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Your Views

Dear Editor

IS THE JUNIOR ACCOUNTANT A LOST POTENTIAL?

We need to sustain the junior accountant in the market

Kibet is a 25 year old young man, a holder of Bachelor's degree, Accounting option and a Certified Public Accountant. He holds several certificates in computer software. It was his dream to become an accountant so he worked hard in high school to make it to campus; and he did.

Job search

After kibet was well armed to achieve his dream he set out to Nairobi to live with a friend as he searched for a job. After a few months he realized it was not easy and that he was becoming a burden to his friend and his family who were still providing for his upkeep. He decided to take a casual job as a clerk to provide for his upkeep as he searched for his dream job. Two years later he had attended many interviews without success.

Frustration

One day he came to know that a blue chip company, listed in Nairobi stock exchange was looking for interns, he applied and was taken. He was ready to sacrifice six months without a salary as long as he was taken in for employment. He was aware of the starting salary after internship and had hopes that his journey to his dream job had just started.

Six months later Kibet's hard work paid off and he was recommended for employment. He was offered employment but with half the salary he expected; that is gross of kshs 20,000. Kibet was frustrated and tried to plead with management for consideration, but was told to take it or leave it. Kibet had no option but to leave the job and go back to his casual job which was not related to accounting because it was paying more.

This story is echoed by many junior accountants out in the market. They have all the qualifications needed but are not getting jobs, and if they get, they are poorly paid. Consequently, they opt to do anything other than accountancy.

Sustaining

It is high time the Institute of Certified Public Accountants took over the accountants' market by;
1. Taking statistics of students and qualified accountants in the market; this should include employed and unemployed as well as dormant and active accountants.

2. Offering career guide and monitoring the reason many are not achieving it. ICPAK should be committed to providing students and CPA candidates with information and tools to guide them to a successful entry into the accounting profession.

3. Offering a salary guide by collecting data and research, which can be used as a reference point. For example The American Institute of Certified Public Accountants uses Robert Half's 2018 Salary Guide for Accounting and Finance and U.S. Bureau of Labor Statistics and other private entities such as Glass door as a guide to salary rates for various finance and accounting qualifications.

4. Ensuring that those holding senior accounting positions are qualified and are members of ICPAK. This should be done in institutions the public is interested in. Currently we have unqualified persons holding senior positions due to corruption, nepotism and forging of documents. These people are not able to mentor.

ICPAK Should ensure that accountancy is not an ordinary business course but a profession that is respected and adored as those who choose to be accountants achieve their career goals.

CPA Eva Waheire

Dear Reader,

Many trainers believe that within any environment, certain foundational aspects of internal audit are necessary for success. One of them is audit transparency. It appears, that there is an intrinsic lack of trust of internal auditors in many organizations. This is probably because of the negative undertone that is inherent in the word "audit." It leads to the perception that auditors are "out to get them." The writer says in our cover story, that one of the best ways to get rid of this attitude is to have ultimate transparency throughout the audit process. In this feature, you will also find out why setting an appropriate tone with the auditee is key to establishing a strong foundation and relationship.

The Coffee Stain Theory is a good illustration of why things are not always what they seem to be, or maybe on the flip side, explains why you have the coffee stain in the first place. Basically, the coffee stain theory suggests that if you find coffee stains on the tray table of an airplane, it calls into question how well the engines are inspected and maintained, no matter how seamless every other service looks. If you extend this theory, one could say the culture of the company does not emphasize or reward diligence and possibly, hard work. If you stretch it even further your safety risk, is significantly higher in such a plane. In Kenya, we need to study the telltale signs of the culture we have nurtured. Illustrations in this country are much clearer than coffee stains. In our case, we need to clean our stains so we ensure we have clean trays. You will find this article in the management segment.

Meanwhile, the Russia 2018 World Cup was reportedly the most expensive one in history; costing a whooping USD 14.2 million. The author of this feature states that as accountants and practitioners, you need to think of ways of engaging in such sporting activities. Sports like any other business, generating income, is a constant preoccupation for sport administrators. However, unlike businesses in other industries, the need to generate income is not primarily motivated by a desire for profit but rather a greater yearning to improve sporting performance. Greater income allows clubs or teams to attract better coaches and players, and to improve sporting facilities and purchase better equipment to improve results. In today's economy there is a lot of money that circulates in sports associations and clubs competing at the professional level. With the amount of money involved, it might help to transform sports from the tradition of being a nonprofit association to a regular business. The turnover can create more possibilities for and in this industry. This article titled sports as a business, can be found in finance and investment.

All the scandals that have occurred in ministries, departments and agencies have happened due to blatant non-compliance with the Public Financial Management Act-2014, Public Financial Management Regulations, Public Procurement and Disposal Act-2015, Public Procurement and Disposal Regulations and Anti-corruption and Economic Crimes Act -2003. The author says, this is because all these laws and regulations have detailed how a public officer, serving public interest should conduct business. When it comes to faking delivery of goods and services, it requires more than one person to "co-operate" or actually collude. As expected, the person who ordered for goods should not be the one receiving and paying for the goods to ensure there are checks and balances, unless the entity is a one-man show. It is amazing that where these corruption scandals occur, these functions are usually run by separate departments and individuals. You can get this feature, under the heading - sleeping watchdogs bark after the heist in the Public Policy section.

Grief has been described as a natural response to loss. It's the emotional suffering you feel when something or someone you love is taken away. The more significant the loss, the more intense your grief will be. Any loss can cause grief; including - divorce or relationship breakup; loss of health; losing a job; loss of financial stability; a miscarriage and also retirement. We discuss how one can cope with grief in the inspiration segment.

Africa's richest man ready to build an oil refinery, is one of the headlines that will grab your attention in tidbits, you can follow it up on the web. From the excerpts, we understand that Aliko Dangote, who built his fortune in cement, is building the world's largest single oil refinery with capacity of 650,000 barrels per day (bpd) to help reduce Nigeria's dependence on imported petroleum. Lenders would commit about USD 3.15 billion, the World Bank's private sector arm will provide USD 150 million and he will invest more than 60 percent from his own cash flow. *(Sources: Business Day Live, VOA).*

All that glitters really is gold in Dar says our travel writer. Go to the travel page and acquaint yourself with Tanzania's treasures, and to the health segment to find out how to deal with tonsillitis and to pen off to know what Kenya may have to do to develop faster. Savour these and many more in your wide-ranging Journal.

Mbugua Njoroge

Editor

CIVIL WAR

Even in Corporate Reporting!

By FCPA Dr. Jim McFie

Kenya made the decision to adopt International Accounting Standards in 1997. The Council of the Institute of Certified Public Accountants of Kenya (ICPAK) decided that it would cease developing Kenyan Accounting Standards for a number of reasons. In particular it had become clear to the Council of ICPAK that developing home-grown standards was not putting ICPAK's limited resources to best use: in a communication to the members of ICPAK at the time, the Chairman pointed out that: "Updating Kenyan Standards to comply with International Standards and to cover areas which are not covered currently is a monumental task. The Institute just does not have the resources, human or financial, to carry out this task to a satisfactory level of proficiency; and even if it did, what purpose would this serve? Council believes that an effort to update Kenyan Standards will merely reproduce International Standards under a different name. In the circumstances therefore, the resources available to ICPAK could be put to better use if they were used to interpret International Standards, to assess their implication on local practice and, where necessary, to issue technical bulletins and local guidance on those Standards". Kenya adopted International Accounting Standards in full with effect from 1 January 1999. It simultaneously adopted International Standards on Auditing (ISAs). For all accounting periods commencing on or after 1 January 1999, members of ICPAK are required to prepare the accounts of companies (whether quoted, public or private), parastatals and organizations such as co-operative societies, partnerships, sole traders, non-trading concerns such as sports clubs and charities, and estates and trusts in accordance with International Accounting Standards, published at that time by the International Accounting Standards Committee (IASC).

A little later in 1999, the US Financial Accounting Standards Board (FASB) published a document entitled "International Accounting Standard Setting: A Vision for the Future". This document never appeared on any website: a paper version was printed and was available in the US, but only in the US. I managed to obtain a copy from my sister who lectures at the University of Pennsylvania in Philadelphia. It would seem that FASB was acting like the US CIA (Central Intelligence Agency, which operates around the world, but covertly – one never knows who is working for them and what they are up to). The document spoke of a hypothetical, quality International Standard Setter (ISS) which would be able to lead in the development and improvement of standards, not just follow in the wake of others, or codify the status quo – although FASB had just commenced to codify US Generally Accepted Accounting Principles (GAAP) around the same time – the code is now a twenty five thousand page document. The ISS would have to be at the forefront of advanced thinking and research on accounting issues; independent, and accountable only to the public interest; have an adequate due process, supported by a group of qualified individuals whose time was devoted fully to the standard-setting process. Its funds would have to be raised independently, and there would have to be independent oversight. FASB added that the Trustees of the Financial Accounting Foundation (FAF), the parent body of FASB, "continue to provide independent oversight of the FASB in the United States". The ISS would promulgate "high-quality accounting standards that contribute to high-quality financial reporting … that provides decision-useful information for outside investors". In addition, there would be an International Interpretations Committee (IIC) – to deal with common problems as early as possible - and an International Professional Group (IPG) – to ensure dissemination of, education in, and compliance with, the standards.

FASB added three "key considerations": (1) FASB should retain a worldwide leadership role in standard setting; (2) FASB should do all it could to participate in developing the "high quality standards"; and (3) "worldwide acceptance of internationally recognized standards and a global standard-setting process is impossible without US acceptance and participation". The ISS would have to be independent and accountable only to the public interest, but the US would have to have the power of veto – the US was putting its hegemony card on the table – once again.

As a result of this pressure from FASB and from the US Securities and Exchange Commission (SEC), the International Accounting Standards Committee (IASC) changed its name to the International Accounting Standards Board (IASB) and changed its constitution and its mode of financing and operation. The new IASB adopted all the International Accounting Standards promulgated by IASC as International Financial Reporting Standards (IFRSs), and started the process of developing its own IFRSs. Since IASB had now met all the conditions laid down by the US, the hope was that the US would adopt IFRSs. At the time, the Big Five (Arthur Anderson, Deloitte, EY, KPMG and PwC) were keen to have IFRSs adopted in the US. Progress initially seemed to be occurring when the US Securities and Exchange Commission (SEC) issued a Concept Release on 16th February 2000; the SEC outlined its approach to upholding the "quality of financial reporting" domestically and to encouraging convergence towards a "high quality global financial framework internationally". It re-iterated its commitment to its system of regulation – the pursuit of "investor protection by promoting informed investment decisions through full and fair disclosure". The Concept Release gave its view of the US financial reporting structure: high quality accounting and auditing standards, set by effective, independent and high quality standard setters, enforced by audit firms with effective quality controls, and profession-wide quality assurance carried out under active regulatory oversight, all contributed to the success of a high quality financial reporting framework. Every aspect of US financial reporting manifested quality. But then, the true aim of the document began to appear: the SEC pointed out that a set of high quality accounting standards on its own would not achieve what was being achieved in the US. If a reporting company's management did not implement and properly apply generally accepted accounting standards, or if auditors did not actually test, and express their real opinion on whether the financial statements were fairly presented in accordance with those standards, regardless of the quality of the standards, the information was neither transparent, nor comparable nor consistent. This, at least, was the sound theory on which "high quality financial reporting" by companies in US capital markets was based. As part of its "due process", the SEC was now seeking views on a number of issues related to the use of IASs and whether a sufficiently robust framework existed internationally so that foreign companies that chose to report under IASs could dispense with the 20-F requirement of reconciling their financial statements to US GAAP.

Stephen Zeff, the Keith Anderson Professor of Accounting at Rice University in Houston, Texas, a noted US authority on accounting, stated that the SEC was repeating its call for a comprehensive set of high quality accounting standards that it had made four years previously, but with a twist: it was now arguing that high quality accounting standards were not enough without a global financial reporting framework of the US type. In Zeff's view, the SEC had "significantly raised the bar" for the acceptance and use of IASs in US securities markets; the SEC's elaborate program of auditing and regulatory reform set out in the Concept Release would become a precondition for the acceptability and use of IASs by foreign registrants in US securities markets without the need to reconcile the figures to US GAAP. The IASC had agreed to restructure itself in accordance with the model laid down by the SEC, but the SEC had now indicated that it would evaluate each new IAS on a case-by-case basis. The SEC had pointed out that significant differences between IAS and US GAAP may still need to be accorded special treatment in the form of a reconciliation or footnote disclosure, which went towards confirming the suspicions of persons outside the US that the SEC's secret agenda all along was to accept IASs for foreign registrants only if they were so much like US GAAP as to virtually be US GAAP. The SEC had moved the goal-posts by insisting that a global financial reporting structure was needed before the SEC could judge the acceptability of IASs when used by foreign registrants in US markets. To Kenyans, this is a familiar story – especially with that institution whose headquarters' address is 1818 H Street NW. Washington, DC 20433, USA – the World Bank.

Less than two years later, the bankruptcy of Enron occurred: a hurricane swept aside the mirage of "high quality everything". On 28th December 2000, Enron shares were being traded at $84.63 per share: on 30th November 2001 the price had fallen to $0.26 per share. On 2nd December 2001, Enron filed for Chapter 11 bankruptcy protection: over 4,000 workers were to be laid off (Chapter 11 bankruptcy is intended primarily for the reorganization of a business with heavy debt burdens; it allows the business to propose a plan for profitability post-bankruptcy, which may include trimming costs and seeking new sources of revenue or income, while temporarily holding creditors at bay. Chapter 7 bankruptcy - often referred to as a liquidation - involves the closure of the business and the sale of liquid assets to repay creditors). On 9th January 2002, the US Justice Department confirmed that it had begun a criminal investigation into Enron; on 7th March 2002, Enron's auditor, Arthur Andersen, was indicted for obstruction of justice for destroying tons of Enron-related documents as the SEC began investigating the energy company's finances – which had commenced in October 2001. When the accounting frauds behind Enron came to light, Michael Sutton, the Chief Accountant of the SEC from June 1995 to January 1998, told the Banking, Housing, and Urban Affairs Committee of the US Senate, headed by Senator Sarbanes, on 26 February 2002: "As we gather today, the institutions responsible for financial reporting in our capital markets are reeling from the fall-out of a financial reporting scandal of colossal proportions. Reports on the collapse of Enron to date have exposed massive manipulations of financial reporting by management, inexplicable breakdowns in the independent audit process, astonishing revelations of holes in our financial reporting standards and practices, and stunning lapses of corporate governance… Enron is a cataclysmic event that has changed the world's view of a system that we have often touted as 'the best in the world'.… Can we any longer believe in and rely on the independent audit? Can we any longer believe that our accounting and disclosure standards provide the transparency that is essential to investors and the public? …Pleas that the vast majority of financial reports are of high quality, that most audits are effective, and that financial reporting failures are few, miss the point … Debates about how many failures are tolerable are not only not productive, they are nonsense". On 26th June 2002, another startling announcement was made: the headline in "The New Times" read "WorldCom Says It Hid Expenses, Inflating Cash Flow $3.8 Billion": WorldCom's reaction was to announce it would lay off 17,000 employees, or one-fifth of its work force. A few days earlier, on 15th June 2002, Arthur Andersen LLP, the firm that audited both Enron and WorldCom, was convicted of obstruction of justice for shredding documents related to its audit of Enron. Although the Supreme Court reversed the firm's conviction, the impact of the scandal combined with the findings of criminal complicity ultimately destroyed the firm. Because the SEC does not accept audits by persons convicted of a serious crime, the firm agreed to surrender its CPA licenses and its right to practice before the SEC on 31st August 31 2002, effectively putting the firm out of business: its revenue in 2001 was over $9.3 billion, and it employed 85,000 people worldwide. The man Arthur Anderson, the founder of the firm, was a stickler for honesty: it is reputed that he was approached by an executive from a rail company to sign off a set of accounts containing flawed accounting, or else face the loss of a major client. Andersen refused in no uncertain terms, replying that there was "not enough money in the city of Chicago" to make him do it. For many years, the firm's motto was "Think straight, talk straight."

But even disasters are soon forgotten by the majority of people. The US still believes in its absolute superiority: the Sarbanes-Oxley Act was signed into US law by President George W. Bush on 30th July 2002. In 2008, Lehman Brothers, the U.S. investment bank collapsed: how effective was the Sarbanes-Oxley Act? A slightly smaller number of restatements continue to be made by companies listed on US capital markets. As knowledgeable an observer as Sutton, could well ask whether there was any value in the audits of US listed companies.

> **"In the circumstances therefore, the resources available to ICPAK could be put to better use if they were used to interpret International Standards, to assess their implication on local practice and, where necessary, to issue technical bulletins and local guidance on those Standards.**

The twenty seven countries of the European Union adopted International Financial Reporting Standards (as International Accounting Standards had become) for the 7,000 companies listed in that jurisdiction, with effect from 1st January 2005. Later in 2005, on 1st November, Graham Ward, the then President of the International Federation of Accountants (IFAC), addressing the World Federation of Exchanges at a conference in Mumbai, India, stated that having a multiplicity of accounting standards around the world was against the public interest. IFAC was working on guidance for international convergence towards high quality accounting standards, and was leading a new study on enhancing the quality of the financial reporting supply chain.

On 21st March 2018, the European Commission (EC) issued a Consultation Document entitled "Fitness on the EU framework for public reporting by companies". The EC published some guidance notes on both Financial and Non-Financial Reporting. In the Financial Reporting section, the EC pointed out that "Under EU rules, listed companies must prepare their consolidated financial statements in accordance with a single set of international standards called IFRS. EU countries can opt to extend the use of IFRS to annual financial statements and non-listed companies as well". Both IFAC and IASB want all countries to adopt IFRSs lock, stock and barrel: they do not want individual countries to start having a variation for that particular jurisdiction. However, when the EC adopted IFRSs for the EU, it decreed: "When a new standard is issued by the IASB, the EU needs to endorse it before it comes into force. Regulation (EC) No 1606/2002 establishes a specific endorsement process under the responsibility of the European Commission together with the following consultative and advisory organisations: the European Financial Reporting Advisory Group (EFRAG), an independent organisation providing expert advice to the Commission; and the Accounting Regulatory Committee (ARC), composed of representatives of EU countries and chaired by the European Commission". In a section entitled "International relations", the guidance notes state: "At international level, the EU supports the principle of a common set of worldwide accounting standards for listed companies and works with competent authorities all over the world to promote the adoption of IFRS. As some of its key trading partners have not yet adopted IFRS, the EU accepts the accounting standards of certain non-EU countries as equivalent with IFRS to facilitate cross-border listing. This allows foreign companies listed on EU markets to prepare their financial statements in accordance with IFRS or any other standard which has been declared equivalent to IFRS". In the EC Consultation Document itself, the document notes "that there are different

levels of commitment to require IFRS as issued by the IASB around the globe and asks whether it is 'still appropriate that the IAS Regulation prevents the Commission from modifying the content of IFRS?'" It also asks: "Since the adoption of IFRS by the EU in 2005, topics such as sustainability and long-term investment have come to the forefront of the regulatory agenda. Is the EU endorsement process appropriate to ensure that IFRS do not pose an obstacle to broader EU policy objectives such as sustainability and long-term investments?" In both questions, "yes" can be checked without further substantiation; "no" needs to be substantiated. Question 21 reads: "How could the EU ensure that IFRS do not pose an obstacle to sustainability and long-term investments: By retaining the power to modify the IFRS standards in well-defined circumstances; By making explicit in the EU regulatory framework that in order to endorse IFRS that are conducive to the European public good, sustainability and long term investment must be considered; Other; Don't know. Please specify in what other ways the EU could ensure that IFRS do not pose an obstacle to sustainability and long-term investments". On 16th July 2018, Accountancy Europe (up to 7th December 2016, this organization was called the Federation of European Accountants – FEE – which represents 51 professional accounting bodies representing one million accountants, auditors and advisors in 37 countries) published its response to the consultation document. It starts on a positive note: "We welcome the European Commission's fitness check on the European Union framework for public reporting by companies". But Accountancy Europe states clearly: "It is still ap¬pro¬pri¬ate that the IAS Reg-u¬la¬tion prevents the Com¬mis¬sion from modifying the content of IFRS. We call for great caution in per¬mit-ting the EU to change specific aspects of IFRS standards published by the IASB ('carve-in') before trans¬pos-ing them into EU law" and it continues by giving a number of reasons for this approach. Will the European Union accept the suggestion by Accountancy Europe? If it acts similarly to the SEC in the US, it will not. Let us wait and see what the outcome will be.

