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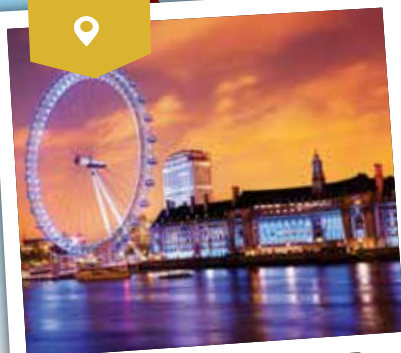
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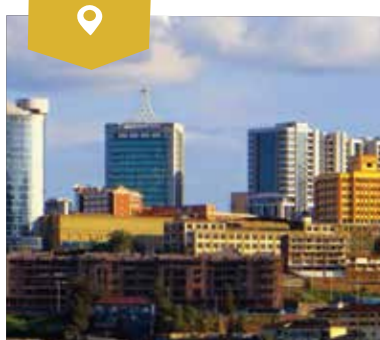
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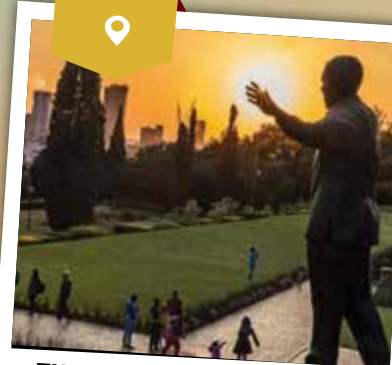
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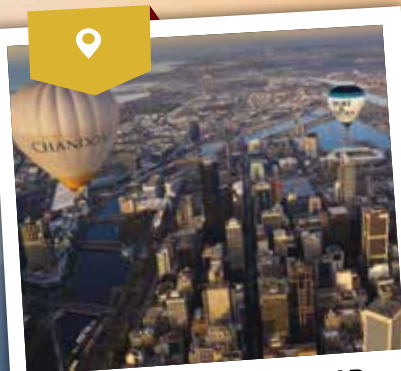
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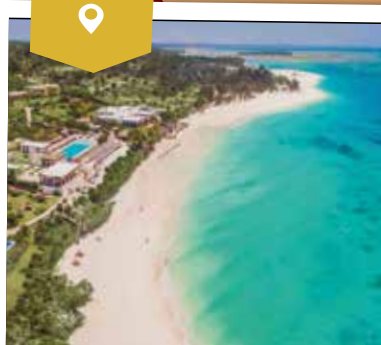
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Dear Reader,

The government's plan to build 500,000 housing units over the next five years is hanging in the balance following the Labour Court's temporary suspension of orders issued to employers to begin deducting 1.5 percent housing levy from their employees' salaries starting May 9, 2019. The court issued the orders following an application filed by the Consumer Federation of Kenya (Cofek) who accused the government of being "unreasonable to compel workers who will not secure a house to contribute towards house ownership (by) another person without a corresponding benefit." Meanwhile, the second author of this cover story asks ... will the National Housing Development Fund ever come to birth?

In the meantime, the ability of a business to bounce back after tragedy hits, greatly impacts its financial and structural progress and returns. Investors and customers tend to distance themselves from corporations that incur such tragedies. Statistics reveal that without efficient resilience plans, 50% of corporations' dissolve within 12 months of the occurrence of a crisis and a recent survey by EY Africa shows that only 23% of organizations are able to regain all critical functionality within the approved Recovery Time Objectives (RTOs). The actualization of this brings in a great need to prepare for disaster before it strikes. Find out more in the Business and Practice Development segment, under the heading rethinking business continuity planning.

We bring you an interesting feature on taming mismanagement and corruption, under Finance and investment. It is revealed that the trend of mismanagement bedeviling Savings and Credit Co-operative Societies (saccos) in Kenya today is worrying investors. It is a drawback to government ideals to alleviate poverty among Kenyans by encouraging savings through the cooperative movement, which for decades has been vibrant and an enabler of economic freedom amongst citizens

through advancement of soft affordable loans.

The launch of a partnership on 26th February, 2019 between EACC and the state ministry of Trade, Industry and Co-operative in dealing with corruption and mismanagement in saccos in Kenya is a pointer towards stabilizing good governance and eradicating corruption in the sector. Listening to speakers at the launch, one thing cut across the sentiments. Our sacco sector is bedeviled by mismanagement and corruption; being perpetuated by the Board of Directors and management of these saccos.

In the workplace, we discuss how you should prepare for a job interview. As a candidate, you are required to carry out some research about the company in order to get as much information as possible. Get to know the vision and mission of the organization and the location. The interview process should begin from the moment you receive the interview invitation/call. Be ready both mentally and physically to give it your best. The beauty in this is that you only need to invest in data and visit the respective websites where you can get all information.

In the inspiration segment, we discuss depression and mentoring. One thing is for sure, everyone is prone to depression, regardless of age. In Kenya, the prevalence of depression among the youth is growing rapidly. A recent study indicated that nearly half of Kenyans (young and old) may be suffering from some kind of depression. In addition, a disturbing number of murders and suicides are reported regularly among the youth. The question is, why? We tell you what signs to look out for when trying to establish if someone is depressed.

Under environment, we join the rest of the world in marking International Day of Forests (IDF) 2019. Under the theme, forests and education. The event was concurrently marked in all the 47 counties,

with the focus being on celebrating our forests, planting trees, and extending public awareness.

