear the President stating that he listened: I tell my audience often that they tend not to listen. The audience may be physically present, but their laptops, their tablets, their phones or their day dreams take over their minds. What comes after listening? Thinking: and this is what the President did: “On reflection, I came up with four responses to your concerns. I call them the Big Four: food security, affordable housing, manufacturing and affordable healthcare for all. During the next 5 years, I will dedicate the energy, time and resources of my Administration to the Big Four. The Big Four will create jobs, which will enable our people to meet their basic needs. Jobs will transform the lives of our people from

that of hardship and want, to new lives of greater comfort and wellbeing. And that is the future I have seen”. But will the President get the backing he needs from countless people in the Administration?

In the President’s speech on 28th November 2017, the day of his second inauguration as President of Kenya, he was even more precise on what he envisioned. I shall not go into the whole speech but simply quote what he said in relation to housing and manufacturing: “Policy and administrative reforms which are targeted at lowering the cost of construction, and improving accessibility of affordable mortgages will be given first priority. Creating jobs and opportunities for our young population is also a top priority. In this regard, we will target manufacturing. As you know, our manufacturing sector is the primary vehicle for the creation of decent jobs. We will build on ongoing



High amounts of Mercury, Copper allegedly found in contraband sugar

past; the pursuit of political leadership for economic liberation is the future. And it up to us, as Kenyans, to deliver it”. We have to ask ourselves – each one of us – are we being sincere?

The President continued: “During my inauguration address on the 28th of November, I mentioned the more than 700 campaign rallies I attended across the entire country. During these rallies, you and I had a lengthy and productive national conversation. In our interactions, four things emerged as the major concerns that deserved our focus. You told me that a jobless Kenyan is a desperate Kenyan; you told me that a hungry Kenyan is a negative Kenyan; you told me that a sick Kenyan is a weak Kenyan; and you told me that a homeless Kenyan is



Nutritional Security

Universal Health Coverage



efforts, such as the VW and Peugeot motor-vehicle assembly plants; the fertilizer blending factories; and Wrigleys in the confectionery industry. Similarly, we will target the creation of 1,000 small and medium scale enterprises in agro-processing. Over my term, we will grow and sustain this manufacturing sector, and raise its share of the national cake from 9 to 15 percent”.

Below this article, I show a table indicating the percentage of Gross Domestic Product (GDP) that manufacturing has made up in a number of countries. These numbers are from the World Bank website; another possible source is a Briefing Paper Number 05809, dated 5 January 2018, from The UK House of Commons, entitled “Manufacturing: international comparisons”. The numbers are different. Unfortunately, the accuracy of both sets of statistics is questionable. But let us use the World Bank figures; they may be closer to the truth.

The values for manufacturing in 2016 for the US and for China are not yet available on the World Bank website. In 2015, the value of China’s manufacturing value added was US\$ 3,250.42 billion (B), the US was \$2,142.36 B, India \$315.39 B, the UK \$258.76 B, Egypt \$55.55 B, Singapore \$54.40 B, South Africa \$38.08 B, Vietnam

“It is great to hear the President stating that he listened: I tell my audience often that they tend not to listen. The audience may be physically present, but their laptops, their tablets, their phones or their day dreams take over their minds. What comes after listening?”

\$26.46 B, Kenya \$6.01 B, Tanzania \$2.39 B, Uganda \$2.36 B, Zambia \$1.59 B, Zimbabwe \$1.40 B and Rwanda \$0.49 B. Although manufacturing value added in Kenya declined from 10.33% of GDP in 2015 to 10.03% of GDP in 2016, the

value rose from \$6.01 B to \$6.48 B. It is always important to keep in mind that GDP may be increasing at a faster rate than manufacturing value added.