SUPPORTING STRATEGIC OBJECTIVES USING AUDIT TOOLS

By CPA Majani Derrick

Planning Phase—Being Alert to Organizational Changes

The planning phase of the IS audit should consider both organizational objectives and engagement-specific issues. The engagement-specific issues relate to systems, applications or processes that support the organization's existing processes as well as new initiatives. In determining whether to assess these matters, IS auditors evaluate the potential increase in risk or the introduction of new risk to the organization. Consideration of risk-based matters is a cornerstone of audit planning, but real value is added when IS auditors are alert to strategic initiatives, then leverage audit planning to ensure continuous alignment of the IS audit function's efforts with the organization's strategic objectives.

In most instances, IS auditors' direct involvement in organizational progress toward strategic objectives means evaluation outside the scope of a planned audit. Creation of a specific project around the organization's new initiative relies on skills auditors use routinely; however, the approach to the deliverable is different. Unlike an audit, where a report signals the end of an effort, participation in a strategic initiative requires IS auditors to assess and report on a repeat basis. Given the ongoing nature of this work, a supporting tool can prove helpful.

Informal tracking of the project can be done through readily available tools such as Microsoft Word and/ or Excel, and that level of tracking may be adequate, depending on the organization. However, because strategic projects generally have higher visibility within the organization, IS auditors should explore tools that better support centralization of project data and reporting.

“Consideration of risk-based matters is a cornerstone of audit planning, but real value is added when IS auditors are alert to strategic initiatives, then leverage audit planning to ensure continuous alignment of the IS audit function's efforts with the organization's strategic objectives.

Recommendations and Remediation Phase—Understanding and Innovating

Having identified areas of concern during fieldwork, IS auditors can proceed to making recommendations and tracking progress toward resolution (remediation), remaining mindful to maintain independence. ISACA's Information Technology Assurance FrameworkTM (ITAFTM) notes that as long as management retains responsibility for oversight and results of services, the IS auditor's independence should not be impaired. Notwithstanding the need to maintain independence, the recommendation and remediation phase is the IS audit function's opportunity to reinforce its trusted advisory/consultative role to the organization.

Interacting with most, if not all, groups throughout the organization places IS auditors in the unique position of having a comprehensive view of the organization's people as well as its processes (technological and non-technological). This insight can, and should, be leveraged to make innovative audit recommendations. “Innovative” is the key word; the recommendations must be progressive and look to the future, even when they are addressing deficiencies that occurred because of past practices. For example, a few years ago, when employees started using personal devices at work and kick-started an ad hoc bring-your-own- device (BYOD) approach, some IS auditors recommended that their organizations design and launch policies to prohibit BYOD. A more innovative recommendation examined how employees use mobile devices and determined how the IS audit function could collaborate with the organization to address concerns around securing devices while supporting employees' workstyles.

While innovation depends strongly on culture and mind-set, it can be helped along with the appropriate tool. For example, an exception tracking tool can support the IS audit function's ability to expend resources and time more efficiently, thereby enabling a focus on crafting innovative recommendations.

If the strategic initiative is based on processes, the exception management category can be process-based. If, on the other hand, the strategic objective is driven by business units, the exception management category can be the business unit. Grouping recommendations in this way has several benefits, such as allowing the IS audit function to identify significant trends, such as patterns related to resource constraints or repeated instances of technology underutilization. After identifying the trend, the IS auditors can make recommendations and track them, but the more value-added outcome is the ability to report how these enterprise-wide patterns may reflect challenges or barriers that will affect achievement of strategic objectives. This demonstrates the IS auditors' profound understanding of the organization and its goals.

Conclusion

IS auditors have an opportunity and obligation to use the audit phases to add value to their organizations by leveraging audit information to further the achievement of strategic objectives.

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AN OPEN LETTER TO BOARD AUDIT COMMITTEES

Supervision of internal audit functions

By David K. Gitare

Mwongozo, the code of governance for state corporations is an excellent corporate governance framework for public and private institutions alike. The model internal audit charter proposed by the Institute of Internal Auditors states that one of the responsibilities of an internal audit function is to monitor and evaluate governance processes. For this purpose, I would recommend Mwongozo as the framework of reference for a corporate governance audit. On the other hand, any Board of Directors, whether or not operating in a regulated environment, should look to Mwongozo to enhance its corporate governance practices.

Mwongozo provides first-rate guidance to audit committees of Boards. Similarly, among the resources provided by the Institute of Internal Auditors (IIA) is a model audit committee charter that organizations can adopt and/or customize to suit the activities of its Board Audit Committee. Like Mwongozo, the model charter describes the purpose of the audit committee, the authority, composition, conduct of meetings and the responsibilities of an audit committee. As

set out in the model charter, the oversight responsibilities of the audit committee on the internal audit function are as follows:
- Approve the internal audit charter.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Head of Internal Audit.
- Approve the annual audit plan and all major changes to the plan.
- Review the internal audit activity's performance relative to its plan.
- Review with the Head of Internal Audit, the internal audit budget, resource plan, activities, and organizational structure of the internal audit function.
- At least once per year, review the performance of the Head of Internal Audit and concur with the annual compensation and salary adjustment.
- Review the effectiveness of the internal audit function, including conformance with The Institute of Internal Auditors' the Definition of Internal Auditing, Code of Ethics and the International Standards for Professional Practice of Internal Auditing.
- On a regular basis, meet separately with the Head of Internal Audit to discuss any matters that the committee or internal audit believes should be discussed privately.

Various surveys conducted on the internal audit profession conclude that the profession is not having the expected impact and is in fact fast losing prestige in the eyes of senior management and Board members. The question that then begs is how effective audit committees are in holding internal audit functions accountable. The most authoritative survey perhaps is the 2017 "State of Internal Audit Profession", a study published by PricewaterhouseCoopers (PwC). Some of the key findings from the survey were as follows:
- Only 44% of stakeholders (internal auditors, senior management, and Board members) reported that Internal Audit contributes significant value
- Just 9% consider Internal Audit a Trusted Advisor
- 47% report Internal Audit is not seen by stakeholders as an advisor to the business or that their corporate culture does not support Internal Audit taking a

"Mwongozo provides first-rate guidance to audit committees of Boards. Similarly, among the resources provided by the Institute of Internal Auditors (IIA) is a model audit committee charter that organizations can adopt and/or customize to suit the activities of its Board Audit Committee.

more strategic role.

- 68% of Board members and 77% of management believe Internal Audit's current level of involvement in disruption is not sufficient.

From the foregoing survey results, it is evident that internal audit functions are significantly struggling to add the expected value in the eyes of the management and the Board. As functional supervisors of internal audit functions, the audit committee ought to review its oversight strategies against the mandate set out in the audit committee charter. According to Chambers (2016), the five attributes of extraordinary audit committee chairs who inspire confidence among committee members are:

- Courageously Independent – that extraordinary audit committee chairs display the courage to challenge management and internal auditors when warranted. By courageously exercising their independence, they inspire the rest of the audit committee to do the same.
- Professionally Skeptical and Intellectually Curious – that extraordinary audit committee chairs often challenge what they are told if validity is in question. They are able to tactfully press for more detail and challenge assumptions to explore an issue beyond the superficial.
- Deeply Experienced – that beyond just knowledge of the business gained from the sidelines, extraordinary audit committee chairs often bring deep experience in the industry or in executive leadership roles of other organizations or companies.
- Approachable Relationship Builders – that extraordinary audit committee chairs tirelessly engage with other audit committee members and are proactive in their outreach to management and the internal auditors. Ideally, outreach should include a monthly call with the head of internal audit and periodic calls with the Chief Financial Officer (CFO) or other C-suite executives.
- Risk-Centric Strategists – that the best audit committee chairs, understand when the dots need to be connected, and what the resulting picture reveals. They not only understand the need for the head of internal audit to follow the risks, but they actually nudge them there when warranted.

"Various surveys conducted on the internal audit profession conclude that the profession is not having the expected impact and is in fact fast losing prestige in the eyes of senior management and Board members. The question that then begs is how effective audit committees are in holding internal audit functions accountable.

Chambers (2013) proposes the following probing questions that the Board audit committee should ask of the Head of Internal Audit to assess the level of confidence they (Board audit committee) can place on the internal audit function, as well as to foster trust and candor in the important relationship between the committee and Head of Internal Audit;

- Is internal audit following the International Standards for the Professional Practice of Internal Auditing (Standards), and what were the results of the last external quality assessment?
- How is internal audit monitoring risks on a periodic or continuous basis and revising the audit plan accordingly?
- What are the top five risks that internal audit is not addressing due to a lack of resources or skills?
- What strategies is internal audit deploying to ensure greater understanding of the business by audit staff?
- Based on internal audit coverage during the prior year, what is the Head of Internal Audit's assessment of the overall effectiveness of the organization's internal controls and risk management?

In conclusion, Board audit committees in their role as leaders, sounding boards, advocates, referees, and protectors should evaluate their technical and soft skills as part of the strategy relating to the oversight on internal audit functions. The audit committee should periodically review its charter, perhaps annually as recommended in the IIA model audit committee charter and determine which responsibilities have been neglected. For instance, it has been commonly reported that audit committees delegate the head of internal audit's performance appraisal and salary reviews to the Chief Executive Officer or the Chief Finance Officer. This undermines the internal audit function's independence in fact and/or appearance. The heads of internal audit functions should also be courageous to remind the Board audit committee of its responsibilities as per the audit committee charter.

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SPORTS AS A BUSINESS

By CPA Kipkoech Victor

The Russia 2018 World Cup was the most expensive one in history, costing a whooping USD 14.2 million. As accountants and practitioners we need to think of ways of engaging in such sporting activities. Sports like any other business, generating income is a constant preoccupation for sport administrators. However, unlike businesses in other industries, the need to generate income is not primarily motivated by a desire for profit but rather a greater desire to improve sporting performance. Greater income allows clubs/teams to attract better coaches and players, improve sporting facilities and/or purchase better equipment to improve results.

Many sporting activities are run as non-profit organisations or amateur associations. The difference between for-profit and non-profit activity is derived from the goals of their operation. In for-profit, the activity is a method to achieve financial dividends and increase shareholders value while in non-profit the financial means are used to achieve their goal. When coming across the fact that non-profit organisations have

shown a tendency towards becoming more commercialised, there is a tendency amongst the sports associations to adopt a formation of the company, parts of it or even the whole association.

Furthermore, sports associations are starting to completely or partially own shares in companies or even engage in income generating business ventures. This has become the solution to meet the financial development in sport. However in Kenya under the Kenya Income Tax Act the consequence of leaving the traditional non – profit association or amateur sports association is that they lose existing tax exemptions. It also relieves the funding that they have been receiving and the relationship of the club with the central government or county government.

Sporting activities are generating more revenue and hence elite sports' franchise and leagues are getting more commercialised and more professional in their operations. In Kenya as it is in the rest of the world the sports that are leading the way in financial growth are Football, Rugby, Motor Racing, American Football, Basketball and Athletics. This is proved by the fact that the most watched events on television history are sporting events like the football world cup finals, Olympics and American football finals known as super bowl.

Sports differ greatly in their ability to generate income despite there being little difference in the level of passion of the consumer for their preferred sport product. The main factors that determine how well a sport can generate income include:

- The entertainment value of the sport
- The extent of national and international participation
- The cultural status attached to the sport
- The prominence of the sport in the school sport system

Entertainment value, is the main determinant of income generation. All sports are pursued passionately by their own participants but some sports have a mass appeal and are avidly followed by people who do not participate at all. This gives the sport an extra dimension that attracts the media and results in a level of consumption (as spectators) that is far greater than the actual number of participants.

At different levels within the sport industry there are significant differences in the way that organisations generate income. Indeed, there is also great disparity in the income generation capacity of different sports.

At the highest level, sports with high entertainment value will generate a high

"Sporting activities are generating more revenue and hence elite sports' franchise and leagues are getting more commercialised and more professional in their operations. In Kenya as it is in the rest of the world the sports that are leading the way in financial growth are Football, Rugby, Motor Racing, American Football, Basketball and Athletics.

proportion of income from:

- Television broadcasting rights
- Commercial sponsorships and endorsements
- Spectator fees at events
- transfer fees of professional sport players e.g. sale of players to other teams

> **Irrespective of periods of growth or decline, the amount of income generated by amature sports associations is often insufficient to meet all costs of the desired quality of sports delivery. There are always reasons for management committees of some sport associations to be reluctant to increase fees and charges for members.**

At the highest level, sports with lesser entertainment value will tend to generate a high proportion of income from:

- Government funding
- Registration/capitation/affiliation fees
- Commercial sponsorship
- Services provided to registered

participants e.g. coach education programs, merchandising

High entertainment value sports that are able to generate substantial income at the top level are often able to channel funds downwards to organisations at the grass roots level. This improves the recruitment and development of players and enables grass roots programs to flourish. But sports that have lower entertainment value generally need money to flow from the grass roots upwards to assist in the funding of the national body.

At the amature level, sport associations tend to generate income from:

- User fees e.g. membership, game fees, and facility usage fees
- Food and drink sales e.g. running a canteen, running a bar in the clubhouse
- Clothing and equipment sales
- Fundraising
- Government funding of facility creation projects

Irrespective of periods of growth or decline, the amount of income generated by amature sports associations is often insufficient to meet all costs of the desired quality of sports delivery. There are always reasons for management committees of amature sport associations to be reluctant to increase fees and charges for members. As a result, some aspects of good sport delivery management go unfunded such as the maintenance of sport facilities and the training of volunteers and staff.

In today's economy there is large amount of money that circulates in sports associations and clubs competing at the professional level. Sports is becoming less of entertainment activity and more of income generating activity. With the amount of money involved transforming sports from a tradition of being non-profit associations towards becoming more like regular businesses.

The turnover can create more possibilities to be more competitive and successful in the professional leagues. Elite automatically refers to the best in a category organised and managed by the sports' federation or association. In sports, the elite level is reached by wins, high achievements, best and attractive style of play. The financial aspect is becoming of greater importance to the elite sports associations and clubs. However in the end financial means do not decide the results of a game in any sports. An essential thought in all competition is that through rules, organisation and awarding of points or marks based on performance, it is possible to rank the achievements of an athlete or a team.

Sports Marketing

The growth of the Kenya Premier League (football league) and The Kenya Cup (rugby league) has attracted commercial sponsorship from corporates. Most corporates want to associate themselves with clubs with a huge fan base and following. This gives corporates an easy way to market their brands and to ensure it reaches the masses who follow the sport and teams.

The biggest advantage of sports marketing is that it allows marketers to ride on the popularity and devotion many fans feel towards their favourite teams and athletes. If a football fan has loved a specific team since childhood, any marketer who associates themselves with that team gains instant credibility in that fan's mind. Since the revenue ultimately goes to support the team, the marketer is considered a sponsor and invested in the team's success.

The only major disadvantage is that the sports marketing industry is so large that it can be hard to stand out in the crowd. A fan who watches a two hour football game will be exposed to dozens of different marketing messages. Marketers must advertise to a wide range of customers, but the risk is that their adverts get overlooked by fans more interested in the game.

Sports Bankruptcy

Sports bodies big or small, can and do fall into insolvency and bankruptcy. There are plenty of pitfalls to snare sport owners and administrators particularly when there is a tendency to believe only good things will happen. One of the most typical causes of financial problems occurs when administrators are over optimistic in their assessment of future income. A series of bad business decisions, particularly the taking out of large loans hedged against future expected income that may never come to fruition, will lead clubs into bankruptcy. Even if a sporting club is very big it is never too big not to fail.

This creates the need to put in place strong internal control, processes and procedures that will guide and ensure sports organisations' interests are safeguarded. Demand for prudent financial management, accounting, tax compliance and transparency within sports franchise is needed. To meet this the clubs must employ the services of qualified professionals.

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ANALYZING STATEMENT OF FINANCIAL POSITION

The Asset and Liability Management on Risk Perspective

By CPA Calistus Waswa Wekesa

The Origins of Asset-Liability Management

In general, Asset-Liability Management (ALM) refers to efforts by a financial institution's board of directors and senior management team to carefully balance the intuitions' current and long-term potential earnings with the need to maintain adequate funding liquidity and appropriate interest rate risk exposures. Each financial institution has a distinct strategy, customer base, product selection, funding distribution, asset mix, and risk profile. These differences require that assessments of risk exposures and risk management practices be customized to each institution's specific risks.

Factually, interest rates were stable, and liquidity was readily available to banks in developed nations. Financial institutions focused primarily on generating assets to increase growth and profitability. However, in the 1970s changes in regulations, inflation, and geopolitics led to greater volatility and thus increased risk from assets and liabilities mismatches. This led to the development of ALM as a formal discipline, where both sides of the statement of financial position are integrated to manage interest rate, market, and liquidity risk. However, this discipline remained reactive in nature, with Treasury and Risk having little or no input to the origination and deposit raising process.

Financial Crisis and Asset/ Liability Management

The global financial crisis of 2008 was characterized by high interest rates and a growing complexity of regulatory requirements. In the wake of the spectacular and fundamental transformation of global financial infrastructure that was followed by the crisis, financial assets and liabilities changed. Consequently, financial institutions now seek asset/liabilities solutions, they also seek comprehensive analytical support and flexibility for planning and reporting.

Asset and liability management is one of the most important risk management measures at financial institutions. It is one of most important tools for decision making that sets out to maximize stakeholder value. Nevertheless, it is important to track the external factors of the asset and liability management in the market to remain in the short-term and long term for militating.

An efficient statement of financial position management requires maximizing financial institutions' profit as well as controlling and lowering various risks. This macro-prudential approach aims to reach goals such as maximization of liquidity, revenue, capital adequacy, and market share subject to financial, legal requirements and institutional policies. Asset and liability management has the primary objective of among other things, managing the impact of interest rate risk in a financial institution's balance sheet.

The financial institutions landscape has changed significantly in recent years, and these changes have required heightened attention to ALM risk management strategies and processes. These changes, which include more products with embedded options, have required directors and senior managers to acquire enhanced knowledge about interest rate and liquidity risks to both manage traditional ALM risks and keep up with new ways of doing business. Changes have also reinforced the need for directors and senior managers to re-evaluate and communicate guidance and risk tolerances to intuitions' personnel. By ensuring that a sound oversight structure based on strong communication of risk tolerance is in place, a board of directors can effectively steer the financial institutions through challenging operational conditions whenever they occur.

The objective of asset/liability management (ALM) is to properly manage the risk related to changes in interest rates, the mix of balance sheet assets and liabilities, the holding of foreign currencies, and the use of derivatives. ALM risks should be managed in a manner that contributes adequately to earnings and limits risk to the financial margin and member equity. Simply acknowledging that these challenges have persisted does not help institutions respond to them.

Rather, each financial institution should have its board of directors' and its senior management's "view from the top" to effectively mitigate challenging asset/liability management (ALM) times.

ALM and Liquidity Risk

Liquidity management is a key component in managing a financial position statement. It ensures that a financial institution maintains sufficient cash and liquid assets to meet expected deposits withdrawal and disbursement demands. Asset and Liability Management is the process of planning, organizing and controlling asset and liability volumes, maturities, rates and yields, to minimize interest rate risk and to ensure that profits remain acceptable. To measure a financial institution's aggregate liquidity, it is important to model all assets and liabilities by use of either static or probabilistic models.

ALM and Liquidity Risk give us the flexibility to address very specific local regulatory requirements and to help achieve wider risk management goals across our organization. New efficiencies through data integration and reporting will not only help us to better comply with current and future regulations but will also help us to boost performance and enhance our competitiveness. Focus on financial position analysis both for internal management and regulatory reporting purposes provides the following outputs: interest rate and liquidity gap profiles, market values for all on-balance and off-balance-sheet positions and duration-related metrics. Good ALM risk management must react quickly to even insignificant market changes to mitigate liquidity risk.

Integrated Financial Position Management

Financial institutions are by their nature risk taking institutions. This is a requirement of their business because their clients may wish to tailor their funding to meet the precise needs of their businesses, so as to achieve some certainty in this area, enabling them to focus on what they do best. To meet the demand, financial institutions offer the lending terms, maturities, rate options, currency, optionality, and contingencies demanded by their clients, and take on the range of risks that such tailoring represents. Because financial institutions have a wide range of clients with varying borrowing and deposit requirements, exposures may to some degree offset each other, but will not match completely in terms of timing, amount and currency.

Therefore, a key area of focus for financial institution is managing their capital, funding, liquidity and interest-rate risk requirements. These all fall under the umbrella of the asset-liability management (ALM) discipline. When a financial institution borrows more than it needs, there can be inefficiencies in terms of capital use. This can also result in added interest rate exposure, and a loss when lending. However, failure to have sufficient funding results in the institution having to rely on central bank liquidity, poor market perception and loss of investors, which could ultimately lead to its failure. Thus, ALM becomes the most important aspect of a financial institution's risk management framework.