A sore throat can be quite uncomfortable. It slows you down and can make you tired, restless and dull. It usually builds up slowly, causing pain or an itchy feeling in the throat. This pain gets worse when you are swallowing or trying to talk. Find out how to manage this condition in the health segment.

Did you know that "Whenever you cannot describe the vision driving a change initiative in five minutes or less and get a reaction that signifies both understanding and interest, you are in for trouble?" Read more in the book review.

Finally, for travel we take you to Masai Eco Lodge, just 18 kilometres from Kajiado –

Enjoy!

Mbugua Njoroge

Editor



A REQUEST TO COMMENT, BY 26 JUNE 2019, ON AN EXPOSURE DRAFT ON THE PROPOSED REVISIONS TO PART 4B OF THE INTERNATIONAL CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS

By Jim McFie, a Fellow of ICPAK

In December 2013, the International Auditing and Assurance Standards Board (IAASB), a board within the International Federation of Accountants, published an International Standard on Assurance Engagements (ISAE 3000 Revised) for Assurance Engagements Other than Audits or Reviews of Historical Financial Information. It became effective for assurance reports dated on or after December 15, 2015. Audits or reviews of historical financial information are dealt with in International Standards on Auditing (ISAs) and International Standards on Review Engagements (ISREs). Assurance engagements covered by ISAE 3000 (Revised) include both attestation engagements, in which a party other than the practitioner measures or evaluates the underlying subject matter against defined criteria, and direct engagements, in which the practitioner measures or evaluates the

underlying subject matter against defined criteria; the ISAE contains requirements and application and other explanatory material specific to reasonable and limited assurance attestation engagements; the ISAE may also be applied to reasonable and limited assurance direct engagements, adapted and supplemented as necessary in the engagement circumstances.

If an accountant conducts an assurance engagement, the ISAE states that the objectives of the accountant are: (a) To obtain either reasonable assurance or limited assurance, as appropriate, about whether the subject matter information is free from material misstatement; (b) To express a conclusion regarding the outcome of the measurement or evaluation of the underlying subject matter through a written report that conveys either a reasonable assurance or a limited assurance conclusion and describes the basis for the conclusion; and

(c) To communicate further as required by this ISAE and any other relevant ISAEs. In all cases when reasonable assurance or limited assurance, as appropriate, cannot be obtained and a qualified conclusion in the accountant's assurance report is insufficient in the circumstances for the purposes of reporting to the intended users, ISAE 3000 requires that the practitioner disclaim a conclusion or withdraw (or resign) from the engagement, where withdrawal is possible under applicable law or regulation. The ISAE has a large number of definitions: assurance skills and techniques are defined as "those planning, evidence gathering, evidence evaluation, communication and reporting skills and techniques demonstrated by an assurance accountant that are distinct from expertise in the underlying subject matter of any particular assurance engagement or its measurement or evaluation": it is of extreme importance

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If an accountant carries out an Assurance Engagement, s/he must comply with each requirement of ISAE 3000 (Revised) and each requirement of any relevant subject matter-specific ISAE, unless, in the circumstances of the engagement, the requirement is not relevant because it is conditional and the condition does not exist. As is the case of an audit of financial statements, in exceptional circumstances, the accountant may judge it necessary to depart from a relevant requirement in an ISAE: in such circumstances, the practitioner must perform alternative procedures to achieve the aim of that requirement.

that accountants enhance their skills in written communication, so that what is communicated to the user is exactly what is intended by the accountant – the “single source of truth” as one KPMG partner stated recently, taking the phrase from information systems design and theory, in which the single source of truth (SSOT) is the practice of structuring information models and associated data schema such that every data element is stored exactly once. A misstatement occurs when there is a difference between the subject matter information and the appropriate measurement or evaluation of the underlying subject matter in accordance with the criteria: misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions.

If an accountant carries out an Assurance Engagement, s/he must comply with each requirement of ISAE 3000 (Revised) and each requirement of any relevant subject matter-specific ISAE, unless, in the circumstances of the engagement, the requirement is not relevant because it is conditional and the condition does not exist. As is the case of an audit of financial statements, in exceptional circumstances, the accountant may judge it necessary to depart from

a relevant requirement in an ISAE: in such circumstances, the practitioner must perform alternative procedures to achieve the aim of that requirement. The need for the accountant to depart from a relevant requirement is expected to arise only where the requirement is for a specific procedure to be performed and, in the specific circumstances of the engagement, that procedure would be ineffective in achieving the aim of the requirement.

When carrying out such an engagement, the accountant must comply with the International Ethics Standards Board for Accountants (IESBA) Code related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding.