From the first column in the table below, it can be seen that the world manufacturing value added decreased steadily from 21.46% in 1995 to 16.31% in 2009, but has then hovered between 16% and 17%, ending with the figure for 2015 at 16.63%. One could argue that there is plenty of potential for Kenya to raise its manufacturing so that manufacturing value added in Kenya rises to the world average. And the argument goes that this will help solve the unemployment problem, especially among the youth. President Kenyatta states: “a jobless Kenyan is a desperate Kenyan”. Today one needs money to live: this fact is truer today in Kenya where more and more children are born in urban areas to a family which owns no land. The website I use to obtain statistics on population is “worldometers”. It gives one the world population on a real time basis – obviously based on many assumptions. As I write this article, the world population is increasing by the second – it was 7,629,443,392 people when I copied the number a few seconds ago. Kenya’s present population according to worldometers is 50,950,879 and is increasing at one of the world’s faster rates at 2.54%, which means the population is increasing by 1,251,017 per year at present. Between 1st July 2016 and 30th June 2017, more than 378,000 children were born in Kenya to girls between the ages of eleven and nineteen – more than 30% of all children born: can those young girls educate their children? Is Kenya generating 1,251,017 new jobs every year? If a young man becomes “desperate”, what is he inclined to do? Probably steal: crime levels will probably get worse in Kenya. But there is another factor which indicates that even if Kenya succeeds in raising manufacturing to 15% of GDP, it will not solve the unemployment problem. In a study entitled “US Manufacturing: Understanding Its Past and Its Potential Future”, written in 2014 by Martin Baily and Barry Bosworth, two economists attached to the Brookings Institution, in Washington, DC, the authors point out: “The development of the US manufacturing sector over the last half-century displays two striking and somewhat contradictory features: 1) the growth of real output in the

US manufacturing sector, measured by real value added, has equaled or exceeded that of total GDP, keeping the manufacturing share of the economy constant in price-adjusted terms; and 2) there is a long-standing decline in the share of total employment attributable to manufacturing. The persistence of these trends seems inconsistent with stories of a recent or sudden crisis in the US manufacturing sector. After all, as recently as 2010, the United States had the world's largest manufacturing sector measured by its valued-added and, while it has now been surpassed by China, the United States remains a very large manufacturer". The authors point out that there are some potential causes for concern about US manufacturing. The first is that although manufacturing's output share of GDP has remained stable over 50 years, and manufacturing retains a reputation as a sector of rapid productivity improvements, this is largely due to the spectacular performance of one subsector of manufacturing: computers and electronics. A second concern is that of declining employment in manufacturing: manufacturing's share of total US employment has declined steadily over the last 50 years; but recently there has been a large drop in the absolute level of manufacturing employment. After holding steady at about 17 million jobs through the 1990s, manufacturing payroll employment dropped by 5.7 million between 2000 and 2010. The dramatic fall in the absolute level of US employment in manufacturing after 2000 amounts to a loss of one-third of the total by 2011. The decline in manufacturing employment as a share of the economy-wide total is a long-standing feature of the US data and is also a trend shared by all high-income

economies: for example, data from the OECD indicate that the decline in the share of US employment accounted for by the manufacturing sector over the past 40 years - at about 14 percentage points - is the same as the average of the G-7 economies (Canada, France, Germany, Italy, Japan, the UK and the US). The US Congressional Budget Office projects civilian employment to be 159 million in 2023; if the historical trend continues into the future, the implied level of manufacturing employment would be about 10 million, or about 2 million jobs below its current level. It is important to remember that this article was written before artificial intelligence and robotics increased in importance. Furthermore, one US view is that market forces and new technologies are already aligned to bring about a re-shoring revolution, bringing jobs and production back to the United States. Another view is that the right set of government policies could generate a different future path. These same authors, writing in 2014, argue that: "Another important step that the US could undertake to become a more attractive location for manufacturing in a world of global supply chains involves its tax code. The marginal rate of corporate taxation in the United States is too high, particularly in relationship to the tax rates of other countries. In a world economy where choices about capital, technology, and production facilities are increasingly flexible, this is inducing firms to locate overseas. The United States has the highest corporate tax rate within the OECD, and, at a combined 39 percent, it exceeds the average by 14 percentage points. The United States needs to follow the lead of other countries in shifting toward greater reliance on consumption-based taxation".

The US has now lowered its corporate tax rate from 35% to 21%; the rate of corporation tax in the UK is heading towards 17%; in Mauritius, the rate is 15%; in the Republic of Ireland it is 12½%; in Dubai it is 0%. The insecticide "Doom" used to be made in Kenya: it is now made in Dubai: that is why I now use "Moss-Kill" - currently made in Kenya - but who knows - its manufacturer may also move to Dubai. On 30th May 2018, Nestlé announced that it would be closing down its regional office in Kenya: it carried out some manufacturing in Kenya. Over 100 employees at its head office, the majority of whom are Kenyans, would lose their jobs. Nestlé is reorganizing its sub-Saharan Africa operations to stay afloat. "Our team in EAR has done a tremendous job, but after trying for nearly 10 years we can no longer sustain the cost of the regional head office with the size of the business there," the company stated. Customers, trade and wholesale partners, and suppliers will not be affected: in other words, their products will be imported instead of being manufactured in Kenya. In 2015, Nestlé had to accept a court decision that suspended the layoff of 46 employees after they claimed that the company discriminated against them. Justice Nduma Nderi restrained the firm from declaring them redundant. Do judges and persons in the Government realize that businesses today can operate in many different jurisdictions? The Boston Consulting Group argues that rising wages in lower cost countries, low worker productivity, corruption and the risk to personal safety are concerns that make the US a more attractive manufacturing option. Kenya Inc. will continue to manufacture only if it becomes much more competitive.