Proper management of asset/liability risk is facilitated through board approved policy, which sets limits on asset and liability mix, as well as the level of interest rate risk and foreign currency risk to which the financial intuitions is willing to expose itself.

Conclusion

Due to the major disadvantages inherent in the deposit driven and the asset driven strategies, a compromise approach to asset/liability management is recommended. The financial institutions should rely on natural deposit growth, fostered through competitive "at market" interest rates, to influence loan pricing and growth. Policy should also set out guidelines for the pricing, term and maturity of loans and deposits. The use of derivatives, if any, should also be controlled by policy, which should state among other things that derivatives must only be used to limit interest rate risk and must never be used for speculative or investment purposes.

The overall financial position structure depends on a multitude factors, of which business model is adopted. Strategically, the statement of financial position must be structured to make it resilient, which could require high levels of capital and long-term funding but could also include an emphasis on short-term assets. ALM policies must include guidelines for asset/liability mix as well as pricing, term, and maturity guidelines.

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SOCIAL RE-ENGINEERING

How recent events reflect our values

By CPA Kipkoech Victor

The Coffee Stain Theory is a good illustration of why things are not always what they seem to be or maybe on the flip side, explains why you have the coffee stain in the first place. Basically, the coffee stain theory suggests that if you find coffee stains on the tray table of an airplane, it calls into question how well the engines are inspected and maintained no matter how seamless every other service looks like. If you extend this theory one could say the culture of the company does not emphasize or reward diligence and possibly hard work. If you stretch it even further your safety risk is significantly higher in such a plane.

As a country we need to stress back the telltale signs of the culture we have nurtured. Illustrations in this country are much clearer than coffee stains. In our case we need to clean our stains leave alone follow up on the root causes so we ensure we have clean trays.

It is inconceivable that we have had no less than 8 devastating fires in Gikomba market in the last 7 years. This is in addition to various others around the city mainly in informal settlements. Many of these have fatalities. Every time this happens government officials will rush to the area, struggle to put up the fires, run out of water and then promise that this will be investigated and that it will never happen again. The Kenya Red Cross will do their duty, rescue people, provide support and then, keep quiet until the next disaster… Big ash stain.

The uproar about the 'mass failure' that followed the release of the 2017 KCSE raises interesting questions that reflect where the Kenyan society is at today. We are more interested in seeing more 'As' than the ability of our leaners to read, write and think. We have therefore introduced a new objective to our education system which I will called Marks based learning (as opposed to Knowledge or skills)…Big ink stain on our text books.

What about the spate of fatal accidents on our highways. We have responded to these by erecting bumps, prayers by our bishops, statements of intent by the authorities, condemnation of NTSA and banning of PSV night travel. We have done everything else but address the real problem in this sector and indeed in the rest of society… Blood stain on our tarmacs.

Last event- collapsing buildings. How many have collapsed to date around the country? What is the root cause of these fatal 'accidents?' Have any of these death traps been brought down to avoid the inevitable? What about the ones built on riparian zones blocking the river courses and partly responsible for flooding? Another stain.

These stains are all there for us to see and they have a clear relationship with each other. They all relate to our 'modern' culture of impunity, corruption and indiscipline. Next time someone tells you to stick to your culture ask them if this is what they mean.

Hopefully so far, I have not said anything that any Kenyan would disagree with. We have national values that counter this culture in the constitution, Article 10 (2) which among other values, espouses dignity, equity, social justice good governance, integrity, transparency and accountability. If we know what to do and we have even documented it in the constitution why are we not doing it? Well because the problem is skin deep in the culture. We do not need more policing or more laws or statements of intent. There are several ways of driving a cultural change. Changing culture is one of the most difficult leadership challenges. That's because culture comprises an interlocking set of goals, roles, processes, values, communications practices, attitudes and assumptions.

Cultural transformation in this context will need a complete social re-engineering and requires three key levers; commitment, controls and cohesion, the Big three Cs if you like. Leadership commitment is the most critical and the faster way to deliver change. This leadership is at national, regional and more important personal level. We need to create a shared vision and be committed to it. It is important that someone provides leadership here. For change to be manageable and sustainable there should be control of information that reinforces the values we are gravitating to. We need to watch the kind of messages we are passing to the citizenry, our employees and our families. The last C is really just a power tool that uses punishment for non-conformity. The last one is the least effective but is the only one we have been using today. Let us identify all the stains in our society, our organisations and our families and not simply clean them up but identify the cracks in our engine; otherwise this plane will crash!

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Photo: Property destroyed in Gikomba market fire, Daily Nation on Twitter

WHAT LAWS AFFECT PUBLIC RELATIONS?

Understanding Public relations

By CPA Mayaka Evans Ayora

The formal practice of what is now commonly referred to as "public relations" dates to the early 20th century. In the relatively brief period leading up to today, public relations has been defined in many different ways, the definition often evolving alongside public relations' changing roles and technological advances.

It is the profession or practice of creating and maintaining goodwill of an organization's various publics (customers, employees, investors, suppliers, etc.), usually through publicity and other nonpaid forms of communication. These efforts may also include support of arts, charitable causes, education, sporting events, and other civic engagements.

The earliest definitions emphasized press agentry and publicity, while more modern definitions incorporate the concepts of "engagement" and "relationship building."

Public relations also encompasses anticipating, analyzing and interpreting public opinion, attitudes and issues that might impact, for good or ill, the operations and plans of the organization.

Phases of public relations development; the publicity phase of public relations

During this stage of development practitioners were primarily concerned with creating awareness and building recognition for the individual or organization employing public relations. It was/is closely tied to advertising and promotion, and getting "the message" out to the widest possible audiences was/is paramount.

The explanatory phase of public relations

As practitioners evolved, greater emphasis was placed on providing more complete information and having the organization clearly articulate the reasons for its actions and policies so its publics would understand, sympathize with, and patronize the organization. Simply getting the organization's message out wasn't enough. Receivers had to understand and accept the point of view of the sending organization.

The mutual satisfaction phase of public relations

Now, in the third phase, practitioners encourage organizations and their publics to adapt to one another by making complementary adjustments or compromises so that both benefit from their relationship. Practitioners are now as concerned with in-coming messages and information they can use to counsel management on current public opinion as they are with developing and delivering outgoing messages. All three stages are practiced today.

There are some public relations people who operate like flamboyant press agents and tout their clients. Others come across like Machiavellian (deceitful/amoral) persuaders who try to bamboozle (deceive, dupe or cheat) the public with less than reliable information.

Accountants have to be skeptical as always when dealing with businesses that for instance describe themselves as "environmentally conscious" and concerned about pollution. They may have not adapted to a state of the art technology.

Objectives of public relations

Building Product Awareness – When introducing a new product or re-launching an existing product, marketers can use a PR element that generates consumer attention and awareness through media placements and special events.

Creating Interest – Whether a PR placement is a short product article or is included with other products in "round up" article, stories in the media can help entice a targeted audience to try the product.

Providing Information – PR can be used to provide customers with more in depth information about products and services. Through articles, collateral materials, newsletters and websites, PR delivers information to customers that can help them gain understanding of the product.

Stimulating Demand – A positive article in a newspaper, on a TV news show or mentioned on the Internet, often results in a discernable increase in product sales.

Reinforcing the Brand – In many companies the public relations function is also involved with brand reinforcement by maintaining positive relationships with key audiences, and thereby aiding in building a strong image. Today it is ever more important for companies and brands to build a good image. A strong image helps the company build its business and it can help the company in times of crises as well.

Benefits from a well-planned PR campaign

Affordability; When compared to advertising, PR is an economical way to stay in front of consumers and works to build brand loyalty. With PR you are paying for time required and minimal out-of-pocket expenses in order for your agency to develop relationships on your company's behalf. With advertising, not only do you need to pay your agency for the time required to create the ads, but you're also paying the media outlets to run your ads.

Credibility; PR professionals pitch story ideas to reporters and because the journalist vets the story first, it becomes more unbiased than advertising. In contrast, consumers generally understand that an advertisement means that the company provided the messages and is therefore approached with some level of skepticism. News stories aren't typically viewed with as much cynicism.

Visibility; by implementing a PR campaign, you can affordably increase search engine optimization (SEO) and organic results as well as repeat exposure for the same story through media coverage. You can achieve similar results through advertising, but because that visibility is paid for, the costs are great. Value; PR results are tied to placements secured, conversations started. The value comes from those third-party endorsements that we work to nurture and develop on a client's behalf.

Relationships; PR builds relationships with journalists and consumers on behalf of your organization by sharing information. Further, PR creates loyalty through dialogue that take place via tactics such as social media and events.

Details; because PR coverage typically results in more space and time for information sharing, consumers are exposed to more details about your company's product or service. This, coupled with established credibility, allows consumers to freely take in information from unbiased sources to ultimately make an educated decision for themselves. PR and advertising can easily complement one another by pushing the same key messages via varied channels.

Legitimacy; by launching a PR campaign, you'll see regular media exposure that typically results in enhancing and legitimizing your reputation. As consumers see increased, positive media coverage, they'll begin to look at your brand in a favorable light.

Position; Through PR, you can tell your side of the story and be seen as an expert within your industry. By working with a PR firm, they can train you on how to work with journalists, ultimately assisting you with interview styles, key messages and on-camera confidence. Once established as an expert, many times journalists will seek to interview you on other industry topics as new opportunities arise, allowing you to further solidify your authority.

Timely; because fewer people are involved in developing and pitching a story in PR, advertising campaigns typically require more time to plan and execute. Messages secured via PR, more times than not, will appear much faster when compared to advertising. In addition, PR and advertising can work together to prolong messages presented in the media.

Disadvantages of public relations

First, whilst public relations uses many of the same channels as advertising, such as newspapers, magazines, radio, TV and Internet, it differs significantly from advertising in that marketers do not have direct control over whether a message is delivered and where it is placed for delivery. For instance, a marketer may spend many hours talking with a magazine writer, who is preparing an industry story, only to find that their company is never mentioned in the article.

Second, while other promotional messages are carefully crafted and distributed as written through a predetermined placement in a media vehicle, public relations generally conveys information to a member of the news media (e.g., reporter) who then recrafts the information as part of a news story or feature. Thus, the final message may not be precisely what the marketer planned.

Third, while a PR campaign has the potential to yield a high return on promotional expense, it also has the potential to produce the opposite if the news media feels there is little value in running a story pitched (i.e., suggested via communication with the news outlet) by the marketer.

Fourth, with PR there is always a chance that a well devised news event or release will get "bumped" from planned media coverage because of a more critical breaking news story, such as wars, severe weather or serious crime.

Finally, in some areas of the world the impact of traditional news outlets is fading forcing public relations professionals to scramble to find new ways to reach their target markets.

PRSA code of ethics:

Honesty - When communicating with the public on behalf of a company or organization, it's crucial that public relations professionals are honest. This means providing accurate and truthful information.

Advocacy - Since a public relations professional works as an advocate for the public, it is important to provide the public with pertinent information so that people can make informed decisions

Expertise - In order to communicate accurate information, public relations professionals must do their homework. This means doing research and using critical thinking in order to maintain credibility as an expert and a trusting relationship between the company and the public.

Independence - This simply means that public relations professionals take responsibility for their own actions when representing a company or organization. After all, accountability is essential to ethics.

Loyalty - A public relations employee should respect and maintain loyalty to the company for which he or she is working. That allows the employer to rest assured that the public relations professional is working in the best interest of the company.

Fairness-Everyone has their own views and opinions. As an individual working in public relations, it's important to respect all of those different views and opinions. It's also important to remain fair to all of those you work for and with, so that each person feels free to express their thoughts.

Trends in public relations

Until recently most public relations activity involved person-to-person contact between PR professionals and members of the media, such as journalists and television news reporters. However, several trends are developing that alter the tasks performed by PR people. In most cases these changes are the result of new Internet technologies that are quickly gaining widespread acceptance among Internet users and are becoming new media outlets in their own right, and they include:

- Updating Corporate News
- Corporate Blogs
- Social Media
- RSS Feeds
- Podcasting
- Search Engine Optimization

Professional bodies in PR

They include:

1. The Public Relations Society of Kenya (PRSK)
2. East African Public Relations Association (EAPRA)
3. Federation of Africa Public Relations Association (FAPRA)
4. Global Alliance for Public Relations and Communications Management (GA)
5. International Public Relations Association (IPRA)

What laws affect public relations?

Because the legal system governs so many aspects related to our clients, we should know, understand and adhere to the complicated laws that fit into the structure of public relations.

Additionally, this knowledge enables us to better work with our legal counterparts – creating a smoother, faster and more manageable plan of action for our mutual clients.

Intellectual Property (copyright and trademarks)

Copyright is the protection of any creative work that is fixed in a tangible medium. For example, any brochures or other PR material that you create will be automatically copyrighted "©", but you should consider registering for additional copyright protection too. Trademarks are registered words, names, symbols and devices that identify a product, such as your company's logo or emblem. Whenever you create a new logo, you should register a trademark for it so you get added protection. Also look out for violating other companies' trademark and copyright rights. For example, don't use another company's logo in an attempt to somehow profit off their reputation.

Privacy (privacy laws)

Privacy law differentiates between public figures and private figures – as well as under what situations individuals have the right to withhold information that could be privy to public scrutiny. PR practitioners need to understand how the law protects private individuals in order to avoid the potential for legal mishaps.

Defamation (libel and slander)

Defamation is negative language about a person that harms him by hurting his reputation, causing monetary loss or mental anguish. Slander is spoken defamation whereas libel is written defamation. Of course, public relations practitioners say and write A LOT – and it is vital that we know the words we say and write on behalf of our clients are not falsely malicious and therefore wrongly cause great monetary, mental and reputation damage to a person or company.

Deceptive Advertising

Whenever you write a press release or publish or broadcast an ad for your small business, you should make sure that all the information you release is honest or you'll be at risk of being guilty of deceptive advertising. This includes testimonials that you made up, defaming your competitor, using the word free for something that really isn't, deceptive pricing, exaggerated claims and other dishonest actions. You need to be above board in all your advertising and make sure that you get permission for any testimonials you use.

Sunshine Laws/Freedom of Information Act

If you're working for a government agency, know and understand Sunshine Laws, which are essentially regulations requiring openness in government. What this means is that meetings, records, deliberations, votes, etc. are available to the public. There are specific instances when meetings can be closed, but there are very specific mandates and rules that must be followed prior without it falling into the "illegal" category. The Freedom of Information Act requires agencies to share obtained information with the public (and of course, media). PR professionals must always keep these laws in mind when planning meetings and when working with sensitive information.

The Sarbanes-Oxley Act

For internal communications departments representing publicly traded companies, this law is a must-know. Though there are many facets to this Act – like in the USA, all aimed to keep the Enron crashes from happening again – a PR team should simply understand that full disclosure of results and material changes to finances or operations are a must.

Data Preservation

Each agency, corporation or business has an enormous amount of metadata (data about data) stored on computers and servers. For instance although there is no mandatory USA law governing the retention of these materials, it is vital to understand what conditions are currently in place as outlined in the 1986 Electronic Communications Privacy Act (ECPA) and the Protect Our Children Act of 2008. It is also vital to keep informed regarding potential amendments that may change what is and is not allowed. This is important for you – especially as PR counsel.

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WHY INTERNAL AUDITORS ARE NOT TRUSTED

Transparency Key Pillar of Audit Success

By CPA Simon S. Nabosu

Many trainers believe that within any environment, certain foundational aspects of internal audit are necessary for success. One of these key pillars is the general concept of audit transparency. The common perception is that, whenever possible, internal audit should pride itself in 100 percent transparency. This is foreign to many auditors and is not ingrained in the thought process of departments.

Professional trainers have many opportunities to speak to companies and organizations about leading practices in the internal audit function. They also have the luxury of discussing internal matters while remaining outsiders. This enables them to stay removed from inter-company politics and corporate culture.

Back to the point, why do most experts believe that transparency is a key pillar of audit success? There is an inherent lack of trust of internal auditors in many organizations because of the negative connotation that is inherent in the word

> **There is an inherent lack of trust of internal auditors in many organizations because of the negative connotation that is inherent in the word "audit." It leads to the perception that auditors are out to get them." The best way to combat this attitude is to have ultimate transparency throughout the audit process.**

"audit." It leads to the perception that auditors are "out to get them." The best way to combat this attitude is to have ultimate transparency throughout the audit process. Here are some audit process milestones where transparency is key:

- Opening meeting
- End of planning (discussion of objectives and sharing of audit work program)
- Throughout fieldwork (vetting observations)
- Reporting (writing observations and action plans)

Opening Meeting

Setting the appropriate tone with the auditee is key to establishing a strong foundation and relationship. In many cases, auditees do not perceive themselves as having any control over the audit results when, in fact, in most audits (compliance/regulatory, operational) Auditees do have control over the audit results. If auditees are doing what they are supposed to be doing, they have control. The auditor has to make sure auditees are well aware of this fact and share as much knowledge as possible. One way to do this is by focusing new relationships on the definition of internal audit. The Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF) 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 key point of internal audit according to the definition is helping an organization accomplish its objectives. If audit focuses on the business objectives of the company, it is able to connect with the clients on a key monetary aspect: If objectives are met, in many cases, the company gets more money. This helps to alleviate the proverbial wall of defense that is initially put up.

End of Planning

The goal of audit planning is to finalize the audit objectives and create the audit work program, which will guide the team step-by-step through the audit testing (fieldwork). These are two very important milestones of the audit process. Once the audit objectives are finalized, these should be discussed with the auditee and vetted. It might be difficult to gain full agreement, but the goal is to gain the auditees' understanding of why the objectives are defined as they are. This is easier than it sounds if the auditors are focusing the discussion on meeting the business objectives; the outcomes should be appropriately aligned.

In an effort to be fully transparent, auditors should share the audit work program with the auditee prior to fieldwork at the end of planning. This step tends to shock many auditors, but, in most cases, the auditees already know what this looks like because the work program is based on their internal processes/procedures. This is not the auditors' perspective at times, so this step helps the audit to refocus on the business objectives.

Some may think, "If auditees have the work program in advance, they can clean up all of the issues before the audit." An appropriate response is "Good!" However, cleaning up and falsifying records are two very different things, and falsification can never be tolerated. It is worth keeping in mind that auditees will not know the sample that will be tested, so cleaning up their records would take a Herculean effort in a very short period of time. Frankly, if auditees have time to do that, then they are vastly overstaffed, and that just does not happen.

As auditors, focusing on the business objectives helps maintain the ultimate objective of acting as a change agent inside the organization. Even if clients clean up their records, they will not be able to clean up systemic issues, which are the focus of audits.

Throughout Fieldwork

Throughout fieldwork, the audit team should share the audit observations with the auditees to vet and confirm each observation as it is identified. This shows the auditee that the audit team is not "out to get them" and focuses on an end result that is known by the audit team and the auditees prior to the finalization of the audit.

Reporting

To forge strong rapport and relationships and, in turn, transparency, audit reporting must be a two-way street (with ultimate decision making about and ownership of the report lying with audit). If goodwill and trust have been built throughout

the audit process, it should be an easy and natural step to partner with management to finalize the observations/recommendations/action plans.

Taking it a step further, in cases where the auditor has a good working relationship with the auditees, having the auditees create the first draft of the observation will enable them to take ownership of what is written. Obviously, if the auditees' version of the observation is inadequately stated, then audit will alter the wording and make sure the point comes across appropriately. The sharing of these responsibilities creates a team environment that is, ultimately, created through transparency.

Perfect Example Case

The North Dakota (USA) Workforce Safety and Insurance Agency (WSI), which functions in a manner similar to a private insurance company, is the sole provider of workers' compensation insurance in that state. In North Dakota, state law mandates that every business with employees must carry insurance through WSI. Eight years ago, the WSI internal audit department started anew, after internal ethics scandals and questionable management decisions caused 100 percent turnover in the audit department.

A new director was appointed by the governor in March 2009. Due to the turmoil surrounding several of the previous directors, there were many issues that ran from top to bottom in the organization. There was little or no employee loyalty, no confidence in management, low morale and each department tried to protect itself. This caused an employee turnover rate of 16 percent—high for US government positions. When the new director started, the need for significant change in the organization was obvious. To that end, the director instituted a four-pronged strategic plan that addressed:

1. Creating a strategy to change the culture, which included a balanced scorecard (BSC) initiative
2. Adopting servant leadership principles
3. Simplifying management's message and what it wanted to accomplish
4. Focusing on core values, communicating them, over-communicating them and reinforcing them

The management team stressed the importance of audit and its purpose to help the organization. Transparency was key and management support was necessary throughout the process; in fact, the management team still attends audit update meetings throughout the year to stress the importance of internal audit throughout the organization.