On 27 March 2019, the International Ethics Standards Board for Accountants requested accountants around the world to submit, on or before 26 June 2019, their comments on proposed revisions to Part 4B of the Code to reflect terms and concepts used in ISAE 3000 (Revised). The exposure draft can be found at: <https://www.ifac.org/system/files/publications/files/IESBA-Part-4B->

Alignment-to-ISAE-3000-Revised.pdf

ISAE 3000 (Revised) introduced a change in terminology in the two types of assurance engagement reported above from “assertion-based” and “direct reporting” engagements in the original ISAE 3000 to “attestation” and “direct” engagements in the revised Standard. In changing the terminology, the IAASB has clarified that the distinction between the two types of assurance engagement is based on who is undertaking the measurement or evaluation of the subject matter (now referred to as “underlying subject matter” to avoid confusion with the term “subject matter information”) against the criteria. Moving from the term “assertion-based engagements” to “attestation engagements” and “direct reporting engagements” to “direct engagements” involved taking one of the two types of direct reporting engagements (where a measurer or evaluator, other than the professional accountant in public practice, measures or evaluates the underlying subject matter and makes an assertion as to the subject matter information that is not available to intended users) and including that type of engagement under attestation engagements. Direct engagements now include only the other type of engagement, where the accountant directly measures or evaluates the underlying subject matter. This results in a reclassification, but no substantive change in concepts. ISAE 3000 (Revised) includes requirements and guidance for attestation engagements only, rather than for both attestation engagements and direct engagements. Nevertheless, in the introduction, ISAE 3000 (Revised) notes that the ISAE may also be applied to reasonable and limited assurance direct engagements, adapted and supplemented as necessary in the engagement circumstances.

In an attestation engagement, a party other than the accountant measures or evaluates the underlying subject matter against the defined criteria. A party other than the accountant also often presents the resulting subject matter information (the outcome of the measurement or the evaluation) in a report or statement. In some cases, however, the subject matter information may be presented by the accountant in the assurance report. The accountant’s conclusion addresses whether the subject matter information



is free from material misstatement. In a direct engagement, the accountant measures or evaluates the underlying subject matter against the defined criteria. In addition, the accountant applies assurance skills and techniques to obtain sufficient appropriate evidence about the outcome of the measurement or evaluation of the underlying subject matter against the criteria. The accountant may obtain that evidence simultaneously with the measurement or evaluation of the underlying subject matter, but may also obtain it before or after such measurement or evaluation. In a direct engagement, the accountant's conclusion addresses the reported outcome of the measurement or evaluation of the underlying subject matter against the criteria and is phrased in terms of the underlying subject matter and the criteria. In some direct engagements, the accountant's conclusion is, or is part of, the subject matter information.

The change in terminology used in ISAE 3000 (Revised) requires corresponding changes in the Code, in particular in the two types of assurance engagement (changed from "assertion-based engagement" to "attestation engagement", and from "direct reporting engagement" to "direct engagement"). ISAE 3000 (Revised) states that all assurance engagements have at least three parties: the responsible party, the practitioner (i.e. the professional accountant in public practice), and the intended users. Additionally, depending on the engagement circumstances, there may also be a separate role of measurer or evaluator or engaging party. In ISAE 3000 (Revised), the term "responsible party" is used only for the party responsible for the underlying subject matter, and the term "measurer or evaluator" is reserved for the party who evaluates the underlying subject matter against the criteria to produce the subject matter information. The terminology used in the Exposure Draft has been aligned with these terms as they are now used in ISAE 3000 (Revised). The change in terminology used in ISAE 3000 (Revised) requires a change in the definition of Assurance Client in the Code. IESBA believes that, although the term "assurance client" is not used in ISAE 3000 (Revised) or in other IAASB material, it is nevertheless preferable to use this term in Part 4B for ease of

“The need for the accountant to depart from a relevant requirement is expected to arise only where the requirement is for a specific procedure to be performed and, in the specific circumstances of the engagement, that procedure would be ineffective in achieving the aim of the requirement.”

reference when describing the party or parties from whom the professional accountant in public practice is required to be independent. The term is consistent with the principles of ISAE 3000 (Revised). It is also the equivalent of the term "audit client" used in Part 4A. The proposed revised definition of Assurance Client in the Exposure Draft is: "the assurance client is the responsible party and also, in an attestation engagement, the party taking responsibility for the subject matter information (who might be the same as the responsible party)".

There are a large number of changes proposed in the exposure draft (ED).

IESBA proposes that the effective date of the revised Part 4B, in accordance with the Board's position on revisions to the revised and restructured Code, should be as follows: Part 4B relating to independence for assurance engagements with respect to underlying subject matter covering periods will be effective for periods beginning on or after June 15, 2021; otherwise, it will be effective as of June 15, 2021. Early adoption will be permitted.

IESBA requests comments on all matters addressed in the ED, but especially those identified in the Request for Specific Comments below. Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and, where appropriate, make specific suggestions for any proposed changes to wording. When a respondent agrees with proposals in this ED, it will be helpful for IESBA to be made aware of this view. IESBA is not inviting comments on the terms and concepts included in ISAE 3000 (Revised) itself as these are the responsibility of IAASB and outside the scope of this Exposure Draft.

IESBA welcomes specific comments from respondents on the following matters:

- (i) Do you believe that the changes in the key terminology used in the Exposure Draft, including the definition of "assurance client", are clear and appropriate for use in Part 4B?
- (ii) Do you have any comments on the application of IESBA's proposals to the detailed independence requirements and application material as explained above and summarized in the appendix?
- (iii) Do you have any comments on the other proposed changes, including on the consistency of terms and concepts in Part 4B in relation to the text of ISAE 3000 (Revised)? If so, please specify the area of inconsistency and suggest alternative wording.
- (iv) Are there any other matters that you consider should be addressed with respect to the alignment with ISAE 3000 (Revised) in Part 4B or in other material, for example in

an IESBA Staff publication? If so, please provide sufficient explanation, including practical examples of the matter where available.