Affordable Housing



“ The US has now lowered its corporate tax rate from 35% to 21%; the rate of corporation tax in the UK is heading towards 17%; in Mauritius, the rate is 15%; in the Republic of Ireland it is 12½%; in Dubai it is 0%.

Manufacturing, value added: % of GDP

	World	Kenya	Rwanda	Tanzania	Uganda	Egypt	S Africa	Zambia	Zimbabwe	Singapore	UK	US	Vietnam	India	China
1960		9.41			8.45		20.23			11.19				16.19	
1961		9.93			8.45		20.80			10.86				16.92	
1962		9.32			7.56		20.93			11.29				17.57	
1963		9.39			8.79		21.62			12.26				17.53	
1964		10.35			7.74		22.31			13.48				16.50	
1965		11.45			8.43		23.05	6.92	17.14	14.34				16.79	
1966		10.92			8.24		22.71	8.53	15.47	14.94				16.14	31.53
1967		11.16			8.39		22.04	9.83	16.53	15.23				14.67	27.88
1968		11.30			9.04		22.12	10.63	16.83	15.91				15.06	25.81
1969		11.93			9.17		22.66	8.91	16.27	17.07				15.77	29.29
1970		11.98			9.16		23.04	11.03	17.93	18.48				16.13	33.35
1971		12.57			8.28		22.22	13.85	18.64	19.55				16.87	34.62
1972		11.31			7.76		21.50	14.81	19.29	21.18				17.04	35.60
1973		11.99			6.79		21.67	13.43	20.52	22.32				16.83	35.72
1974		12.72			7.94	17.77	20.9	14.0	20.3	22.8				18.37	35.18
1975		12.01			6.34	17.41	22.8	17.37	20.3	22.2				17.99	37.60
1976		11.28			6.01	16.11	23.18	15.67	20.17	2.90				18.52	37.00
1977		10.97			5.83	14.87	21.31	19.65	19.29	23.47				18.18	38.77
1978		12.32			4.42	14.63	21.05	21.46	19.75	24.25				19.40	40.10
1979		12.30			3.69	13.64	21.91	20.08	20.46	26.27				20.44	39.62
1980		12.84			4.28	12.25	21.76	18.26	21.58	27.55				19.10	39.86
1981		12.34			1.87	12.95	24.09	19.77	21.77	26.27				19.19	37.97
1982		12.21			6.68	13.29	23.79	20.57	20.88	23.10				18.75	36.78
1983		11.75			5.73	13.20	23.57	23.31	23.01	22.29				19.01	36.02
1984		11.89			6.74	13.23	23.10	23.05	22.65	22.24				19.02	34.95
1985		11.72			5.81	13.51	21.87	25.46	19.85	20.90				18.87	34.42
1986		11.89			6.45	13.26	21.94	25.24	21.45	23.45				18.71	34.64
1987		11.55			5.88	16.49	22.45	28.48	22.69	25.09				18.74	34.13
1988		11.89			5.78	17.74	23.02	32.71	21.51	27.31				18.51	34.92
1989		11.67			5.94	18.17	23.57	34.37	25.60	26.70				19.38	33.93
1990		11.72			5.67	17.76	23.7	36.0	22.7	25.58	17.31			19.08	32.30

	World	Kenya	Rwanda	Tanzania	Uganda	Egypt	S Africa	Zambia	Zimbabwe	Singapore	UK	US	Vietnam	India	China
1991		12.05			8.97	5.82	16.57	22.97	36.75	27.16	26.59	16.98		17.95	32.16
1992		10.79			8.20	6.17	16.56	21.96	37.16	29.53	25.63	16.66		18.13	32.41
1993		10.01			7.49	5.98	16.71	21.26	27.94	23.01	25.93	16.23		18.09	33.65
1994		10.69			7.41	6.52	17.20	21.05	10.42	21.17	25.31	16.88		19.13	33.32
1995		21.46	9.88		7.17	6.79	17.45	21.35	10.40	21.80	25.71	17.26		20.43	33.35
1996		21.02	13.26		7.37	7.86	17.71	20.36	12.40	18.78	24.69	16.98		20.01	33.21
1997		19.91	12.91		6.90	8.58	17.56	20.08	12.29	18.01	23.50	16.90	16.58	18.71	32.87
1998		19.60	12.30		10.55	9.11	18.29	19.60	12.24	16.63	23.89	16.13	16.21	17.71	31.54
1999		19.26	11.43		9.68	9.83	19.54	18.74	11.54	16.35	24.28	15.15	15.86	17.23	31.28
2000		19.16	11.62		9.39	7.58	19.37	19.17	10.70	15.61	27.75	14.56	15.51	18.07	31.78