The audit department was vacant for several months until a new team was hired. With the department's reputation in tatters and fear of audit running rampant throughout the organization, the audit team had to start from scratch—not just from a methodology standpoint, but from a reputation-building and marketing standpoint.

> **In an effort to be fully transparent, auditors should share the audit work program with the auditee prior to fieldwork at the end of planning.**

Based on the audit committee's requests, the audit team started by following up on and validating all audit observations that were made by both internal and external audits over the past few years. This nearly two-year effort resulted in more than 100 recommendations from these audits.

The follow-up work was a perfect place to begin to rebuild relationships since it was not a deep dive, just high-level discussion and audit work on past observations. The approach was simple and extremely considerate of the client's schedule—follow-up did not impede the client's workload and recommendations were spread out so as not to overload the client.

Many of the auditees were hesitant to work with internal audit at first, but that attitude changed significantly because of audit's approach. The audit team focused on marketing audit and essentially humanizing the profession. The auditors spent time educating the business on the purpose of internal audit within the organization and establishing strong rapport and personal relationships. The team also began to draw the line between external and internal audit, highlighting the significant benefits of being internal.

Over the first year, the response to internal audit was positive. Auditee's interest was generated because of the 180-degree change in approach and attitude. The main auditee questions were "Will this be different?" and "Will this team actually be helpful?" Internal audit's approach continued to be completely transparent, starting with the development of the annual audit plan. Departments who might potentially be on the upcoming audit plan met with the team to clarify the positions of both the departments and the audit team and the rules of the audit engagement.

Throughout the audit process, internal audit placed an emphasis on transparency. The team focused on the control aspects of everything being vetted and discussed throughout the audit.

Now, there is a true open-door policy with departments, whether during the audit or outside of the audit cycle. The team environment has refurbished the reputation of the department, as noted by the incoming calls the team fields for assistance and the on-average 10- to 20-minute exit conferences.

Conclusion

WSI is the perfect example of how audit transparency can drive trust and long-term audit success. By applying the principles of transparency whenever possible, constant and continuous communication, and a focus on business objectives, WSI mended a fragile relationship with clients and is a true asset to the organization.

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EFFECTIVE LENDING POLICY

Panacea for credit risk management in financial institutions

By CPA Calistus Waswa Wekesa

Loan portfolios typically have the largest impact on the overall risk profile and earnings performance (interest income, fees, provisions, and administrative costs) of financial institutions. At the centre of credit risk management there is a well-crafted lending policy that addresses credit risk consideration. The lending policy, which is often called loan policy or credit policy varies in content, length, style and quality as determined by each individual financial institution. Each financial institution has its own tolerance for risk, product mix, and economic conditions can vary by geographic location. An effective loan lending should reflect the size and complexity of the bank and lending operations should be tailored to each bank's needs and characteristics. Loan policies and procedures are typically reviewed by senior management and the Board of Directors on need basis.

Lending Policy Development

While risk is inevitable, banks can mitigate credit risk through the development of and adherence to effective loan policies and procedures. A well-written and descriptive loan policy is the cornerstone of a sound lending function, and a bank's board of directors is ultimately responsible for framing the loan policies to address the inherent and residual in the lending business lines. Once the policy is formulated, senior management is responsible for its implementation and ongoing monitoring, as well as the maintenance of procedures to ensure they are up to date and relevant to the current risk profile.

Policy Mission and Objectives

The loan policy should clearly communicate the strategic goals and objectives of the financial institution, and define the types of loan exposures acceptable to the institution, loan approval authority, loan limits, loan underwriting criteria, and several other guidelines.

It is important to note that lending policy differs from procedures in that it sets forth the plan, guiding principles, and framework for decisions. Procedures, on the other hand, establish methods and steps to perform tasks. Financial institutions that offer a wider variety of loan products and/or more complex products should consider developing separate policy and procedure manuals for loan products.

Lending Guidelines

The lending policy should outline how and when the bank should use additional external information from credit rating agencies or from credit bureaus. Furthermore, it should list acceptable types of collateral and their respective loan- to- value limits.

Operating Guidelines

Documentation and reporting standards, along with guidelines outlining the computation of the allowance of loan-losses, loan collections and charge-offs, constitute the operating guidelines of the lending policy. The lending policy should outline procedures for dealing with delinquent borrowers and for determining and documenting collection attempt, and guidelines that specify charge-off requirements.

Lending Authority

The lending policy should outline how credit is extended by the bank, and should

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identify those who are authorized to transact on behalf of the institution, as well as the size and the limit of the transactions. Limits should be established for individuals by name or by job title, individuals acting together, loan committees, and the legal lending limit authority. However, no financial institution should delegate unlimited lending authority to one or a limited number of individuals.

Before a financial institution establishes lending authorities or limits, the board must establish the approval hierarchy or structure. The board is ultimately responsible for the affairs of the institution and must determine to what degree the board is willing to delegate lending authority. There should be specialized board level loan committees that deal with complex loans, and act as the highest lending authority of the financial institution.

The Management Information Systems and Reporting

Effective Management information system and reporting will enhance the efficiency and effectiveness of lending decisions, ongoing portfolio monitoring, and overall credit evaluation. The lending policy should clearly identify the primary monitoring reports necessary to support credit management and to establish the frequency for producing the credit reports. Reports should be targeted to the user and based on the level of oversight required for management, committees, and the board.

Audit Review Function

The audit function should provide an independent review of the loan policy framework and its implementation, ensuring that the policies and procedures are being complied with. To be able to assess whether the lending function's design and controls are effective and working appropriately, audit and risk committees should require regular comprehensive independent review of the function. The risk audit plan should be risk-focused and incorporate coverage of key lending areas. Audit reviews should also include adequate testing of regulatory compliance of the lending function with the financial institution's policies and procedures. Additionally, the audit function should review compliance with loan documentation standards and banking laws and regulations, as well as the accuracy of past-due and charge-off reports. Audit reviews should be conducted with appropriate frequency, and adequate resources should be assigned to perform the review. The scope of the audit should be suitable for the desired audit universe. The board of directors is ultimately responsible for determining whether the audit function is effectively performed.

Loan Review Function

The responsibility for underwriting and structuring a loan according to policy and for confirming that a loan is performing to expectations rests primarily with the line of business or the party approving the credit. The line of business is also responsible for appropriately risk rating the credit and promptly identifying any emerging issues or deterioration in the credit. An independent loan review function may be used to provide additional oversight of the portfolio. Similar to the audit function, this function can be housed internally or outsourced to a qualified and independent candidate or firm; however, as with all delegated functions, ultimate responsibility for sound risk management remains with the financial institution.

Conclusion

Regulators expect financial institutions to establish and maintain policies that provide an effective framework to measure, monitor, and mitigate credit risk. One of the most significant risks facing financial institutions today is credit risk and maintaining a current and comprehensive lending policy is one of the most effective ways to mitigate that risk. Senior Management and the board should continually monitor and evaluate the loan policy to determine that the institution's lending activities are conducted in a safe and sound manner and are aligned with its strategic objectives, current market practices, and economic conditions.

While the board is ultimately responsible for the development and annual approval of sound policies, many other parties within the financial institutions are responsible for executing the board-approved strategy.

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ORGANISATION STRUCTURE AND GOVERNANCE

By Moses Waweru

For an institution to survive in this competitive business industry it must set up its organisation structure which will define who is answerable to who and how the activities of the institutions are coordinated and supervised. An institution should work as a system whereby an input of one department gives rise to an output of the other department. Checks and controls will be enhanced in this kind of arrangement since the inter-related activities touching on different departments will be addressed as they come. The structure should be such that the coordination of the entire departments are smoothly, effectively and innovatively done.

If the structure is addressed, then corporate good governance will automatically be achieved. Good governance entails how well public institutions conduct their affairs and more so how they manage the public resources. Good governance addresses the issue of provision of public good and services in an effective and efficient manner.

Because of lack of a good structure and departmental coordination, Kenya has been largely affected by immerse corruption. The head of state during his Madaraka day speech directed the vetting of finance and procurement heads an exercise that was meant to curb corruption cases that have affected our economy. The structure of an institution allows express allocation of responsibilities to individuals.

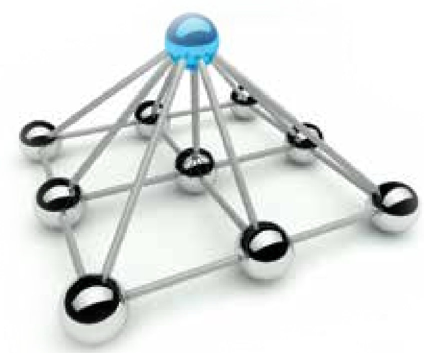
The two departments, i.e. accounts and procurement are not well inter-linked and the tasks of procurement and those of accounts are not well defined by the organisation structures. The aspect of proper coordination and supervision by the self-internal controls of the system itself is not achievable.

The ICT fraternity will have a different methodology of explaining the above by saying garbage in garbage out. If the output of a procurement process is rotten, the input of accounting payment process will automatically receive in a garbage thereby rendering the individual of this section answerable for garbage that comes in as an input without their knowledge. Not that I am fighting for the CPAs who have been affected by the executive order but I am trying to discuss how important it is to have an organisation structure that addresses task allocation and proper coordination and supervision which are directed to the main objective of the institution.

I would suggest that all the operations of an institution should be interlinked such that what the left hand is doing the right hand should know. The internal control system should be inter-linked in a manner that an entry in a given department is communicated to the other departments automatically. This will enhance teamwork and minimise losses since all the sections will be having their own checks and balances mechanisms which will be used as a tool to detect any malicious mishandling of public money. Any section may raise an alarm should the initiators of the system fail to adhere to the statutory rules and regulations guiding the firm.

Good governance can be defined as the process of decision making and the implementation of the same. The decision on the management of public resource and organisation of individuals. Etounge Manguella defined good governance as the presence of rule of law, safeguard of human rights and above all existence of honest accountability, transparency, predictability and openness.

“The two departments, i.e. accounts and procurement are not well inter-linked and the tasks of procurement and those of accounts are not well defined by the organisation structures.



Most researchers have found a casual and positive relationship between good governance and the per-capita of a country and therefore it is paramount for Institutions to embrace the concept of good governance in their workplace.

For a person to acquire good governance values he/she should have learned them since the time of his or her early childhood. I would suggest that the curriculum should embrace the introduction of personality behaviours as a subject examinable in the national exams as administered by the national examination body. Most of the culprits learn about good governance only when they have been appointed in the government system. This leads to little or no implementation of good governance.

Most learning institutions will train on the organisation behaviour a unit that only addresses few ethical behaviour of a state officer. The personality behaviour should as well be introduced to the learning Institution. If the above is addressed our country Kenya will achieve the five main features of good governance which are; political accountability, fair judiciary, freedom of information and expression, efficiency and effective civil society organisations.

Governance should extend from the smallest unit of the society i.e. the family to the global institution. One should be able to manage his/her family first before serving the public institution, an interview should be carried out to find out whether the official has been able to handle family matters with utmost faith. Needless to say that political influences details all what good governance entails.

Most of the public institutions in Kenya have a lot of challenges on corporate governance practices. The challenges are occasioned by lack of documented policies on good governance however the government has taken an initiative of orienting state officers on corporate governance and understanding their role in the leadership of state corporations.

My opinion on the achievability of good corporate governance is for the government to introduce a programme that will be used to bring more awareness to the state officers thereby highlighting the consequences of non-adherence to good governance practices. Refresher courses for state officers on the good governance should be made mandatory after a period of say 6 months.

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SLEEPING WATCHDOGS BARK AFTER THE HEIST

We must act now

By CPA Sam Mwaura

It is now a well-accepted fact that unless we do something that we have never done, the next fraud will be mega and blatant than the last one. However, as we sit, watch news, read newspapers and ponder how the scandals happened, we never ask ourselves, what really went wrong or who really did not perform his duty.

We all have fresh memories of recent scandals that have left Kenyan citizens and non-citizens wondering whether we still have things in control or things are controlling us.

My focus will be on the persons and bodies mandated to protect such mega corruption scandals from happening but have repeatedly succeeded in failing to do so.

The Cooking Pot for Mega Fraud

All the scandals that have occurred in ministries, departments and agencies have occurred due to blatant non-compliance with the Public Financial Management Act-2014, Public Financial Management Regulations, Public Procurement and Disposal Act-2015, Public Procurement and Disposal Regulations and Anti-Corruption and Economic Crimes Act-2003. This is because all these laws and regulations have detailed how a public officer servicing interests of the public should conduct business.

We all know too well that for your business to do business with these government ministries, agencies and departments, you must submit a few irreducible minimums as follows: business registration certificate/certificate of incorporation, identity cards and personal identification certificates for all the partners or directors, bank account details because the government and its agencies do not pay in cash, current business permit, tax compliance certificates etc.

When it comes to faking delivery of goods and services, it requires more than one person to "co-operate" or actually collude. As expected, the person who ordered for goods should not be the one receiving and paying for the goods to ensure there are checks and balances unless the entity is a one-man show. It is amazing that where these corruption scandals occur, these functions are usually run by separate departments and individuals.

When it comes to paying, it is a requirement for a payment voucher to be prepared and approved by the accounting officer before any payment can be made. Ideally the payment voucher should be supported by the delivery notes or certificates of completion, copies of local purchase/service orders, and minutes of procurement committee approving such procurement among others. It is worthy to note that a payment voucher and its supporting documents are signed by the preparer, reviewed and signed by the reviewer and approved for payment by the accounting officer. The accounting officer should ensure that there are sufficient records to show proof that goods/services were delivered before approving a payment voucher.

Financial Institutions as Conduit for Mega Fraud

As per the Kenyan Proceeds of Crime and Anti-Money Laundering Act, 2010 and the Kenyan Proceeds of Crime and Anti-Money Laundering Regulations, 2013, the financial institutions are supposed to put in place a system to identify suspicious transactions and report the same to the Financial Reporting Centre (FRC) on a weekly basis. In addition, the financial institutions are supposed to identify, record and report to the FRC all transactions equivalent to USD 10,000 (Kshs 1,000,000) whether suspicious or not.

The financial institutions are also required to obtain adequate details to support each transaction such as the source, reasons and destination of money. It is cheaper to prevent fraud than to recover diverted, misappropriated and/or stolen resources. It is therefore apparent that the financial institutions that have facilitated the mega scandals have failed to protect us and as such have become accomplices to the fraudsters.

Inaction at Supervisory Level

We are aware that one of the Central Bank of Kenya (CBK) core functions includes Bank Supervision to ensure that all banks are adhering to Prudential Guidelines issued in January 2013 by CBK. These Prudential Guidelines include a framework for identification and prevention of money laundering. If CBK and FRC had acted in good time many of these financial scandals would have

identified, minimized and/or mitigated. In addition, the knowledge that someone is watching and acting is enough to deter a would-be perpetrator.

Knee Jerk Reaction

The government always reacts quickly but mainly with no facts or tangible evidence. Many a time these comes in the form of directives requiring some officers to be redeployed, compulsory but paid leave and lengthy termination if proven guilty. We should however note that when officers are changed or work flow disrupted in an unplanned manner, this could be counter-productive. When you redeploy or send hundreds of officers on leave, this affects work flow, their duties and responsibilities are neglected and what you may have in the end is more scandal. We all remember after NYS 1 scandal and MOH 5Billion Scandal, officers were redeployed but now we are here with NYS 2 mega and merrier. The transfers also erode institutional knowledge which ensures there is little audit trail, if any.

Legislature

If it is laws, the Kenyan National Assembly has made enough laws to serve us for the next foreseeable future. The key thing is adherence and how we firmly deal with non-adherence.

Judiciary

As for Judiciary, I believe they are doing their part while keeping true to the spirit of "the law is an ass". However, we must remember that the Judiciary does not deal with cases based on euphoria, hearsay, emotions or hatred. The Judiciary upholds justice based on evidence that is produced before court to incriminate a suspect.

> **"We all know too well that for your business to do business with these government ministries, agencies and departments, you must submit a few irreducible minimums.**

Remember a suspect is innocent until proven guilty.

The Office of the Public Prosecutor

The Office of the Public Prosecutor (OPP) is the one we must really focus on. Before the OPP takes anyone before a court of law, he must have solid evidence. No evidence is found in a court room. The OPP must obtain, store and present evidence before the court of law. Failure by the OPP to do their homework properly has led to many corruption suspects being ceremoniously acquitted after which they become heroes. The OPP's success also depends on the police and therefore proper coordination between them will be beneficial.

Conclusion

The web of corruption and fraud is wide and deep and will need more than a cosmetic surgery. If we are to deter further fraud, the ministries, departments and agencies should adopt a system of openness.

Government tenders and procurements should be floated online and submission of required documents should also be done online. In addition, the Government should request financial information from the Kenya Revenue Authority (KRA) regarding the financial performance of a company using the PIN number given by the suppliers. This will eliminate fake businesses which have no capacity to deliver any real value. In addition, KRA may use the financial reports submitted by businesses to procuring entities to demand for undeclared income taxes if those financial reports differ with the ones filed by the same businesses with KRA. In addition, all institutions must be held to account and must do that for which they were formed.

The author is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and an Associate Member of the Association of Certified Fraud Examiners (ACFE). He is responsible for provision of quality audit, accounting, tax services and developing client service strategy.

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DOCUMENTATION

The memory base for organisations

By Edwin Musonye & Victor Munene

Documentation is the effective recording of processes, procedures, systems or events taking place in an organisation. Organisation here implies the broad umbrella that include businesses, governments and non-business bodies such as churches, chamas, scouts and girl guides clubs, and labour unions. This activity plays an important role in increasing efficiency and reducing operational costs.

The core basis is that it conserves the history of the organisation or subject at hand. It is the nerve center for knowledge management since by forming a reference point; anybody can go back and consult the sources whenever the need arises.

Whereas, it is easy to think that only organisations in the informal sector fail to adequately document their activities, observations prove otherwise. A study by Document Point of some 15 randomly chosen companies listed on the Nairobi securities Exchange shows that those that have sourced their current CEO's internally tended to have a more undeviating continuity than those that brought in outsiders.

A deeper analysis reveals that the reason was mainly due to lack of maintaining effective operational manuals that would facilitate inducting the incoming expert. When management changed; the new chief in guard- in more cases than not -started reinventing processes from scratch. In that way invaluable time and sometimes money is wasted.

A recent report by Kenya School of Government eLearning & Development Institute (eLDi) stated that there will be a labour gap of up to 35% in the next ten years when senior government official retire. This is evidence that work manuals haven't been made available that new workers may read and effectively take over and deliver smoothly.

"Documentation in business manifests in three main areas. This is in products and services use, work flow illustration, and administration needs. It is under administration and human resource that we find it useful in generating manuals for recruiting, training, and spelling out disciplinary measures for staff.

Documentation in business manifests in three main areas. This is in products and services use, work flow illustration, and administration needs. It is under administration and human resource that we find it useful in generating manuals for recruiting, training, and spelling out disciplinary measures for staff. Again, it is well used for collecting and storing information on age, gender, and skills of employees. Writing meeting minutes and company profiles are the most detectible documentation output in many businesses.

Beyond administrative uses, documentation establishes standards that manage work flow. These manuals or guides set, monitor, appraise, and evaluate performance. The scope covers procurement, storage, selling and marketing, accounting and auditing.

In products and services either produced or used by the organisation, user manuals should be developed to guide on how to effectively use them. Other manuals include those for installation, operation, and maintenance. Customer care manuals are handy in guiding in responding to customer queries such as giving directions or troubleshooting a gadget's problem. In the catering industry developing a recipe book may pass as a form of documenting.

The accounting profession contributes to production of documentation by generating financial reports for both internal and external use. The profession further adds to standardising of documentation under its scope by providing a conventional way of capturing and inferring information. Computer programmers are apt in utilising of documentation as invaluable writings that 'explains the code'. In the legal profession, it supports the setting and recounting of precedents.

Professional documentation activity, of course, can be a high skill exercise and has standards and conventions to enable concise interpretation and admirable presentation. Expertise such as information designers and information architects may be employed to build elaborate data bases and interfaces for online access; however, simple records and recording techniques still work satisfactorily.