- (v) Do you agree with the proposed effective date? If not, please indicate why not and explain your reasoning.

In addition to the request for specific comments above, IESBA is also seeking comments on:

- (a) Small and Medium Practices (SMPs): IESBA invites comments regarding the impact of the proposed changes for SMPs.

- (b) Developing Nations: Recognizing that many developing nations have adopted or are in the process of adopting the Code, IESBA invites respondents from these nations to comment on the proposals, and in particular, on any foreseeable difficulties in applying them in their environment.

Let us read the ED and submit our comments to ICPAK one week before 26 June 2019, for onward transmission to IESBA.



RETHINKING BUSINESS CONTINUITY PLANNING

“The time to repair the roof is when the sun is shining.”

- J.F. Kennedy 35th President of the United States of America.

By Karumba Kinyua

When a national tragedy or a crisis strikes it hits hard, it knows neither time, social status, future plans nor history, it affects the most affluent and even the humblest and is not choosy on its victims or businesses. From terrorist attacks, natural calamities such as hurricanes, floods and earthquakes to fires, robberies to power outages that last “longer than usual” reveal a great deficiency of preparedness when it comes to effectively structured and developed business resilience or continuity plans.

Businesses and organizations in Kenya have not been exempted when it comes to disaster and crisis. From the post- election violence in 2008, which saw various companies incur grand losses, to past and recent terrorist attacks that are designed to cause destruction and major losses to corporations, most businesses will take steps towards mitigating against such events. The cyber resilience and power that businesses drill into their security expenses as well as power backups and though efficient when appropriately developed, do not breed 100 percent confidence in prediction of day to day eventualities in a corporation.

Business Continuity Institute defines Good Practice Guideline (GPG) as an adaptive capacity of an organization in a complex changing environment (Edward Okaro, 2016). Business Continuity Plans provide a framework for businesses to develop mitigation and resilience which increase the probability of effective and quick retort to ascertain the safety and bouncing back of a business to its normality safeguarding its

interests, the interests of its stakeholders, reputation, value chain creative activities as well as brand.

Business continuity plans are encompassed by three pillars; resilience, management and ICT disaster recovery.

The resilience of a company against crisis is enhanced once the scope of risks and their extents are widely and excessively explored and potential resolves that aid in the mitigation of the risks are developed. A company should also dig deep into its



business plans to prowl for vulnerable stand outs and device elimination mechanisms.

A BCP is not only a delegated duty of a single department in a corporation, it should be developed from critical examination of all departments in the corporations. The IT department in every corporation plays a key role in the establishment of these plans, with technological innovation taking over daily activities in all operating corporations in this time and day. Viruses, system failures, cyber bugs and hackers circle in technology threats that are fully engulfed in a business. Historically, unpredictable company threats are not only characterized by complex threats but run from traditional hiccups such as theft, loss of premises, bankruptcy or

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The ability of a business to bounce back after tragedy hits greatly impacts its financial and structural progress and returns. Investors and customers tend to distance themselves from corporations that incur such tragedies.

even unprofessional personnel that result to grand losses and hence the need for appropriate management of a BCP.

The ability of a business to bounce back after tragedy hits greatly impacts its financial and structural progress and returns. Investors and customers tend to distance themselves from corporations that incur such tragedies. Statistics reveal that without efficient resilience plans 50% of corporation's dissolve within 12 months of the occurrence of a crisis and a recent survey by EY Africa shows that only 23% of organizations are able to regain all critical functionality within the approved Recovery Time Objectives (RTOs) The actualization of this brings in a great need to prepare for disaster before it strikes.

A good and effectively resilient BCP must include relevant policy development, compliance measures, program structuring as well as testing and control measures and effective and timely reporting. It also doesn't necessarily require the intervention of an external consultant or dig deep into company finances, it can be developed internally with the right information and accountability. Corporate governance and the roles of senior management in any corporation are the key controllers of an effective BCP in any corporation.

The development and sustainability of BCP includes core steps such as the establishment of a continuity planning committee, conducting business impact analysis, risk mitigation, establishing business continuity strategies, development of the BCP, implementation of the BCP, rigorous testing of the plan (HUB International Midwest Limited, n.d.) and reporting on and auditing the BCP, respectively.

Finally,

To put up a fight with the increasingly sophisticated and unpredictable threats, business organizations in Kenya and all over the world need to view business resilience as holistic inter-departmental effort to manage a business and provide ideal company suppleness and fortification.

Unquestionably, considerable financial resources will be required to establish and sustain a successful BCP framework. This is where the finance professionals play a critical role, by ensuring adequate resources are availed as and when required. Further, they must on a continuous basis ensure the organization gets value for money. Starving this critical process of funding, as most are prone to do, is akin to killing the goose that lays the golden egg, by threatening the very survival of the entity.

Karumba Kinyua is the Managing Partner of PineHill Consulting, a Nairobi based Investments, Strategy and Risk Consulting firm. Evelyn Kiruri is a Research-Analyst. They can be reached at info@pinehillconsulting.co.ke

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REGULATING SACCOS IN KENYA

Is SASRA doing enough?

By CPA Felix Nasubo

Taming mismanagement and corruption

The trend of mismanagement bedeviling Savings and Credit Co-operative Societies (saccos) in Kenya today is worrying investors. It is a drawback to government ideals to alleviate poverty among Kenyans by encouraging savings through the cooperative movement, which for decades has been vibrant and an enabler of economic freedom amongst citizens through advancement of soft affordable loans.