	World	Kenya	Rwanda	Tanzania	Uganda	Egypt	S Africa	Zambia	Zimbabwe	Singapore	UK	US	Vietnam	India	China
2001		18.50	11.00		8.98	7.53	19.06	19.22	10.36	14.56	24.84	13.54	14.24	17.29	31.29
2002		18.10	11.07		8.89	7.82	19.77	19.38	10.78	13.25	25.99	12.73	13.74	17.56	31.06
2003		18.18	10.92		8.89	7.53	18.49	18.94	11.35	13.66	25.96	11.94	13.62	17.59	32.47
2004		18.11	11.25		8.71	6.73	18.33	18.67	11.12	15.12	28.22	11.35	13.52	18.01	31.98
2005		17.9	11.8	5.6	7.77	7.46	17.7	18.1	10.8		27.7	11.0	13.3	18.1	32.0

	World	Kenya	Rwanda	Tanzania	Uganda	Egypt	S Africa	Zambia	Zimbabwe	Singapore	UK	US	Vietnam	India	China
2006		17.96	14.32	6.60	7.99	7.55	16.98	16.43	10.32	16.89	27.15	10.55	13.35	18.96	32.45
2007		17.73	14.46	5.96	7.54	7.56	16.11	16.08	9.49	16.40	24.62	10.02	13.12	18.88	32.37
2008		17.28	13.58	6.05	7.46	7.77	16.25	15.99	9.24	16.66	21.12	10.02	12.62	18.22	32.09
2009		16.33	13.39	6.54	7.37	9.11	16.55	15.00		14.28	20.70	9.58	12.17	17.85	31.52
2010		16.77	12.62	6.77	7.37	9.16	16.89	14.39		12.59	21.38	9.92	12.45	17.47	31.54
2011		16.68	13.08	6.55	8.14	10.58	16.50	13.30		12.27	20.17	9.99	12.58	17.38	31.98
2012		16.51	12.25	6.44	7.99	11.31	15.80	13.00		11.37	19.94	9.86	12.50	14.79	31.42
2013		16.29	11.88	6.29	6.88	10.28	16.05	12.90		10.78	18.47	10.14	12.44	14.83	30.55
2014		16.33	11.02	6.33	6.07	9.19	16.20	13.40		10.37	18.86	9.93	12.30	14.61	30.38
2015		16.63	10.33	6.35	5.69	9.47	16.50	13.39		9.97	19.47	10.07	12.27	15.27	29.38
2016		10.03	6.26	5.54	9.50	7.7	17.04	13.34	8.07	9.55	19.62	10.11	15.86	16.51	
Max		21.46	14.46	6.70	10.51	11.31	19.77	24.09	37.16	29.53	28.22	17.38	16.58	20.44	40.10



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2ND CHAPTER SEMINAR – AUSTRALIA



Date: 4th – 8th September 2018

Venue: Perth City, Australia **Time:** 9:00am – 16:00pm daily

Theme: Rethinking the Accountancy Profession; Celebrating the Milestones



**20
CPD
Units**

Topics

- The Global Professional Accountant: Addressing the Brain Drain.
- Big Data, Analytics, Business Intelligence (BI) and Innovation.
- Building Secure Environments for Skilled Human Capacity in both the Public and Private Sectors.
- Public Sector Governance and Reporting – Lessons from Australia.
- Dealing with Financial Crime and Money Laundering: Lessons from Australia.
- Accountancy and whistle blowing.

Target Audience

Accounting professionals living and working in Australia and its neighbouring nations, professionals from Kenya, Chief Executive officers, Managing Directors, General Managers, HR directors/managers, Marketing directors, finance and non-finance directors/managers and other top management in both private and public sectors.

Seminar charges are as below:

Category	Early Bird Registration Booking & Payment on or before 21 st August 2018	Normal Registration Booking & Payment or LSO/LPO received after COB 21 st August 2018
Members	Ksh 104,950	Ksh 109,950
Non-Members & International Delegates	Ksh 114,950	Ksh 119,950

Further requests can be channeled to us via telephone calls on **+254 719 074 100/129** or via email to **memberservices@icpak.com** or **elsie.nyambura@icpak.com** **+254 719 074 215**