Technology has created many channels for facilitating documentation. Weblogs, newsletters, video tutorials, and even email threads form records however the traditional methods of publishing booklets, photographs, and journal and newspaper articles are still open. Techniques used include story-telling. Any reasons that may attempt to absolve an organisation in engaging in documentation exercises are highly deficient when compared to potential gains. Cost in terms of time and expertise are therefore not excusable because numerous methods are now available for collecting, storing and retrieving information.

Obviously some documentation is confidential and need not be shared publicly but in modern times even classified government information has term limits after which it should be made public. Other commercial information is patented before being shared; while some is held as private and top trade secret- such as the coca cola formula.

Shared documentation is important for scholarly purposes since student can read and discuss the case studies. For instance, there is an admirable business story in KCB in which Terry Davis came in and turned around the otherwise lossmaking financial giant. No business or management school has yet bothered to document the achievement. Theories and hypotheses can be developed that would better solutions or procedures. When students graduate, they'll make better managers.

For practitioners, it helps solve the immediate problems. Incoming consultants can familarise themselves with all staff, procedures, processes and goals.

For legal purposes, evidence can be presented that can assist in giving justice. For instance, it may turn out that the ever increasing losses made by most public companies in recent years are not caused by mismanagement or unfavorable operating environment, but rather are well devised frauds.

But it cannot be overlooked that some people in organisations deliberately refuse to document for selfish reasons. Some, particularly in business try to hide their profits with a goal of evading taxes. They therefore thrive to remain as informal as possible regardless of their size. Others, especially in large organisations and government, refuse to develop work manuals of their duties so that they become indispensable. They become the only ones who understand the job and cannot be evaluated nor asked to leave.

On larger scales libraries use techniques such as micro film to compress periodicals and newspapers into space saving forms and formats. Museums also conserve artifacts some of which can qualify for documentation

In today's world when information is critical, failing to document is denying the organisation, the industry, and entire economy an important asset.

info@documentpoint.co.ke

By Angela Mutiso

HANDLING GRIEF AND LOSS

Suffering Psychological Pain

Bernadette was mourning her husband and trying to talk to him. The distraught woman had many questions; she wanted to know who would take care of her and the young children they had brought forth in quick succession, why he had to die so young, and if the accident that took away his life could have been avoided. Uncertainty about her future also worried Bernadette intensely. She had planned her life with him, but now her hopes were shattered. Nonetheless, why was she so dramatic in her grief?

Nearly all African communities regarded illness and death with great trepidation says Meshack Owino in an article titled bereavement and mourning - (Africa) published by encyclopedia. Human beings, he explained, were expected to live and enjoy a normal life until death in old age and many African families believed that an early death was not a natural occurrence. Anything that interfered with the natural course of life and brought about illness or premature death was believed to be caused by sorcery or evil spirits. Consequently, Africans took elaborate measures including traditional ceremonies to ward off illness, death, and bereavement, also during wartime…

Grief according to helpguide is a natural response to loss. It's the emotional suffering you feel when something or someone you love is taken away. The more significant the loss, the more intense your grief will be. You may associate grieving with the death of a loved one - which is often the cause of the most intense type of grief. Helpguide explains that any loss can cause grief, including: divorce or relationship breakup; loss of health; losing a job; loss of financial stability; a miscarriage; retirement; death of a pet; loss of a cherished dream; a loved one's serious illness; loss of a friendship; loss of safety after a trauma and selling the family home.

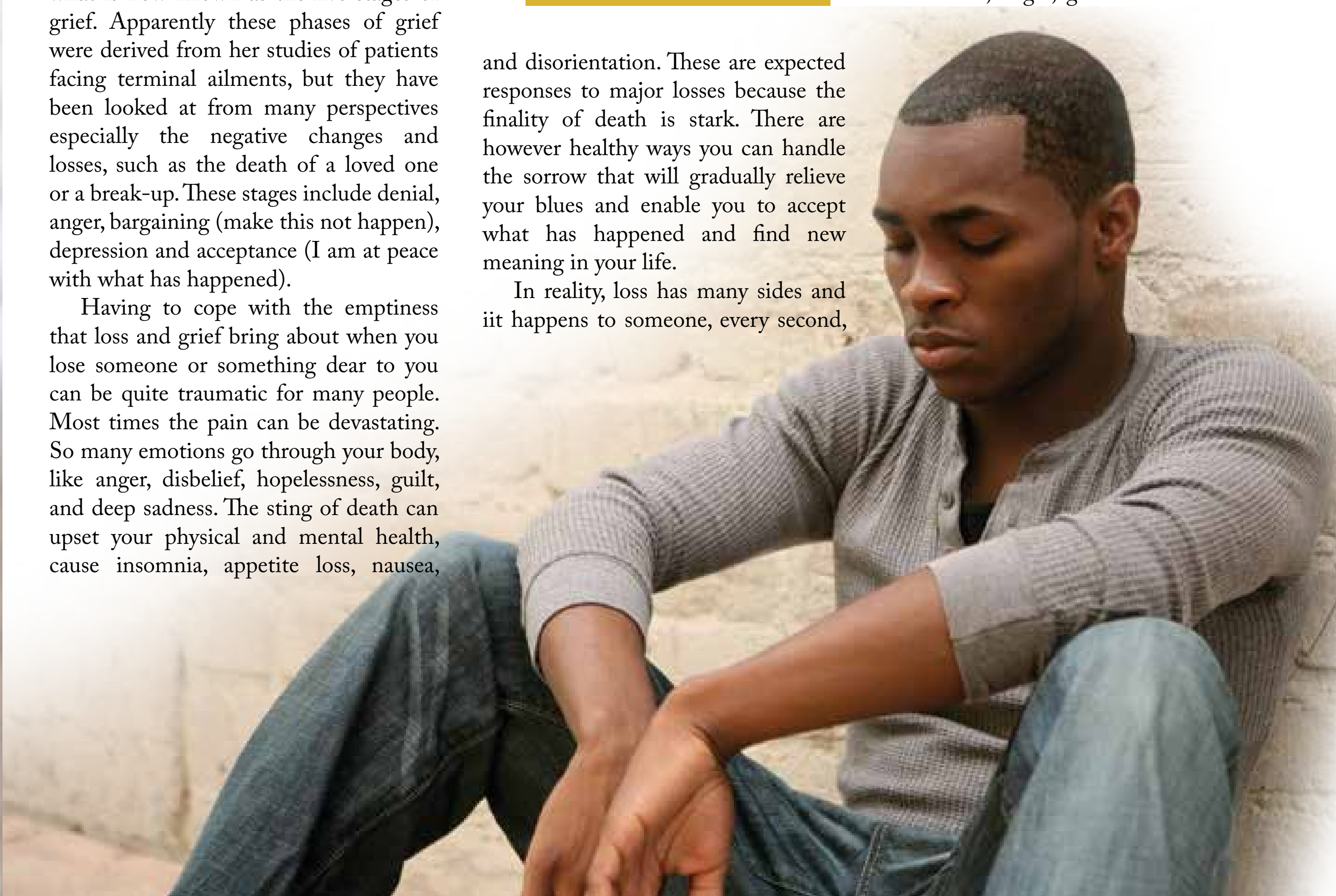
After carrying out some research, Elisabeth Kubler-Ross came up with what is now known as the five stages of grief. Apparently these phases of grief were derived from her studies of patients facing terminal ailments, but they have been looked at from many perspectives especially the negative changes and losses, such as the death of a loved one or a break-up. These stages include denial, anger, bargaining (make this not happen), depression and acceptance (I am at peace with what has happened).

Having to cope with the emptiness that loss and grief bring about when you lose someone or something dear to you can be quite traumatic for many people. Most times the pain can be devastating. So many emotions go through your body, like anger, disbelief, hopelessness, guilt, and deep sadness. The sting of death can upset your physical and mental health, cause insomnia, appetite loss, nausea, and disorientation. These are expected responses to major losses because the finality of death is stark. There are however healthy ways you can handle the sorrow that will gradually relieve your blues and enable you to accept what has happened and find new meaning in your life.

> **“So many emotions go through your body, like anger, disbelief, hopelessness, guilt, and deep sadness. The sting of death can upset your physical and mental health, cause insomnia, appetite loss, nausea, and disorientation.**

In reality, loss has many sides and iit happens to someone, every second, every minute, and every hour. Mourning is a very individual experience; there isn't a good or bad way to grieve. How you suffer grief is determined by a lot of things, including the kind of person you are, your surviving style, your life experience, your culture, your convictions, and how major the loss was to you. At times psychological pain can be more excruciating than physical pain. You ask yourself, how do I move on from here? You feel fearful about the future and the responsibilities the deceased has left you with. This person may have been supporting you financially, emotionally and socially. So when he/she goes, you start fearing the unknown. You wonder what will happen to you and how you will cope in their absence. Will your future be shattered from this point? Grief experts say you should allow yourself to grieve as much as possible to be able to cope and to move on. They advise you to have a good cry, because there are so many benefits you can derive from crying; including relieving stress and depression.

Emotions that come about when someone dies include shock and disbelief, sadness, anger, guilt and fear. You wish



you had spent more time with them, done more for them, been there for them or even prevented their death. You may feel lonely and fearful of your own mortality. Time heals the wounds of grief, and you can keep yearning for your deceased loved one but grief can take another form if it lingers on. This kind of grief is referred to as complicated grief. You begin to imagine you are seeing images of the departed, you get into a denial mode and even imagine that if you go to places you used to go with your loved one, you may just find them there. Some people actually become very bitter while some may deliberately refuse to get over the death altogether. At this point someone may need counselling.

Writing in huffpost on 7 Steps for dealing with loss and grief Michelle Roya Rad provides some general steps one can follow when suffering the loss of a loved one: acknowledge and accept the feeling; start taking steps to fill up the void within; learn to grow from the loss; replace the negative feelings with positive ones: feel liberated and move forward: learn to become more emotionally stable; start evaluating your faith. She explains that people with a set of value system that brings about a sense of reassurance and trust in life and in something bigger than themselves can bounce back easier from a sad situation. It is easy to lose your self-esteem when you suffer loss of any kind. You find that you ignore your physical, emotional, and social needs. You may lose or add weight, lose your appetite, your friends, and even your job.

In addition, you should realize that it is never all about depression; the kind of food you eat can affect your mood. So have a balanced diet and eat foods that can enhance your mood. Eat less of foods that can negatively affect your mood like alcohol, saturated fats and caffeine. Eat frequently and minimize your sugar intake. Take fresh fruits and vegetables, bananas, eggs, and mood boosting foods. The website, sixtyandme.com says no one likes to talk about death. Why? Because talking about death forces us to face our mortality. For as long as we keep our fears in our heads, we don't need to own up to them. In reality, talking about our mortality is one of the best ways to overcome a fear of death. In an article entitled 7 Positive Ways to Overcome Your Fear of Death, sixyandme.com says as we reach our 60s, many of us are struggling with a fear of death. But remember, you have accumulated relatives, friends and associates and been part of communities during the 60 years you have lived in this world, and these are friendships you should cherish and use for your mutual benefits. Their advice is that you should, Enjoy Your Life! First – celebrate life! Spend a lot of quality

“Like the child being born, we have no choice but to yield ourselves to the unknown. Accepting that death is a part of life may not make it less scary, but, it will put it in context. Finally, adopt rituals and spirituality.

time with people you enjoy being around, try new things; do not keep going with a job that is deeply dissatisfying, or stay in a relationship that makes you unhappy. Realize and accept that death is natural; It helps to recognize ourselves as part of a great cycle and find comfort in the fact that everyone else must go through the same thresholds: conception, birth and death. Near-death researcher Norman Van Rooy says, "Like the child being born, we have no choice but to yield ourselves to the unknown." Accepting that death is a part of life may not make it less scary, but, it will put it in context. Finally, adopt rituals and spirituality. In a 2006 study at Maryland University, it was shown that people who subscribed to a religious belief were generally more at ease with the prospect of death.

In his uplifting book surviving the loss of a loved one; living through grief, Reg Brown says that from his own experience, he cannot over-emphasize the power of prayer in meeting the crisis of losing a loved one. He says "in the sleepless hours of the night, with no one else to help. I could reach out and take God's hand." We are informed in this book that grief is an experience through which all of us must live at one time or another. The cause of this may be the death of a spouse, a parent, or a child; it may be a suicide, a miscarriage or a still birth. It may also take place following a divorce. When this happens, we need help. The author writes from a Christian perspective; and has a lifetime's experience of pastoral counselling behind him.

Meanwhile, journeyonline says there is hope… and there is a God who understands our grief it goes on to say that Jesus paid the price of our sins once and for all. He broke the curse of death by rising from the dead three days after sinful people nailed him to a deadly cross. Because He rose from the dead, we have hope for new life: now and forever. It adds that nothing will change the fact that people die. But, death does not have to overpower us. We can begin to live again because of our relationship with Jesus.

We can now understand why Bernadette was so stressed and why we feel the way we do when we suffer such losses. The good news however, is that, there is help and there is hope.

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ENVIRONMENTAL IMPACT ASSESSMENT

What can you do to make this world a better place?

By Angela Mutiso

The earth is a fine place and worth fighting for
– Ernest Hemmingway

Environmental degradation takes place all the time. Most times, it is done so insensitively that it becomes difficult to assess the horrid toll it takes, much less where. Environmentalists are working round the clock to stem this wanton destruction and calling on all of us to play our part, however small.

They are using Environmental Impact Assessment (EIA) as one of the methods to stop it. This is a procedure of gauging the likely environmental effects of a planned venture, while bearing in mind inter-related impacts that are favorable/harmful. During these assessments, our well-being is taken into account and our status is gauged; socially,

physically, culturally and economically.
Meanwhile, Environmental assessment (EA) as defined in Wikipedia, is the assessment of the environmental consequences (positive and negative) of a plan, policy, programme, or actual projects prior to the decision to move forward with the proposed action. In this context, the term "environmental impact assessment" (EIA) is usually used when applied to actual projects by individuals or companies and the term "strategic environmental assessment" (SEA) applies to policies, plans and programmes most often proposed by organs of state. Environmental assessments may be governed by rules of administrative procedure regarding public participation and documentation of decision making, and may be subject to judicial review. There are varied ways of performing an EIA.

In Kenya, The National Environment Management Authority (NEMA), has been authorized to do this job. NEMA's mission is to "ensure a clean, healthy, and sustainable environment in Kenya through supervision and coordination of all matters relating to the environment". It is established under the Environmental Management and Co-ordination Act No. 8 of 1999 (EMCA) as the principal instrument of Government for the implementation of all policies relating to environment.

EMCA 1999 was enacted against a backdrop of 78 sectoral laws dealing with various components of the environment, the deteriorating state of Kenya's

> **NEMA's Mission is to ensure a clean, healthy, and sustainable environment in Kenya through supervision and coordination of all matters relating to the environment.**

environment, as well as increasing social and economic inequalities, the combined effect of which negatively impacted on the environment. The supreme objective underlying the enactment of EMCA 1999 was to bring harmony in the management of the country's environment. Section 9 (i) of EMCA mandates the Authority to exercise general supervision and coordination over all matters relating to the environment and to be the principal instrument of the Government of Kenya in the implementation of all policies relating to the environment. The Authority is a Semi-Autonomous Government Agency (SAGA) in the Ministry of Environment, Water and Natural Resources and has been in operation since 1st July 2002. (Nema website).

Among the organizations that have taken practical steps to observe EIA and EA, is The Kenya Wildlife Service (KWS). It says in its website that it takes EIA and EA seriously and has mainstreamed them within its operations. KWS explains that many of the projects that it has undertaken in collaboration with stakeholders have been subjected to EIA. Further, these EIAs have been submitted to Kenya's National Environment Management Authority (NEMA) and have been granted approval. KWS has also trained EIA/EA professional teams in its field stations across Kenya. At the same time, it has developed a Waste Management Programme and this is currently being rolled out in Kenya's wildlife protected areas. In addition KWS has an Environmental Policy Statement. This is quite commendable. It defines Environmental Audit (EA) as an assessment of the extent to which there is adherence to a given EIA and its execution plan that is more commonly referred to as the Environment Management Plan (EMP).

Are EIA and EAs effective in Kenya?

Writing on this subject on Oct 07, 2015 (in a paper titled Environmental impact assessment: Why it fails in Kenya) Ambassador Dr. John O. Kakonge a freelance Principal Consultant Adviser, says in his well-researched and detailed paper (he indicates his sources in the write-up) that Environmental impact assessments (EIAs) have served as recognized project planning tools for more than forty years. He notes that Kenya and many other African nations have passed legislation making such assessments mandatory, especially for large and what may be termed "environmentally sensitive" projects. The results are of mixed value and often fail to meet expectations.

In this paper, the author looks at the factors that have made EIAs ineffective in Kenya, drawing information from two projects – the Nairobi Thika Highways Improvement Project (NTHIP) and the Lamu Port and Southern Sudan-Ethiopia Transport Corridor (LAPSSET). He says, for its part, lessons learned from NTHIP include the need for a clearer determination of the project's critical impacts during the scoping stage of the EIA process; the role of public participation in the EIA process; and the need to suppress corruption. In conclusion, Ambassador Kakonge says the issues investigated by EIAs are critical and must be taken seriously by government authorities and all other stakeholders. He adds that EIAs should form part and parcel of the planning process, especially for large scale or environmentally sensitive projects. Overall, says the Ambassador, a well-managed EIA process promotes ownership, inclusiveness, transparency, practical environmental options and partnership. (The views expressed by this author are those of the author/s and do not necessarily reflect the views of the pambazuka news editorial team brought to you by pambazuka news).

What are the benefits of EA?

Many agencies admit the contribution of EA to enhanced project design. The main advantages of EA include; shorter time to start the project, saves costs, greater likelihood of acceptance, laws are understood and obeyed and there is enhanced performance. It is always advisable to involve communities because this leads to greater acceptance. It gives them a feeling that they own the project, leads to better health, fewer objections to implementations, the spirit of sharing is greater and the transparency is appreciated. There is also less wastage of natural resources and a better understanding of the need for environmental conservation.

So what can we do stop this destruction?

Perhaps we could start by ensuring that we do not discard rubbish everywhere, but do so at designated places. If you want to live in an eco-friendly world, ensure that you use natural products as much as possible. By doing this you will

improve the quality of your life because there will be fewer diseases, you will also live longer and happily. In their blog, Jcr supply describe eco-friendly products, (also known as green products), as products that don't harm the environment (whether in their production, use, or even disposal). Green products help conserve energy, minimize carbon footprints or the emission of greenhouse gases and don't lead to a lot of toxicity and pollution. It is not difficult to have and maintain an eco-friendly home. It does not cost so much money, neither does it mean a lot of work. You can switch to eco-friendly products gradually. Take time to learn more about this, and encourage everyone you relate with to do the same. The change will be measured but pleasant and evident. In addition, when you go shopping, you will find that there are several eco-friendly alternatives to what you are buying; choose those. As much as possible, use recyclable stuff rather than disposable ones. It is a routine that you can follow every day. We should disseminate the message that a clean environment can give us a peaceful mind, relieve stress, keep us well and save us from several ailments that beset us, and that we can make this a better world.

Solutions should be found for landfills; unless answers are found immediately, material collected for recycling could end

"If you want to live in an eco-friendly world, ensure that you use natural products as much as possible. By doing this you will improve the quality of your life because there will be fewer diseases, you will also live longer and happily.

up being landfilled (a landfill is a site for the discarding of waste by burying it). When this rubbish decays, methane is produced and this brings about global warming. Landfills contaminate the areas in which dumping is done. Even the water and soil in that dump site become infested.

Recycling is a good option. State of Jersey says it helps protect the environment and that recycling reduces the need for extracting (mining, quarrying and logging), refining and processing raw materials. All of these create substantial air and water pollution. As recycling saves energy it also reduces greenhouse gas emissions, which helps to tackle climate change. Meanwhile omgtoptens.com provides some benefits we can derive from recycling; Recycling is ecofriendly, helps to preserve resources, creates employment, and helps to build community. It makes the economy strong, reduces waste and protects wildlife. It also creates demand for recycled products.

Everything possible should be done to strengthen enforcement powers to ensure that we follow laid down rules and regulations to save this planet. It is what we all have in common.

Leo Tolstoy said "one of the first conditions of happiness is that the link between man and nature shall not be broken." While Jimmy Carter opined that "like music and art, love of nature is a common language that can transcend political or social boundaries." So what are you doing to make this planet we live in a better place for posterity?