The launch of a partnership on 26th February, 2019 between EACC and the state ministry of Trade, Industry and Co-operative in dealing with corruption

and mismanagement in saccos in Kenya is a pointer towards stabilizing good governance and eradicating corruption in the sector. Listening to speakers at the launch, one thing cut across the sentiments. Our sacco sector is bedeviled by mismanagement and corruption; being perpetuated by Board of Directors and management of these saccos.

In his speech, EACC CEO Mr. Twalib Mbarak expressed concern regarding how directors and management of saccos are engaging in corruption through skewed tenders, financial misappropriation and nepotism in employment. He noted that if an audit on human resource was

to be conducted in some saccos today, we would find relatives of officials and directors being employees in these saccos. Mr. Mbarak told the gathering that EACC has received over 400 complaints from Kenyans against saccos and investigations are ongoing. He cautioned the officers and warned them that EACC will be visiting them soon, once they get incriminating evidence against them. He gave an example of a sacco (name not mentioned) he is a member of, where management had swindled members through unscrupulous investment projects. His sentiments were echoed by the outgoing Co-operatives PS Ms. Susan Mochache

who narrated how she had been approached by Kenyans complaining about saccos and how they have lost a lot of money. The partnership is a good thing. However, why would we wait for partnerships to weed our saccos of corrupt officials? Before EACC comes to investigate these organizations, why can't the Sacco Societies Regulatory Authority (SASRA) uphold the true spirit of our constitution as per Chapter 6 when vetting these officials and also undertake its mandate as per the law?

Does it mean that the department of Co-operative has failed to protect Kenyans through the office of the Commissioner of Co-operatives? The provisions of the Co-operative Act, Cap 490 on supervision of non-deposit taking co-operatives is clear. The recent happening in the Ekeza sacco scandal in particular is something to worry contributors who have invested their hard earned money in these organizations. (Government auditors investigating the troubled Ekeza sacco revealed that more than Sh1 billion of investors' money had been illegally withdrawn and used-DN). It is reported that over 53,000 members of this sacco were tricked into saving their money amounting to over Kshs. 2 Billion which was later swindled by directors of this sacco by engaging in financial malpractices.

It is disturbing to see Kenyans being swindled by corrupt sacco officials when there's a government agency charged with the responsibility of safeguarding Kenyan's interests in these saccos by ensuring that such organizations practice financial prudence and any form of malpractice reported through regular supervisions and inspections. There are more problems facing saccos in the country ranging from governance issues, conflict of interests, nepotism, corruption, financial misappropriation to mismanagement. The tragedy is that members do not know the real issues since they are either not reported or the management and the boards of these saccos collude to conceal the real issues. There are many saccos in the country facing financial problems if the truth was to be unveiled by SASRA.

Is SASRA doing enough as a regulator? Section 4 of the sacco Society Act No.15 of 2008 establishes the sacco Society Regulatory Authority, a

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The tragedy is that members do not know the real issues since they are either not reported or the management and the boards of these saccos collude to conceal the real issues. There are many saccos in the country facing financial problems if the truth was to be unveiled by SASRA.



government agent with full mandate to license, regulate and supervise the functions of deposit taking saccos in the country.

SASRA has proven over time to be a toothless authority that has either chosen not to supervise these saccos or gone to bed with the management. I know of a sacco where SASRA for over five years had not done any inspection and when they finally did after numerous complaints by members over alleged financial irregularities, the

findings have never been made public. It is in the public interest that SASRA be reminded that it is funded by the public revenue to protect the interests of vulnerable members of the society who are tax payers by ensuring that the principles of good governance and prudent financial management are adhered to in these saccos. The conduct of SASRA in so far as saccos operate leaves more questions than answers. Could we be having an institution that is in bed with corrupt sacco officials? SASRA as an institution has continuously given a clean bill of health to saccos even when it is clear to the public that there is a lot of financial impropriety going on.

Proper regulation is key. There have been several suggestions to streamline the regulation of saccos together with other financial institutions in Kenya. A report by a Task Force on Parastatal Reforms appointed by the President and Co- chaired by former Mandera East MP, Hon. Abdikadir Mohammed and Mr. Isaac Awuondo recommended the establishment of one regulatory body for all financial institutions. It goes without saying that SASRA has failed to efficiently regulate saccos. Thus putting saccos together with other financial institutions like banks under Central Bank of Kenya is the only remedy remaining. Lack of capacity and inefficiency of some SASRA officials is a hindrance to proper regulation and discharging supervision functions.

In conclusion, there is urgent need to streamline SASRA as an entity to ensure those running this institution are people of integrity who cannot be compromised by the corrupt sacco officials who they are meant to supervise and unveil their rot. The new EACC CEO should start with SASRA board of directors and the secretariat to ensure they undergo a proper vetting exercise to test their suitability in holding those positions and their ability to supervise saccos.

I highly recommend that the government fully implements the findings of a report by the Task Force on Parastatal Reforms so that some of these problems that ail saccos can be properly addressed.

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MILLENNIALS AND RETIREMENT

Days of permanent and pensionable employment terms long gone

By CPA Daniel Mureithi

Millennials is a term that most of us have become familiar with. It is generally argued that this forms a demographic cohort following Generation X and consists of people born between the 1980s and 2000s. They are also known as the Generation Y or Gen Y and are believed to possess the following traits; tech-savvy, digital natives, can-do attitude. They are diverse, global citizens, entrepreneurial, multi-taskers, risk-takers, not fond of rigid working environment, and are generally productivity-oriented. It is believed that this is the most connected generation in history.

As it is, millennials currently occupy a larger portion of the workplace, and in today's age it is essential for employers to create an employee-centric culture that fosters productivity amongst this expanding demographic. Often times, they unsettle the status quo for they question everything. It is projected that by the year 2020, millennials will represent about 50% of the workforce globally.

A Human capital remains pivotal in almost all organizations. Developing a working environment that keeps the millennials engaged is one of the greatest challenges for employers in recent times. The traditional employee motivation and engagement initiatives are no longer that effective. This generation abhors rigidity in the working environment. Their global-citizen nature pushes them to deeply desire global experiences. Most employment and human capital policies and employee codes of conduct are reasonably threatened!

The conventional perspective is that millennials aren't planning for the future; they are happy to sacrifice future financial stability for in-the-moment living. Signing up for mortgages, buying plots and buying houses are the least of their priorities in life. This generation seems to have no permanency perspective. They consider such possessions as quite old school and considerably limiting for their liking. And so is retirement planning! Consider Enos, a smart, intelligent and ably gifted young man who we recently recruited and offered what would be considered as the best package to keep him engaged to fully dedicate his rather unique skills in technology to our organisation. On examining the package, we had offered him, he quickly requested for a meeting seeking a more flexible approach to the package, key among the subjects, pension contribution. His idea was that, instead of contributing to a pension scheme that would be accessible only upon retirement, he wished that the same could be repackaged to offer him a benefit that would allow him to travel the world every now and then!

Millennials came of age in unstable economic times and feel betrayed by the financial system. It might take persistence to earn both their attention and trust. They were taught that the road to happy retirement is in predictable successive steps;

- i. Go to school
- ii. Get a job that gives great benefits
- iii. Climb the company's corporate ladder
- iv. Contribute to your pension
- v. Wait until age 60 to stop working, and then do what brings you joy; "retire"

Outdated, far away, and boring is how millennials would generally describe the word "retirement." The question that lingers loudly in their minds is why one would delay to enjoy the fruits of their labour but instead defer it to an uncertain future. Experiencing the world, different cultures and looking for learning opportunities is what appeals to them more. We have witnessed the generations before, pushing happiness aside, working until 50 years or beyond, and still be without the mental and financial freedom they dreamt of having. This idea doesn't excite millennials as they yearn for a life much more fulfilling. They want to be mentally fulfilled and financially free without having to work thirty years plus for it.

Now, despite the differences from generation to generation, we all want to be financially free at some point in life. However, if millennials want to become financially secure at an earlier age, we must throw out the traditional model, and start creating a new plan of action. Human Resource Professionals may be forced to treat retirement plans like a product and promote it through marketing campaigns just like other products and services. However, there still remains various avenues to explore by the millennials and employers alike in order to have a more fulfilling life and workforce.

1. Employee Share Ownership Plans (ESOPS)

Companies that offer a great Employee Share Ownership Plans (ESOPS) for their employees' can attest to the magic role this plays when it comes to employee motivation. By being awarded



stock options, employees are able to give their time in exchange for company equity. This is one of the smartest ways to reach an early retirement because having stock in the business you work for allows your net worth to increase as the company grows. Millennials are therefore more likely to settle in companies that offer Employee Share Ownership Plans (ESOPS) opportunities and that do not require them to work for long periods to cash in the stocks.

2. Increase your income by having more streams of income

Employers need to face it; financial freedom is not simply a need for this generation but employers also have a responsibility to encourage their employees to venture in other income generating activities. This ought to be incorporated in the employee wellness programs. To become happy and financially free, millennials may have to venture out and develop multiple streams of income. Whether it is through a second job, business, and/or side hustle,

they must make sure that they do not spend their entire life depending on one primary source of income. It is hard enough to bring in one stream of income, but having money come from multiple directions is the key to financial independence. Unfortunately, not everyone has the idea or desire to start their own business, so entrepreneurship doesn't have to be the only option. Converting one's car to a cab on the weekends is a workable option. This is a simple and easy way to bring in additional income while still controlling one's time. Managing social media accounts for small businesses could be another. One of the key advantages for millennials is that they understand both technology and social media. This is an easy avenue to charge a monthly fee to provide social media expertise by managing social media accounts. Whether one is great at writing, data entry, research, marketing, graphic design, website design, and more, there are numerous freelance platforms that can help in bringing in that additional income.

3. Save, but above all invest

Savings in Saccos is considered one of the most prudent ideas in Kenya. However, saving alone is not enough to build wealth. Saving money will not really bring in that financial freedom unless there are deliberate aspirations to invest for the long-term. Saccos help to accumulate savings which one can thereafter be used to access loans that could help to unlock various investment opportunities.