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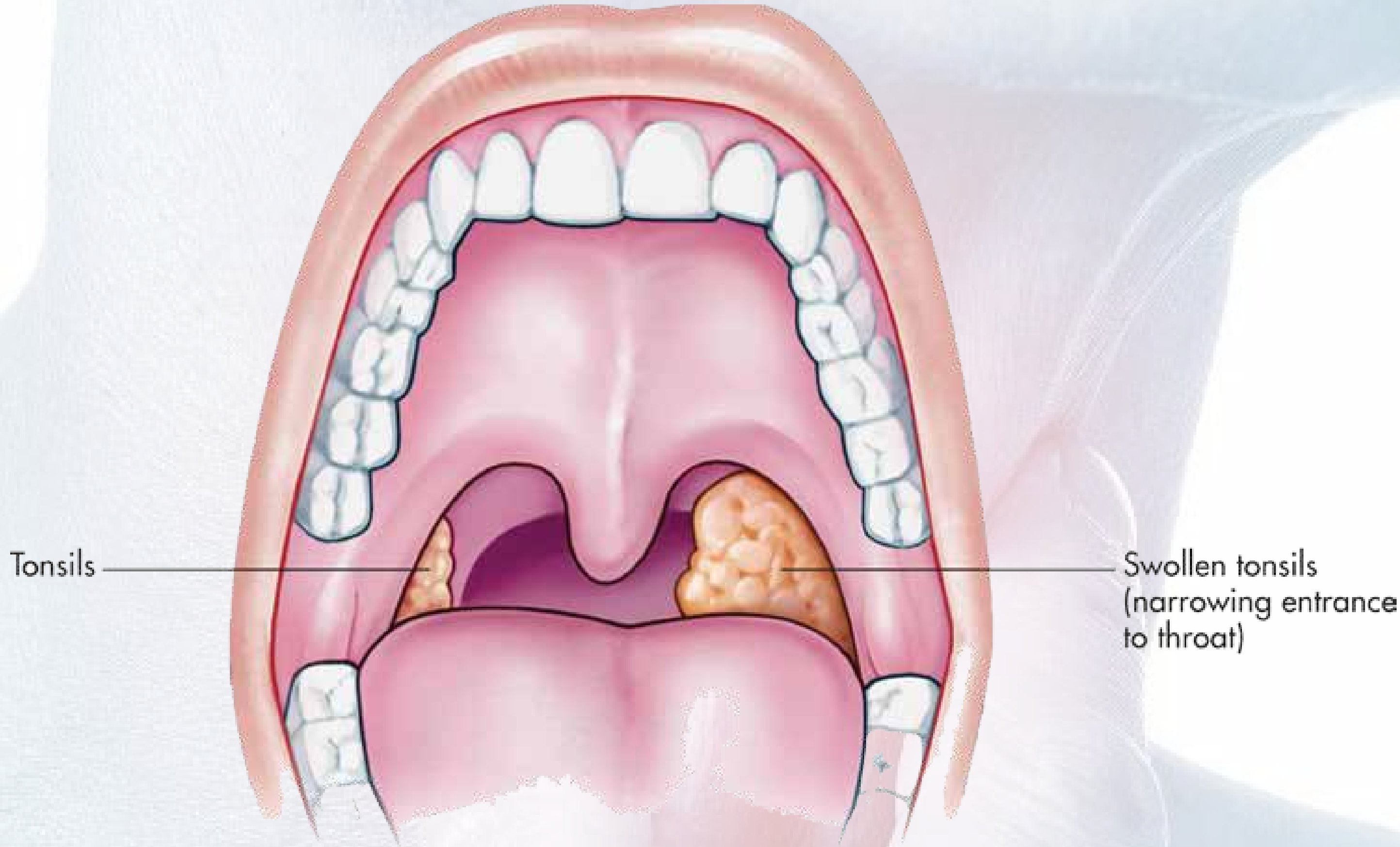


MANAGING TONSILLITIS

What you should know

Compiled by Angela Mutiso

Tonsils are the two lymph nodes on each side of the back of your throat. They fight bacteria and viruses that get into your body through your mouth. When they get infected, the condition is called tonsillitis. Indicators are a sore throat, swollen tonsils, and fever.

There are different types of sore throats, each is determined by the part it attacks. Pharyngitis is found at the back of the mouth; tonsillitis is the inflammation and redness of the tonsils, while laryngitis is distension of the voice box, or larynx. In this feature however, we look at the functions of the tonsils, its role in the human body, how to treat it and the causes of tonsillitis.

The main job of the tonsils, is to trap microorganisms which we may breathe in. Sore throats are responsible for millions of visits to doctors each year; it is a disorder that causes a lot of discomfort. Bad breath is one of the ailments you can get as a result of this condition. A sore throat is a dry, or irritating sensation in the throat and is one of the most common illnesses. Tonsils play a major role in the general functioning our bodies. Antibodies produced by the immune cells in the tonsils help to eradicate germs and to avert throat and lung infections.

Tonsils, explains Medicalnewstoday are collections of lymphoid tissue that form part of the immune system. Although uncomfortable and unpleasant, the condition is rarely a major health concern. Many people, whether given medication or not, will fully recover from tonsillitis in just a few days. Most symptoms will resolve within 7 to 10 days. Tonsillitis can be caused by a bacterial or viral infection. In some cases, tonsilloliths, also known as tonsil stones or tonsillar calculi, may be present. A tonsillolith is a calcified build-up of material in the crevices of the tonsils. It notes that they are generally small, but in rare cases, tonsilloliths have measured 3 centimeters and above. Tonsilloliths can be a nuisance and sometimes difficult to remove, but they are not generally harmful.

What are the symptoms?

There are many ways of detecting tonsillitis. It can be diagnosed by examination of the throat and a bacterial wipe; there are many communicable agents that can bring it about; tonsils are the body's first line of protection against external pathogens. The most known signs of tonsillitis are: a sore throat and discomfort when swallowing, red and inflamed tonsils with pus-filled spots, fever, headache, difficulty swallowing' pain in the ears and neck, tiredness, difficulty sleeping, coughing, chills, swollen lymph and glands. You can also suffer stomach ache, nausea, voice changes, bad breath, tiredness and a hairy tongue. Even though tonsils produce antibodies to fight infection, sometimes the tonsils themselves become infected. Overcome by bacteria or viruses, they swell and become inflamed, a condition known as tonsillitis. Tonsillitis is common, especially in children. The condition can occur occasionally or recur frequently, says webmed.

What causes it?

Bacterial and viral infections can cause tonsillitis. A common cause is Streptococcus (strep) bacteria. However, tonsils are also susceptible to infection from these invaders. Tonsillitis can be caused by a virus, such as the common cold, or by a bacterial infection, such as strep throat. Viruses are the most common cause of tonsillitis. Tonsillectomy is a surgical procedure in which both palatine tonsils (tonsils) are removed from a recess in the side of the pharynx called the tonsillar fossa. The procedure is performed in response to repeated occurrence of acute tonsillitis, sleep surgery for obstructive sleep apnea, nasal airway obstruction, diphtheria carrier state, snoring, or peritonsillar abscess. For children, tonsillectomy is usually combined with an adenoidectomy, which is the removal of the adenoid (also known as the "pharyngeal tonsil" or "nasopharyngeal tonsil"). The combination of these two procedures is called an "adenotonsillectomy". Adenoidectomy is not common in adults in whom the adenoid is much smaller than in children and rarely causes problems. Tonsillectomy is still a controversial operation as its benefits

seem to be only modest and temporary in most cases, there are recognised hazards associated with the operation and there are several indications that tonsillectomy may compromise the immune system in the long run, especially when performed at a young age (Wikipedia).

Tonsillitis in children

Nearly all children will get several attacks of tonsillitis during childhood. Tonsillitis is mostly caused by a common cold virus, and viruses can come through the air or direct contact. Just being near someone who has it, can be bad enough for your child. Proper treatment will be determined by whether it was caused by a virus or bacteria. In most cases the body is able to fight it off when it is brought by a virus. But the one brought by bacteria is treated with antibiotics. Experts say that snoring in children is not really normal, and medical assistance may have to be sought because of possible risks to the child. Meanwhile, livingandloving says that what really happens is that the tonsils and adenoids are enlarged to the point that they block the child's airways when she's sleeping. Sleep apnea means that she briefly stops breathing and wakes up repeatedly during the night.

What happens when your tonsils are removed? Is it risky?

Removal of tonsils and adenoids has always been a contentious subject. One doctor explains that if a child who snores is brought to him and s/he has large adenoids and tonsils, he has no reservations in suggesting removal, even if s/he's not getting tonsillitis. He says from his experience when the adenoids and tonsils are eliminated the child will get better sleep. It may eventually reduce and go as the child grows older, but seeing a doctor is essential because her airways may be blocked. Many people are generally uncomfortable with any kind of operation because of the possible risks. There are also some anticipated tonsillectomy side effects. Many people feel nauseated, they throw up, feel feverish, and tired and even have earache or bad breath. Other fears include bleeding after surgery, and anemia caused by bleeding. In addition, verywellhealth makes a very important point here. It says that "surgery requiring general anesthesia comes with risks that you should be aware of. These risks range from minor—nausea and vomiting—to life threatening—such as respiratory failure, malignant hyperthermia, and even death. You will be less likely to experience any serious complications if you have already successfully undergone

> **"If you have a family history of malignant hyperthermia, pseudocholinesterase deficiency, muscular dystrophy, or sudden death from general anesthesia, you will be at a higher level of risk for experiencing a surgical complication. You should inform your anesthesiologist if any of your family members have experienced these complications. This does not mean that you should not have surgery, but it will be helpful to the anesthesiologist and they may adjust medications used to avoid potential problems.**

general anesthesia in the past. If you have a family history of malignant hyperthermia, pseudocholinesterase deficiency, muscular dystrophy, or sudden death from general anesthesia, you will be at a higher level of risk for experiencing a surgical complication. You should inform your anesthesiologist if any of your family members have experienced these complications. This does not mean that you should not have surgery, but it will be helpful to the anesthesiologist and they may adjust medications used to avoid potential problems."

Why should you have a tonsillectomy?

If you have persistent strep throat (a bacterial infection that causes inflammation and pain in the throat), you may need this operation. Another reason would be if you have sleep apnea. (When one stops breathing occasionally during sleep). This is a condition that deprives you off oxygen and can trigger several other ailments; It can make you feel sleepy during the day, make you moody and stressed and may even bring about a heart condition. Many sore throats are easy to treat from the comfort of your home.

Treatment

You should try to keep warm and inhale hot steamy water. Additionally, drink warm liquids and remember that frozen foods can have a calming effect on your throat. Get plenty of rest and try to avoid physical interactions because this disease can be infectious. Natural remedies according to healthline include gargling salt water, licorice lozenges, and raw honey with warm tea. You can also take ice chips for adults and ice cream for young children to soothe their throats - humidifiers can help to relieve the sore throat if the air is dry, or you're experiencing dry mouth as a result of the tonsillitis.

Ponder this

Did you know that there are many body parts we can actually do without? With a few adjustments, you can go on living when some body parts are removed or shortened. You can survive with one kidney and one lung. You can also survive the removal of your thyroid gland, stomach (adjustments may be necessary) spleen, partial private parts, appendix, colon, and tonsils among others.

Health Tips

The indispensable

Soda bi carbonate

This often ignored powder has many functions, in most cases, you will mix it with a bit of water and it will produce amazing results cheaply and naturally. Below are a few things you can do with soda bi carbonate...

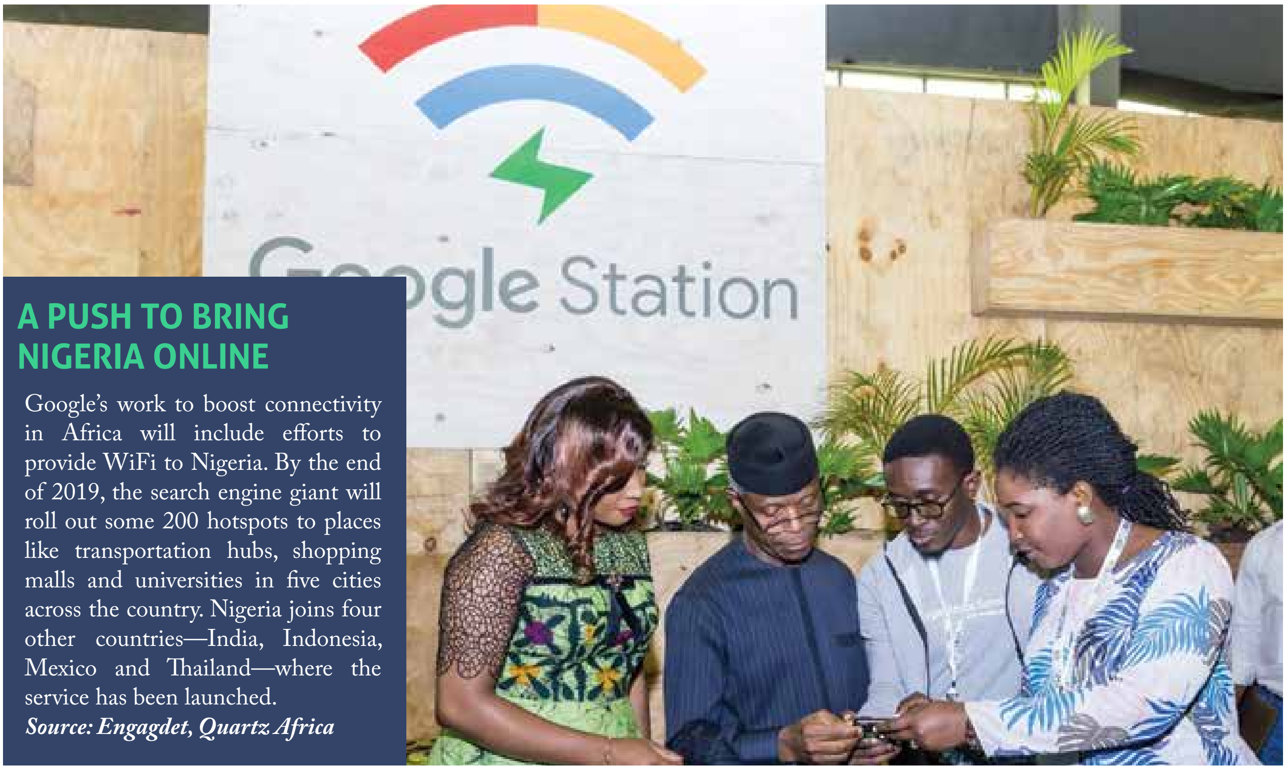
- It is a breath freshener and mouthwash
- Washes diapers and relieves baby rash
- Put it in water and soak beans to avoid gas
- Relieves heart burn, acts as an antacid
- Relieves insect bites
- Keeps bad smells away from your refrigerator, oven, toilet, clothing and many other places
- Add to water and soak your feet
- Grease stripper
- Get rid of ants, when you put them where ants originate
- Unblock gutters
- Keeps cut flowers for long
- Body scrub
- Carpet freshener
- Hair treatment

THE NELSON MANDELA CENTENARY EXHIBITION

Harry and Meghan will tour an exhibition, at the Southbank Centre's Queen Elizabeth Hall, which traces Mandela's career from activist to president through six themes: character, comrade, leader, prisoner, negotiator and statesman. It is the first time the exhibition will be shown in the UK, after successful runs in various forms around the world, including six weeks at the Paris Town Hall in 2013. Leading former anti-apartheid campaigner Lord Peter Hain, who is chair of the Nelson Mandela Centenary Exhibition, welcomed the support. He said: "The Mandela Centenary Exhibition at Queen Elizabeth Hall, Southbank Centre, which is free to visitors from 17 July - 19 August, will depict the anti-apartheid freedom struggle and Mandela's vision of a non-racial rainbow democracy based upon justice, equality and human rights. "We are delighted the Duke and Duchess will be supporting it."

Source; Aol.com

Below are briefs from Africa.com. You can follow up the articles online.



A PUSH TO BRING NIGERIA ONLINE

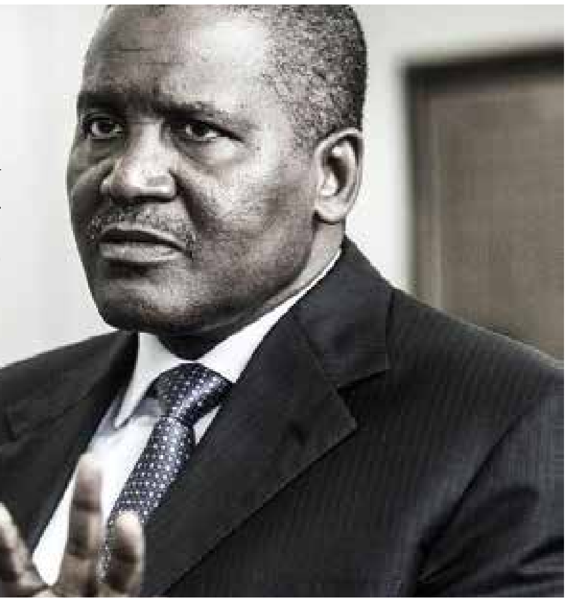
Google's work to boost connectivity in Africa will include efforts to provide WiFi to Nigeria. By the end of 2019, the search engine giant will roll out some 200 hotspots to places like transportation hubs, shopping malls and universities in five cities across the country. Nigeria joins four other countries—India, Indonesia, Mexico and Thailand—where the service has been launched.

Source: Engagdet, Quartz Africa

Below are briefs from Africa.com. You can follow up the articles online.

AFRICA'S RICHEST MAN READY TO BUILD AN OIL REFINERY

Aliko Dangote, who built his fortune in cement, is building the world's largest single oil refinery with capacity of 650,000 barrels per day (bpd) to help reduce Nigeria's dependence on imported petroleum. Lenders would commit about $3.15 billion, the World Bank's private sector arm will provide $150 million and he will invest more than 60 percent from his own cash flow.
Sources: Business Day Live, VOA



TANZANIA'S INNOVATION SCHOOL YIELDS FRUIT

Bernard Kiwia is the social entrepreneur behind Twende - an innovative incubation hub. People who go to the innovator school in Tanzania have come up with more than 100 inventions including avocado oil presses, soap cutters and a wheelbarrow which distributes fertiliser.
Sources: BBC

A NEW MARKETPLACE FOR AFRICAN ENTREPRENEURS

WhatsApp is the most popular messaging platform in Africa, and is a gateway to the online world for many. Despite the lack of a formal transactional platform, WhatsApp has cultivated trust among its millions of African users, making it easier for African consumers to trust and access than actual e-commerce platforms.
Sources: Quartz Africa

AFRICA'S DUMPING GROUND REPUTATION IS HAMPERING CLIMATE CHANGE EFFORTS

A report by the Center for Science and Environment (CSE) has found that over the years, the United States, Japan and European Union countries have been exporting old, used cars "or clunkers" to nations such as Nigeria. The think tank says secondhand vehicles, which should have been scrapped under domestic regulations, are instead being used by poorer nations where they are contributing to carbon emissions. Findings suggest that African and South Asian nations could miss national targets to curb greenhouse gas emissions unless rich countries stop using them as dumping grounds for millions of polluting old cars.
Sources: Reuters

Reviewed by Angela Mutiso, cananews@gmail.com

Title: Guide to Project Management; achieving lasting benefit through effective change
Author: Paul Roberts
Category: Business
Publisher: Profile Books Ltd in collaboration with The Economist


Paul Roberts

Guide to Project Management: Achieving lasting benefit through effective change by Paul Roberts is one of the finest books available on this subject. Roberts has provided answers to a number of questions regarding the risks a project may face and how to manage them. According to a review of this wide-ranging book, most projects fail to reach their desired results when an organization views a project as the responsibility of only one individual: the project manager.

Experience demonstrates that significant ventures require a great number of people - including those who commission the project, those who finance it, those who carry it out, and even those who use the end product to be successful. This guide offers an in-depth approach to getting project management right. This book, shows why projects of any scale require that an entire organization contribute to achieving results. It focuses on the steps essential for successful management: initiation, planning, delegation, and closing.

The author has successfully managed projects at major companies such as Pfizer and British Airways. He has been managing projects for well over 20 years, and has acted as a consultant to major international companies. In this book, he details how all stakeholders can manage a project properly and successfully. He notes that many businesses do not change when they need to, nor do they change when they have to. If they did, things would be different. But, like people, they only change when they want to. The book discusses the components of effective project management, we read that for any new form of management to be accepted, it must be sold to those who do not yet believe in it. Buying the book is a good idea because it is insightful, educative and applicable. Below are briefs from the book on project management that will make you appreciate its worth…

Conceiving the project; asks where projects come from, could they be part of a plan or an answer to a challenge or a problem? There are many ways of meeting the challenge of identifying projects.

Project roles and responsibilities: when coming up with a project, it is necessary to look at the structure of the company itself. It should have different layers of authority that encourages diversity, so that people can use their skills, their knowledge and experience to take the right decisions at the appropriate time. You should plan the hierarchy of management authority.