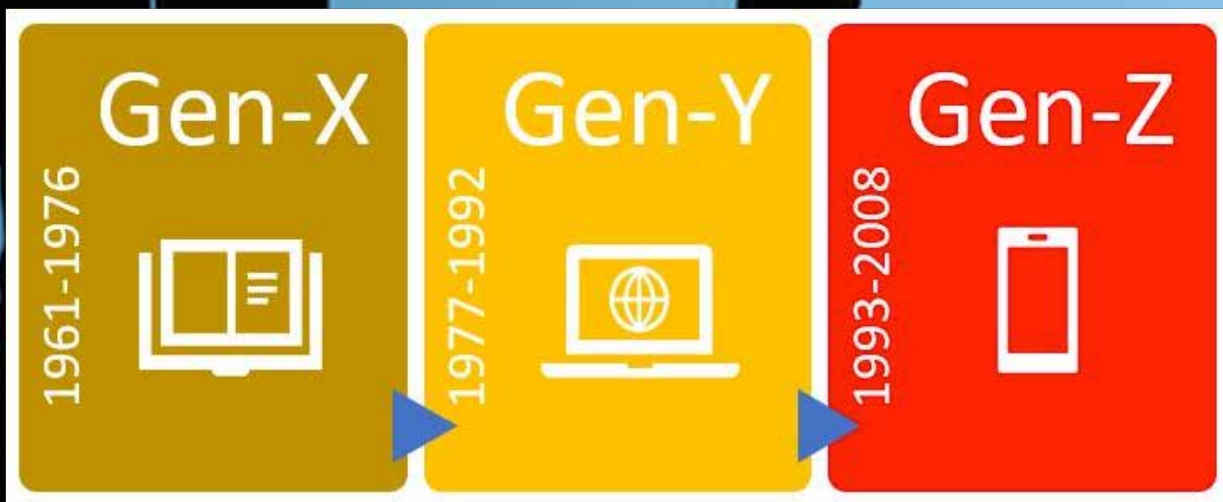
Contrary to the popular belief however, retirement planning is important to millennials. Like all employees, millennials need support and education. Consideration for a stable financial future is key. Whether using the traditional models of retirement saving plans, or through other wealth creation opportunities, planning for old age starts now. Helping them to understand these programs makes you stand out as an employer in the talent marketplace.

What and how you communicate it to them is the issue.

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EMPLOYMENT CRISIS DUE TO GENERATION GAP

By Vishal Soni



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But when you get what you want, when you want, where you want, however you want on your terms, you basically don't harbour any humility, instead you develop a sense of overconfidence. This overconfidence is not a conscious state of mind, but a subconscious setup that affects their behaviour and relations.

Generation Z, loosely refers to those born between mid-1990s to mid-2000s; they have either recently joined the work force or are about to. This is the generation born in the technological boom, growing up with easy access to the internet, practically without having to patiently hear those dial-up sounds to connect. Social media has been their *modus operandi*.

"Gen-Z is impatient by design..."

Gen-Z has access to a world of information at their fingertips, and this level of exposure has moulded their mindset in a disruptive manner.

They have access to almost anything they wish for at a click of a button; from Taxi rides, food, hotel stays and basically anything they imagine. This level of instant gratification has not given

t h i s

generation a chance to learn how to be patient.

"Instant gratification leads to overconfidence..."

Instant gratification doesn't only yield impatience, but also a sense of overconfidence. When you work hard for something and in the process fail, get up, try again, and finally make it, you get a sense of achievement with humility and that leads to building confidence. But when you get what you want, when you want, where you want, however you want on your terms, you basically don't harbour any humility, instead you develop a sense of overconfidence. This overconfidence is not a conscious state of mind, but a subconscious setup that affects their behaviour and relations.

Why is this combination of impatience and overconfidence such big issue?

Because such individuals are not prepared for the real world. They are not able to deal with failures, setbacks and/or criticism. In fact, this generation does not even have the avenue for dealing with such problems as normally you would share how you feel and seek guidance from true friends and close relatives, but social media has even

virtually severed such ties... This obviously isn't the case with all members of the generation nor is it a blanket opinion, but it is a recurring theme with many. What happens when these overconfident, impatient generation Z youth get into the employment world, which at present is mostly managed by middle aged and senior citizens, who have had to work hard and wait patiently to get what they have aspired for, and have weathered many setbacks?

"There are always 2 sides to a coin, and the other side is ironical..."

Looking at a problem from only one side never really helps... there are always two sides to a coin, and the other side is ironical. Most, if not all, Gen-Z members have parents who are from Gen-X and few from early GenY. This is ironical since in some way Gen-X may be responsible for how Gen-Z are turning out to be...

Gen-X have mostly had it tough growing up...

During their childhood, things weren't as easy as we see them now, globalization wasn't at its peak... You couldn't really get what you want coz either it was not available or not affordable... Members of Gen-X when growing up didn't have access to online shopping and instant deliveries, going somewhere meant convincing your parents to drop and pick you, games weren't really on handheld devices but rather physically exhilarating and exhausting... and getting what they wanted meant preparing for it in advance, keeping patience, and when receiving what they wanted, cherishing it and keeping it for years to come....

Compare this to when Gen-X have their own children... whilst growing up their children's demands could be met with a single click and they would get deliveries on demand. And thanks to disruptive technology and cutting out of supply chains, the things are competitively priced... what reason would these Gen-X parents have to deny? In fact, they would recall their inability to get what they wanted and pride in the fact that they are able to get their children's wishes fulfilled...

They would have ensured that their children don't have to face any tough times... but here's the catch... in a bid to make their children's lives as comfortable as possible they may have given them way too much leeway... That, in the face of the technology boom, means a potent mixture for the present crisis that we have... I don't blame technology for the mess... technology on its own is not good or bad... it depends on who uses it and how they use it which makes the difference...