Project organization and resource management; stakeholders with differing needs will have a stake in the project, it may be necessary to identify and manage their varied expectations.

Planning: risks and rewards; Here the author says the only time you can state the cost and end date of a project for sure is when you have completed it. Any suggestion until then is just an estimate. Here the topics covered include; the principles of planning; planning and control, refining the plan, breaking a project into two stages, building in contingency and management by exception. Others are planning the benefits, quantifying benefits, costs/ benefit analysis, discounted cash flow, internal rate of return, financial dependency network, and planning for the unknown. Remember that a risk is something that may place the success of a project in jeopardy.

Planning; quality; here we are told that a plan is a forecast. Many people think that a project forecast is expressed in terms of a completion date and a total budge, however, non can be predicted properly until what the project has to deliver is known. The specified end product cannot be produced by chance. It must be defined, planned, built, tested and accepted before it can be utilized for its envisioned objective.

Planning: time and cost – the link between products and tasks. A time comes when estimates of time and cost must be produced. To make this possible you will need to know what should be done to deliver each product.

Initiating projects; most of the project specific roles emerge as a project begins. This chapter discusses among other things, the project life cycle, the business case; it defines success in terms of measurable advantage. The business case entails things you should look at like… opportunity or problem, strategic fit, interdependencies, success criteria, options considered, selected option risks, selection option benefits, selected option costs.

Project delivery: once a project has been planned and started, its managers must ensure it remains on track.

Support and assurance; working on a project can be confusing and demanding for people new to change management. The book shows you a common way to deal with this.

Project closure and beyond; when a project is completed properly, it gives you an opportunity to learn valuable lessons.

Embedding effective project management; Read about project management improvement initiative in this chapter.

You can see from this summary that this book, is a priceless source of information that guides you on achieving lasting benefits through effective management in 12 in-depth chapters. Get yourself a copy.

This book can be bought online and in well stocked bookshops.

"Shortening the supply chain would enable Kenyan manufacturers to reap greater gains through the US purchasers in as little as 45 days."

This is what Jas Bedi, Head of Kenya's Export Promotion Council told a Washington audience. He regretted that it takes an average of 135 days for goods to be delivered to US buyers from the time they place an order in Kenya.
Source: Daily Nation

"We are trying to figure out a way forward that makes both of us satisfied with the outcome… we remain very good friends with our interlocutors" in the Rwandan government.

Assistant US trade Representative Constance Hamilton. She was speaking ahead of a conference in Washington that will assess the status of the US preferential trade for Africa…Agoa. The US wants to resolve a trade conflict with Rwanda involving increased tariffs on imports of used clothing.
Source: The East African

"Those who will continue to play with public funds should know that their days are numbered. They will see problems."

President Uhuru Kenyatta, talking about corruption. The president assured the public that all the funds that have been documented as stolen will be traced and recovered for purposes of being put to public use.

"It now depends on the DPP looking at the crime and evidence provided to decide whether it is an economic crime that has to be filed at the High court, or it is petty theft and refer it to the magistrates' court."

Lawyer Apollo Mboya said this after a new set of rules revealed by Chief Justice David Maraga indicated that high profile corruption cases will now be heard in the High Court instead of the Magistrates' Court.

"We have been caught by surprise. I don't want to comment until I read and fully understand them."
Law Society of Kenya President Allen Gichuhi commenting on the same.
Source: The Standard

"Right now I am actually surprised by how much money I got. Let me tell you something; I don't have half of how much these folks have; or a tenth of 100…There is only so much that you can eat. There's only so big a house you can have. There's only so many nice trips you can take. I mean it is enough! You don't have to take a vow at poverty just to say let me help out a few of the other folks; let me look at that child out there who does not have food to eat; who needs some school fees. Let me help them out by paying a lot more in taxes; it is okay. I can afford it!"

Former US President Barack Obama urging leaders to shun illegal or unjust acquisition of wealth, saying "there's always enough money and food for everybody", hence there is no need to raid the public coffers to amass wealth. He was speaking in Kogelo, his father's ancestral home in Kenya, where he went to launch (sauti kuu) a sports and vocational training centre, founded by his half-sister Auma Obama. He addressed a cheering crowd.

"Let me tell you what I believe. I believe in Nelson Mandela's vision, I believe in a vision shared by Gandhi and King. I believe in justice and in the premise that all of us are created equal."

"Madiba's light shone so brightly … that in the late seventies he could inspire a young college student on the other side of the world to re-examine my own priorities – to reconsider the small role that I might play in bending the arc towards justice…And now an entire generation has grown up in a world that by most measures has gotten steadily freer, healthier, wealthier, less violent and more tolerant during the course of their lifetimes. It should make us hopeful."

Quotes by former US President Barack Obama, when he delivered the 16th Nelson Mandela Annual Lecture, in Johannesburg on Tuesday 17 July, 2018.

"Nothing in the world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with talent. Genius will not; unrewarded genius is almost a proverb. Education alone will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent. The slogan 'press on' has solved and always will solve the problems of the human race."
- John Calvin Coolidge

A Milestone for ICPAK – SAICA Partnership

FCPA Patrick Kabuya

The journey that we started many years ago to negotiate, design and enter into a Mutual Recognition Agreement (MRA) between the Institute of Certified Public Accountants of Kenya (ICPAK) and the South African Institute of Chartered Accountants (SAICA) is now alive. We negotiated to allow Kenyan CPAs to convert to Chartered Accountant (South Africa) – CA (SA) - and vice versa.

Consequently, we are pleased to inform you that FCPA Patrick Kabuya, a Senior Governance Specialist at the World Bank Group, is the first person to have successfully converted to CA (SA). He also actively and instrumentally played a major role in negotiating the MRA that was signed in May 2017; creating a platform (a legacy) that will benefit many future Kenyans and Africans.

The conversion process requires the individual to hold a CPA(K) designation, have at least 24 months' work experience after obtaining CPA(K) designation, hold a university degree equivalent to a three-year South Africa Bachelor degree and meet the competency requirements of the SAICA competency framework. In addition, the individual is required to submit an application that includes evidence of how s/he has met these requirements, a portfolio of work experience and qualifications, and to sit for an interview with a panel of members of SAICA Education Committee.

> **"To improve ICPAK, we need to challenge ourselves and enhance CPA qualification especially entry requirements in order for CPA(K) to receive reciprocity arrangements in other countries like South Africa, UK and New Zealand.**

Speaking to The Accountant during the development of this process, FCPA Kabuya had said that "To improve ICPAK, we need to challenge ourselves and enhance CPA qualification especially entry requirements in order for CPA(K) to receive reciprocity arrangements in other countries like South Africa, UK, and New Zealand. The qualification should also be revised to include public sector related topics". He said "the initiative would further raise the brand of CPA (K) qualification globally and would contribute to attracting young professionals to the accountancy profession - making it a career of choice."

Speaking about this commendable milestone, ICPAK Chairman, FCPA Julius Mwatu said – "We are happy to have spearheaded this impactful initiative; that will increase CPA (K) brand value, create more opportunities for Kenyan accountants and increase intra country trade of accountancy professional services".

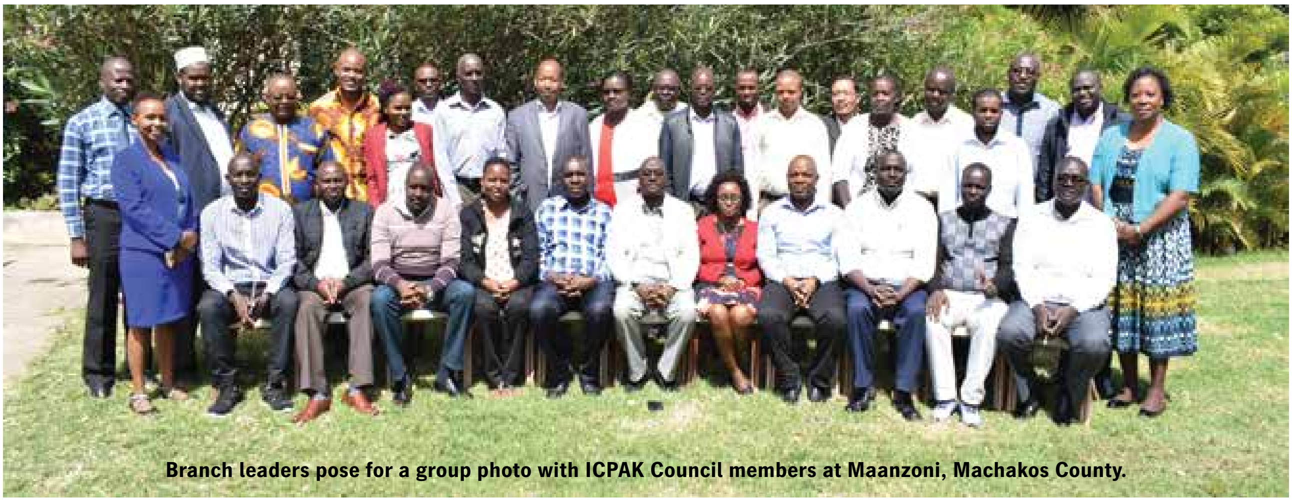
Council Engagements

ICPAK Chairman FCPA Julius Mwatu paid a courtesy call on the Leader of Majority in the National Assembly Hon. Aden Duale. He was accompanied by ICPAK CEO CPA Edwin Makori; CPA Rose Mwaura, a council member; CPA Hussein Hassan and CPA Abdalla Abdi who serve the North Eastern Branch as Chairman and Vice-Chairman respectively.

ICPAK Chairman FCPA Julius Mwatu together with other council members paid a courtesy call on the Controller of Budget FCPA Agnes Odhiambo.

Council Engagements

ICPAK Chairman addressing Branch leaders during Branch Leaders Forum which was held in August 2018 at Maanzoni, Machakos County.



Branch leaders pose for a group photo with ICPAK Council members at Maanzoni, Machakos County.

ICPAK Chairman FCPA Julius Mwatu met with the Chairman Senate Committee on Justice, Legal Affairs and Human Rights Sen. Samson Cherarkey to state the position of the Institute on the state of corruption in Kenya. The Chairman was accompanied by ICPAK CEO CPA Edwin Makori and CPA Susan Oyatsi a Council member.

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ICPAK
Uphold Public Interest

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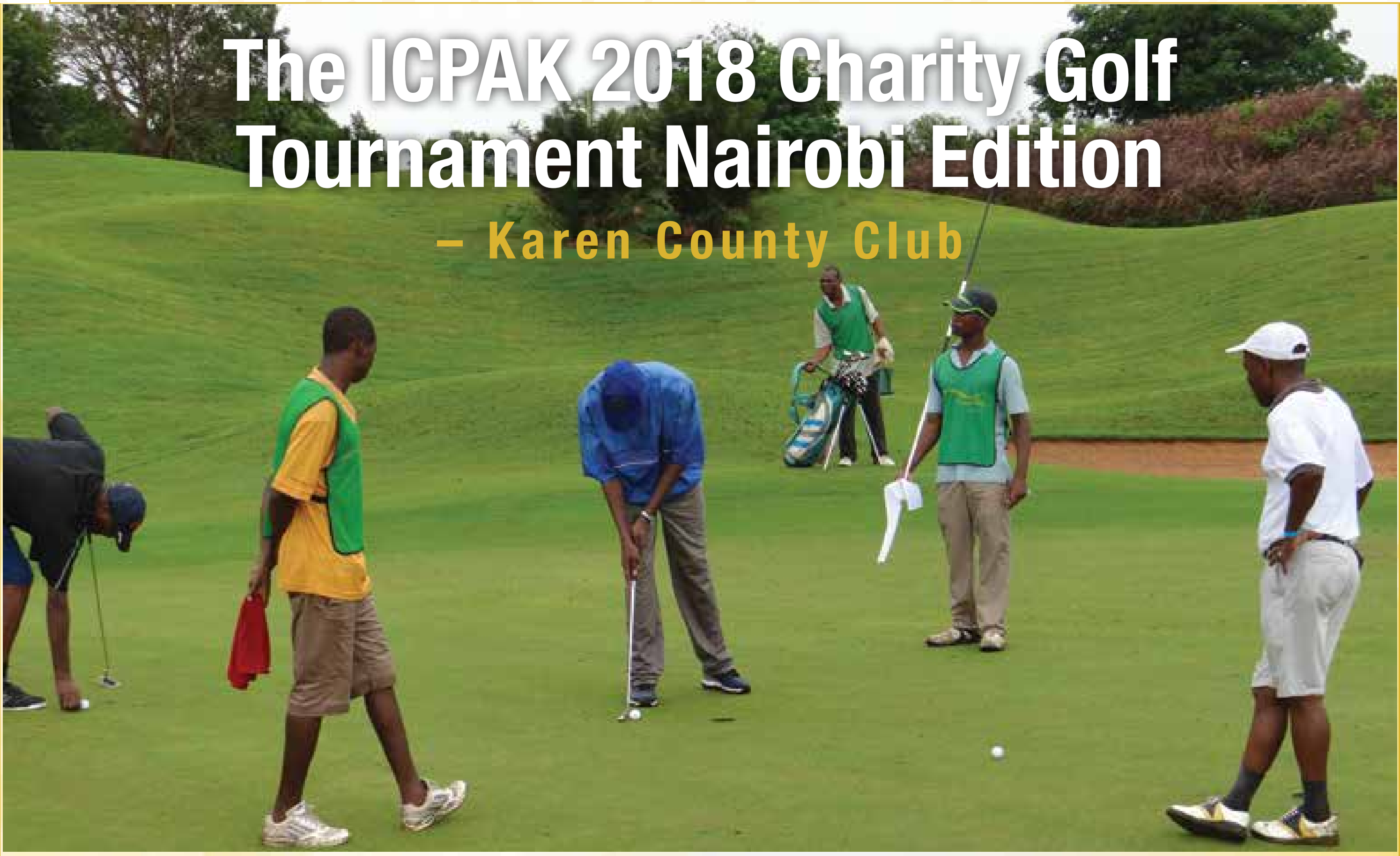
The ICPAK 2018 Charity Golf Tournament Nairobi Edition

– Karen County Club



The Institute of Certified Public Accountants of Kenya (ICPAK) is the statutory body of Accountants established under the Accountants' Act of 1978 and mandated to develop and regulate the accountancy profession in Kenya.

ICPAK undertakes several CSR programs as a way of giving back to society and making it a better place. One of the programs is the Accounting and Finance Scholarship through which the Institute supports bright and disadvantaged students pursue university education in Finance and Accounting courses. Currently the scholarship is supporting eight beneficiaries and targets another six in 2018.

The Scholarship program is financed through fundraising activities and donations from corporates, individuals and friends of the Institute. Among ICPAK's major fundraising activities is the Annual Charity golf tournaments.

In view of the above, ICPAK is pleased to invite you to the ICPAK Charity Golf Tournament, Nairobi Edition to be held

on Friday, 21st September 2018 at the Karen Country club.

The charges are;

- Individual player Ksh 3,000
- Four ball Ksh 14,000
- Hole sponsor Ksh 50,000

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ICPAK members will earn 3.5 unstructured CPD hours at the swing of your golf club!

To book and/or sponsor our tournament, please contact us on memberservices@icpak.com or Henry on henry.ngetich@icpak.com.

Your support will go a long way in ensuring that we continue to positively impact on lives of financially disadvantaged families in Kenya.

ICPAK
Uphold Public Interest

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- **Audit; Partners Review Process and Opinion Forming – Practical Approach**
- **Audit – ISRE 4410 and 2400**
- **Review of the Companies Act**
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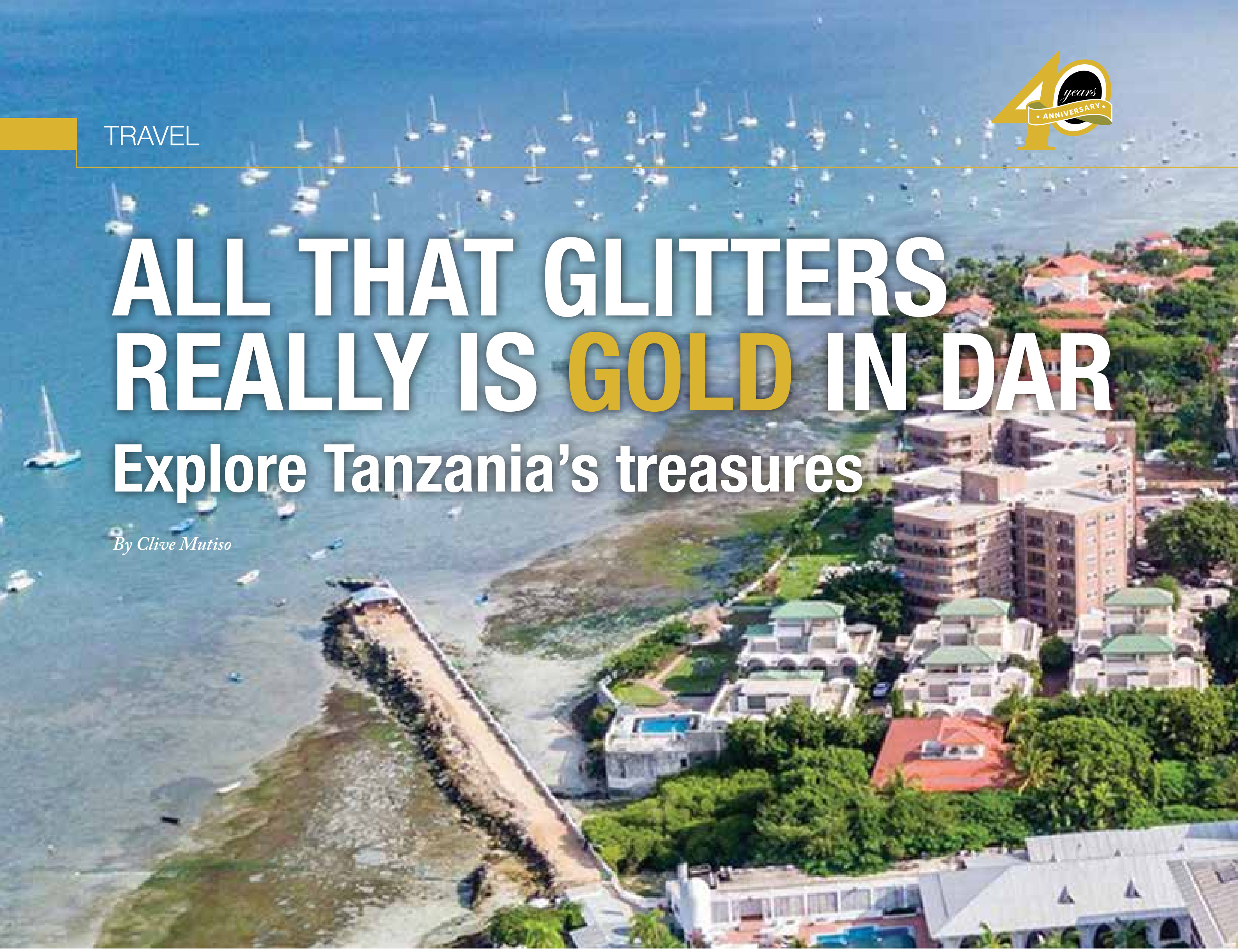


ALL THAT GLITTERS REALLY IS GOLD IN DAR

Explore Tanzania's treasures

By Clive Mutiso

Tanzanite, the brilliant blue semi-precious stone mined around Arusha, may have put Tanzania on the world jewellery map, but it is an older and more enduring treasure that really deserves pride of place. Gold has been an important part of the coastal culture of East Africa for as long as anyone can remember, and the recent resurgence of the Tanzanian economy has made Dar es Salaam a rewarding destination for anyone looking for real gold at remarkably fair prices. The country is the largest gold producer in East Africa with local sales and exports bringing in more than $2 billion a year.

What makes the prices of gold jewellery in Dar es Salaam so attractive is the long-standing practice of selling gold by weight and purity, with just a small premium for the design and workmanship that have gone into the item being offered. The purity of gold is measured in karats, with each Karat representing one twenty-fourth of pure gold. So 24 karat gold is at least 99.95 per cent pure, but it is too soft to use in intricate pieces of jewellery and is therefore alloyed with other metals to make it more durable.

Pure gold has a warm, almost reddish hue, and an ingot or bar the size of a small mobile phone can easily be bent by hand. The colour and properties of lesser purities of gold depend on which metal has been mixed with the pure metal. The most common metals used to modify and strengthen soft pure gold are silver, copper, nickel, and zinc. The precise proportions of each metal govern the strength and the colour of the alloy. More copper in the mix produces pink gold, white gold has nickel or palladium added, and green gold has a high level of silver or zinc. Larger pieces of jewellery are usually made from 22 karat gold in Dar es Salaam, and are easily recognised by their deep rich colour. But because 22 karat gold contains only 8.33 per cent of strengthening metals, it is too soft to hold precious stones without them dropping out of their settings, so 18 karat or even 14 karat gold is used in rings and brooches that are set with gems.

In other parts of the world, the buying public tends to be almost entirely ignorant about the different types of jewellery and their relative values, and base their buying choices more on appearance and price than the intrinsic value of the material used to make the item. A classic example is the United Kingdom, where Ratners Group built a nationwide chain of jewellery shops that made steady profits from offering attractive and affordable items that were snapped up by an unsophisticated customer base. However the business was brought almost to its knees overnight when a young Gerald Ratner, who had become chairman of the family business, made a speech at the Institute of Directors conference at London's Royal Albert Hall in 1991.

Mr. Ratner told his audience: "We also do cut-glass sherry decanters complete with six glasses on a silver-plated tray that your butler can serve you drinks on, all for £4.95. People say, "How can you sell this for such a low price?", I say, "because it's total crap." A little later, Mr Ratner described a set of earrings on offer at his shops as "cheaper than a Marks and

Craft work on tanzanite

Gold mine in Tanzania

Spencer prawn sandwich but probably wouldn't last as long." The reaction of the market to Mr Ratner's frank comments was instant and unforgiving. Customers stayed away, sales plummeted, and £500 million was wiped off the value of the company almost overnight. To save the business, Mr Ratner was obliged to recruit a new chairman to take his place, and one of the first acts of the new man was to fire his employer.

Such a situation is unlikely to arise in Dar es Salaam, where the jewellery trade has been built on a reputation for quality and value for money. Furthermore, even a young Coast woman barely out of her teens has been taught by the women of her family to grade gold jewellery by appearance, touch, and weight, and to know its value almost to the shilling. Most of the city's biggest and best jewellery shops are to be found in and around Indira Gandhi Street, and the shops are so many, with such a large and varied stock, that it is worth spending at least two days browsing before even beginning to make a first purchase. A single shop can have more than

one million Dollars' worth of jewellery on display, so admission to each showroom is usually through an electrically-controlled double security door.

Prices are based on the price of 24 karat gold, measured in fractions of a gram, and fluctuate by the day. At the time of writing, one gram of gold in the square mile of the gold district is about 92 Tanzanian Shillings. Finely calibrated electronic scales are used to weigh each piece and the price is calculated in seconds. Some of the larger galleries have their own designers and workshops, but the majority use the services of jobbing workshops located all through the gold district and operated by highly skilled and creative craftspeople who can replicate almost every imaginable design, no matter how intricate. Consumer interest is maintained by introducing new fashions in earrings, rings, necklaces, brooches, and bangles almost every month. But keeping up with the latest jewellery fashion trends does not necessarily mean spending a fortune each time a new design is introduced.

The same jewellers who sell gold also buy it, also by the gram, using the same scale that is used for sales. So a customer who wants an individual item, or a set of gold, in a new fashion, chooses what they want and it is weighed. Then the gold that they already have, or are even wearing, is also weighed and the jeweller calculates the difference and adds a small margin for labour. The customer pays the difference, and gets a whole new look, while their old gold goes to the workshop to be re-cycled. So losing a single earring does not mean a total loss. The remaining earring can be copied to produce a new pair, or the

Shopping in Dar es Salaam

gold in the remaining piece can be used toward the purchase of a new pair in a different design. Kenya has some great jewellers, especially in Nairobi and Mombasa, but the Dar gold market is far bigger, the variety on display is much greater, and the prices cannot be matched anywhere in Africa.

But although it is well worth visiting Dar es Salaam just to invest in personal gold jewellery, there is so much more to do and see in the booming city, that gold shopping is just a fraction of what Dar has to offer. Mnazi Mmoja, a stone's throw away from the gold district, is the centre for African textiles and fashions, not limited to Tanzanian dyed, woven, and printed cloth, but colourful batiks, vitenge, dresses, suits, and traditional outfits from all across Africa. Cross from Mnazi Mmoja through the public square to Kariokoo, and discover, in the crowded streets around the Municipal Market, hundreds of shops offering clothing, shoes, electronics, and kitchen appliances imported from every corner of Africa and Asia, and carried straight from the seaport just a couple of kilometres away.

The economic revival of Tanzania over the past 30 years has turned Dar es Salaam into one of the fastest developing cities in Africa. The administrative capital may be Dodoma, but the people of Tanzania, Momzambique, Democratic Republic of Congo and the Great Lakes still look to Dar as the commercial hub, and that is not likely to change any time soon. If anything, the discovery and development of huge offshore reserves of natural gas, and the burgeoning industry growing in its wake, is likely to see Dar grow into a megacity. The new prosperity has brought an increasing number of new luxury hotel developments, but Dar is a cultural melting pot, and there is still affordable accommodation in and around the city for the regional tourists, business travellers, and small-time cross-border traders who are the cultural lifeblood of the region's biggest Swahili city.

With a few extra days to spare, the visitor can begin to explore Tanzania's unsurpassed game reserves, its 1400 kilometres of pristine beaches, its magical islands, and unspoiled coastal montane forests. Karibuni.

clivemutiso@gmail.com

> **"The economic revival of Tanzania over the past 30 years has turned Dar es Salaam into one of the fastest developing cities in Africa. The administrative capital may be Dodoma, but the people of Tanzania, Momzambique, Democratic Republic of Congo and the Great Lakes still look to Dar as the commercial hub, and that is not likely to change any time soon.**

Tanzania, Africa

By FCPA Dr. Jim McFie

CARE AND SKILL

The 2016 edition of the Handbook of the Code of Ethics for Professional Accountants published by the International Federation of Accountants (IFAC) contains 188 pages, up from 179 pages in the 2013 edition: as regulation becomes more and more voluminous, will people be able to really comply with all the rules? Although the Handbook is published by IFAC, the Code is developed by the International Ethics Standards Board for Accountants (IESBA) – an independent standard-setting body. The objective of IESBA, as outlined in its Terms of Reference, is to serve the public interest by setting high-quality ethics standards for professional accountants. IESBA's long-term objective is convergence of the Code's ethical standards for professional accountants, including auditor independence standards, with those issued by regulators and national standard setters. IESBA claims that convergence to a single set of standards can enhance the quality and consistency of services provided by professional accountants throughout the world and can improve the efficiency of global capital markets. IESBA's membership consists of 18 board members from around the world, of whom no more than 9 are practitioners and no fewer than 3 are public members (individuals who are expected to reflect, and are seen to reflect, the wider public interest). Members are appointed by the IFAC Board, based on recommendations from the IFAC Nominating Committee and with the approval of the Public Interest Oversight Board (PIOB), which oversees the activities of the IESBA.

All accountants are required to comply with the five fundamental ethical principles, which are: (1) Integrity – to be straightforward and honest in all professional and business relationships; (2)

Objectivity – to not allow bias, conflict of interest or undue influence of others to override professional or business judgments; (3) Professional Competence and Due Care – to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional services based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards; (4) Confidentiality – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties; and (5) Professional Behavior – to comply with relevant laws and regulations and avoid any action that discredits the profession. The Code establishes a conceptual framework that requires a professional accountant to identify, evaluate, and address threats to compliance with the fundamental principles. A professional accountant must take qualitative as well as quantitative factors into account when evaluating the significance of a threat. When applying the conceptual framework, a professional accountant may encounter situations in which threats cannot be eliminated or reduced to an acceptable level, either because the threat is too significant or because appropriate safeguards are not available or cannot be applied. In such situations, the professional accountant shall decline or discontinue the specific professional service involved or, when necessary, resign from the engagement (in the case of a professional accountant in public practice) or the employing organization (in the case of a professional accountant in business).

“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?

I would like to focus on fundamental principle number three: an accountant must maintain professional competence and work with “due care”. Kenya can become more competitive if you and I make it more competitive. And why should we do so? Because that is the only way the future residents of Kenya will have jobs. The population of Kenya is growing at the rate of 100,000 children per month; more than 30% of those children, 31,500 per month to state the number, are born to girls between the ages of eleven and nineteen. If these children do not have a means of providing for themselves in the future, they have to obtain those “means” somehow. What is the experience of many countries around the world, including Kenya? Those unemployed people turn to crime. The sister of a colleague of mine was held up by a gang of young men as she was driving home one night to Syokimau after finishing off some urgent work in the office. As she was being driven to an

ATM, one of the young men, who was particularly talkative, asked her what happens to "parking boys" when they grow up. She did not reply and made sure that she did not look at the young man – she valued her eyes highly – and did not want them to be plucked out. The young man supplied the answer: "That is us" he told her. She survived the ordeal and was not raped – the driver drove the car into a ditch by mistake and the young men quickly abandoned the car, to the utter relief of the lady owner. Such occurrences can only become more common, unless Kenya becomes more competitive. Please do not say that this is a problem that "the government must solve": if that is your instantaneous response, put yourself into the shoes of a government official: if you are going to spend tax-payers money, what gainful work are you going to give the millions of youngsters who need jobs? There is a lot of money in developed markets: but how can Kenya sell its products in those markets? By being better than the competition – just like the Kenyan marathon runners who run many kilometers every day in training.

In 2017, Kenya's merchandise trade deficit widened to KShs 1,131.5 billion from KShs 853.7 billion in 2016. This deficit was mainly driven by a high import bill which grew by 20.5% from KShs 1,431.8 billion in 2016 to KShs 1,725.6 billion in 2017. The main drivers of the import bill were industrial machinery, petroleum products, road motor vehicles, iron and steel, animal and vegetable fats and oils, and sugar. Total exports increased by 2.8% from KShs 578.1 billion in 2016 to KShs 594.1 billion in 2017. The major foreign exchange earners in the review period were tea, horticulture, articles of apparel and clothing accessories, coffee, and titanium ores and concentrates. These items collectively accounted for 64.8% of total export earnings in 2017. The ratio of exports to imports deteriorated from 40.4% in 2016 to 34.4% in 2017.

Kenya's single largest export earning commodity is tea. Drinking tea started in China: more than two thousand years ago, a Chinese Emperor made a revolutionary discovery; he used to drink only boiled water; one day, while his servants were boiling the water, a certain 'leaf' fell into the pot; the first ever "tea" was brewed. In 2017, world production of tea exceeded 5.5 billion kg or 5.5 million tonnes (a "tonne" is equal to 1,000 kg: it is sometimes called a "metric ton"). China produced 1,000,130 tonnes: India 900,094; Kenya 439,800; Sri Lanka 295, 830; Turkey 174,932; Indonesia 157,388; Vietnam 116,780; Japan 88,900; Iran: 83,990; Argentina 69, 924, followed by the other 52 countries in the world where tea is produced: there is even a producer of specialty tea in Canada, Westholme Tea Farm, on Vancouver Island, and there are a few small experimental tea growing projects in Germany: in the UK, Tregothnan tea estate produces tea outside of Truro, England; small tea farms have begun to pop up across Scotland; the first was Wee Tea Plantation; in 2016, a Scottish Tea Growers Association was formed – climate change has amazing effects. There are many small tea farms in the United States; the largest is in South Carolina and is owned by Bigelow. It is very much more difficult to establish which countries consume the largest amount of tea and how much they actually consume; tea consuming countries are normally ranked by the amount of tea consumed per capita: the numbers are very out of date: in addition, tea is drunk predominantly hot in some countries (India, Pakistan and the UK) and iced in others (Italy) and both hot and cold in others (China, Japan and the US); in terms of the total tea drunk, China is the world's largest consumer, followed by India, Russia, Pakistan, Egypt, Turkey, the US, the UK, Indonesia and Germany. Tea exports earned Kenya KShs 147.3 billion in 2017.

"Kenya's single largest export earning commodity is tea. Drinking tea started in China: more than two thousand years ago, a Chinese Emperor made a revolutionary discovery; he used to drink only boiled water; one day, while his servants were boiling the water, a certain 'leaf' fell into the pot; the first ever "tea" was brewed.

The second largest amount earned by exports in 2017 was horticulture at KShs 115.3 billion, accounting for 21.4% of the total value of exports. Of this amount, cut flowers earned KShs 82.2 billion, fruit KShs 9 billion, and vegetables KShs 24.1 billion. Global sales from flower exports totaled US$8.8 billion in 2017: Kenya's share of this total was 9.3%. One difficulty in trying to establish Kenya's position in the world is that the figures from the National Bureau of Statistics, contained in the Economic Survey 2018, do not agree with the numbers on web sites such as http://www.worldstopexports.com/flower-bouquet-exports-country/ The countries whose export earnings from flowers are higher than Kenya are, in order of size: the Netherlands: US$4.4 billion (50% of exported flowers); Colombia: $1.4 billion (15.9%); and Ecuador: $881.5 million (10%). Among the top 15 flower exporting countries, a couple of the ones growing fastest are China - up 30.1% since 2013 and Ethiopia - up 19.1% since 2013; admittedly Kenya increased its earnings from flowers by 46.9% over the period 2013-2017 according to the numbers in the Economic Survey. The Netherlands is the world's largest importer, by value, of flowers: the Netherlands is really a flower junction where flowers are coming into the auctions and are being re-exported. The distance from Nairobi to Amsterdam in the Netherlands is 6,662 kilometers (different sources give different numbers) and from Addis Ababa to Amsterdam 5,702 kilometers; from Bogota, the capital of Colombia, to Amsterdam is 8,854 kilometers; from Quito, the capital of Ecuador, to Amsterdam is 9,568 kilometers: it is clear that flower producers in Africa have a distinct distance advantage over Colombia and Ecuador for European markets. In October 2018, Kenya Airways will fly direct to JFK airport in New York, in which city is situated the largest flower market in the US; there is also a large flower market in Miami, Florida; over 80 percent of all flowers imported into the US go through Miami. From Nairobi to New York is 11,836 kilometers. But from Quito, the capital of Ecuador to New York is 4,467 kilometers and to Miami is only 2,889 kilometers; from Bogota to New York 4,001 kilometers and to Miami is only 2,428 kilometers. Colombia is the leading flower producer and exporter in South America accounting for over half of all flowers imported to The United States. Growers in the US state that 3 out of 4 flowers in the US are grown outside the US, with Colombia being the biggest exporter. The US signed a free trade agreement with Colombia and that has lowered the cost of Colombian flowers in the US. Ecuador has become, in recent years, the leading South American rose producer and is well known throughout the world for its high quality, large headed roses due to the high altitude location of its rose farms. So Kenya will have a tough time expanding its flower sales to the US. But according to a rather confusing article in the Business Daily, Kenya's exports to the UK have declined from KShs 50.3 billion in 2009 to KShs 37.6 billion in 2017; however, the Economic Survey 2018 tells a different story – the value of Kenya's exports to the UK was KShs 37.6 billion in 2009 and KShs 38.6 billion in 2017. The Business Daily reported that Kenya lost competitiveness to its neighbouring countries –between 2012 and 2016, Kenya's tea exports to the UK declined by 0.9% while Rwanda's tea expanded by 20.6%; Kenya's roses and buds shrunk by 2.3% while Ethiopia's climbed 88.7%; and Kenya's beans fell by 12.2% while Tanzania's rose by 12.2%; even Ivory Coast is gaining at Kenya's expense.

Kenya's third largest export in money terms in 2017, according to Table 6.4 (a) in the Economic Survey, was articles of apparel and clothing accessories valued at KShs 32.448 billion, up from KShs 30.741 billion in 2016 (Table 10.12 in the same document states 2015 at KShs 35.224 billion, 2016 at KShs 34.410 billion and 2017 at KShs 32.761 billion: are the numbers being manipulated on purpose or is there a lack of "care and skill"?). As the Economic Survey points out, this category of export benefits from the African Growth and Opportunity Act (AGOA), an initiative of the US, which is meant to increase exports especially of apparel from accredited Sub-Saharan Africa (SSA) countries. The world's largest exporter of clothing is China at $106 billion dollars; number 10 in value terms is Vietnam at $7 billion. Kenya is ranked low in the world in this category of exports.

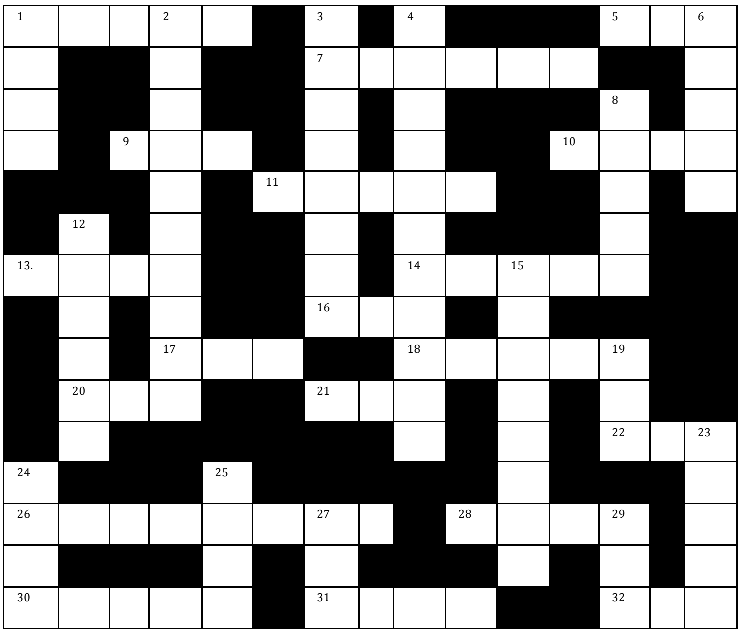
The fourth largest export in value was coffee at KShs 23.453 billion in 2017, up from KShs 21.371 billion: the amount of coffee exported fell from 45,303 tonnes to 43,469 tonnes. The world's ten largest producers of coffee, all in thousands of tonnes, are: Brazil 2,592; Vietnam 1,650; Colombia 810; Indonesia 660; Ethiopia 384; Honduras 348; India 348; Uganda 288; Mexico 234; Guatemala 204; Kenya is sixteenth in the world at just under 50 thousand tonnes.

The fifth largest export earner in 2017 was titanium ores and concentrates at KShs 13.793 billion just beating tobacco and tobacco manufactures at KShs 13.736 billion.

The purpose of giving the numbers above is show that manufactured products make up a relatively small proportion of our exports. What is the buying power of Kenyans living in the rural areas? Relatively low? 75% of Kenyans live in the rural areas in Kenya. If Kenya wishes to grow at the rate China has been growing for some decades, it must become an exporting lion. But that can happen only if every single aspect of our products become more competitive; we must learn the value of money; we must learn the value of thrift; we must reduce waste; we have to train children in these norms; we have to learn the value of work done to perfection – just like the example of Kenya's marathon runners – they train hard to become the best in the world. Unless every Kenyan works with a must higher level of care and skill – unless we all behave with a much higher level of care and skill – the future for Kenya's children is bleak; you and I have to carry this message to the whole of Kenya – especially our "rulers".

By CPA Derrick Majani

Break the ICE!



Across

1. Professional organization that regulates the activities of all Certified Public Accountants

5. Important certification for Accountants

7. Penalize for an offence

9. ____ files; they don't provide full accounting of user activity.

10. Joint initiative award of the Institute of Certified Public Accountants of Kenya (ICPAK) to strengthen financial markets and attract investment, business entities would have to make disclosure of their activities to enable a wide range of stakeholders use such information in making economic decisions.

11. Love and respect deeply

13. Throw forcefully in a specified direction;

14. Review financial statement of an organization

16. Put food in the mouth and chew and swallow

Across

17. Present time at the moment

18. Set of accounting standards adopted for use by Public sector entities

20. All in place

21. Key executive, for short

22. Oval object laid by a female bird

26. To transfer file

28. First Honorary Fellowship of the Institute of Certified Public Accountants

30. Internet phone, acquired by Microsoft

31. Opposite of female

32. Assume a horizontal position.

Down

1. Terrorist group making cyber threats
2. A person registered as an accountant under the provisions of section 24 of Accountants Act
3. Reflecting the latest information and practices, 3 words
4. Data

Down

6. It's on the plus side of the ledger.

8. Experimental program

12. Immediate former Chairman of the Institute,

15. An amount of space between two things or people

19. Institute legal proceeding against

23. Reduce something or grind
24. Actuary's concern
25. A color intermediate between green and violet

27. Point or direct

29. Whole entity of a particular group

Find your answers in the next issue

Explore!

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