"Sometimes, constraints teach us more than abundance..."

I belong to Generation Y, my parents preceded Gen-X... Something peculiar about me is that I've always been a fan of quality stationery from childhood... I loved good quality writing pads, diaries, fountain pens, stylish and spotty pencil cases... hell I ogled all these stationary. Even now when I walk in to a supermarket, I feel the same... but why is this important? When I was young, these quality stationeries were available but not very affordable, and my parents always guided me about the value of money and only spending on things that were necessary and sometimes good quality stationary sounded more like luxury. But that taught me the value of taking good care of what I had, the value of recycling, I practically got a pencil case stitched out of an old pair of jeans, and I still have it to date... it taught me how to value what I had... the small things... Sometimes constraints teach us more than abundance ever will. "The virtues we wish to instill in our children... the future generations, all depend on how we treat them when they're growing up..."

So, we now understand how Gen-Z has reached to the present-day crisis, but what's the way forward...?

"Gen-Z inherently follow Newton's 3rd law..."

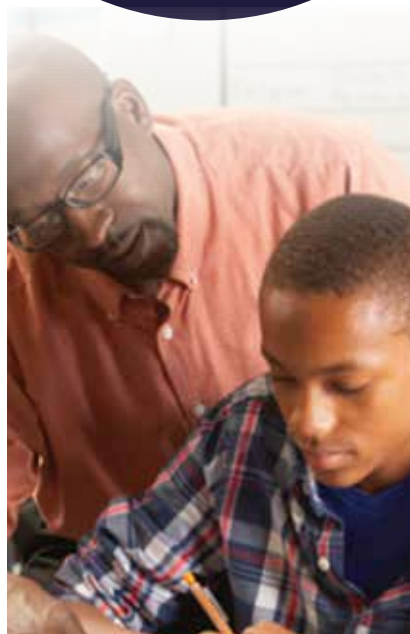
Gen-Z cannot be humbled by force... they need to be mentored and given suitable thought-provoking guidance and soft skills. What is unique about this new generation is that they do not respect authority, they respect genuine leadership and guidance with clear explanations. Generation Z inherently follow Newton's 3rd law, for every action there is an equal and opposite reaction (opposite in the

sense of direction). Gen-Z are often seen to reciprocate behaviour regardless of the other person's age or experience.

All previous generations were brought up with a common idea that elders should always be respected, no matter what they do or how they behave... even if they are wrong, rude or outright ridiculous, we were trained to uphold their respect, and in the process we also learnt some valuable soft skills to help us manage difficult interactions better... but these virtues do not resonate with most Gen-Z... Gen-Z believe "If you treat me well, so shall you be treated"

To some extent, Gen-Z's behaviour is beneficial to modern day systems as it does not tolerate unnecessary bureaucracy or red tape, but at the same time, they need to learn how to respect their senior

"The virtues we wish to instill in our children... the future generations, all depend on how we treat them when they're growing up."



veterans, not because of their age but rather for their experience...

"Experience is a comb that life gives you after you're bald..." It is this experience which we need to learn from in order to not stumble over the same problems our seniors did... Eventually, we need Gen-Z to be more patient and persevering... but so will all other generations need to be... This will not be an immediate occurrence, but rather a slow learning process as all generations will need to learn how to arrive at a central point where we all understand each other and create synergy.

One idea which comes to mind is bridge making, between Gen-X and Gen-Z, and quite literally Gen-Y would be this bridge... Gen-Y can easily understand the old standing values of Gen-X and on the other end also appreciate the "instant gratification" that Gen-Z are fond of. In fact, an active mentoring process between each generation can also help pass down the necessary skills without any one losing their cool... Companies need to identify mentor-mentee teams with three levels, each comprising of members from each generation, X, Y and Z.

Some of us may already be participating in such mentorship equations. However, without a structured approach. Which means not all issues are actively attended to, leaving room for friction. It's important for companies to take this form of mentorship structures more seriously. This doesn't mean that for every Gen-X in the company you need a Gen-Y and Z... In fact, most probably the hierarchy shall be in a pyramid form, with few Gen-X members, many Gen-Y members and very many Gen-Z ones at the bottom.

This means assigning a few Gen-Z members to a Gen-Y member who is eventually mentored by a Gen-X member. This would be ideal for skills transfer and creating a lubricating effect in the system. The idea here is not division of work among such teams but rather active skills transfer, and these would be soft skills. These skills are never formally taught in any learning institution and were often taken for granted until now, when the effects of ignoring such skills, literally makes the difference between success and failure.

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ARE MONOPOLIES REALLY BAD FOR US?

By CPA Emmanuel Adoli

What you stand to gain

How many of us have interacted with the board game called monopoly? Monopoly is a real-estate board game for two to eight players, in which the player's goal is to remain financially solvent while forcing opponents into bankruptcy by buying and developing pieces of property.

If a player acquires a monopoly—that is, all of a particular group of properties—that player may purchase improvements for those properties; improvements add substantially to a property's rental fee. This makes it expensive for other players landing on those properties. A player

continues to travel around the board until he or she is bankrupt. Bankruptcy results in elimination from the game. The last player remaining on the board is the winner.

A monopolistic firm can be compared to this last player. In some instances a firm can beat others out of the market, and in some cases monopoly is predetermined. In the Bible, God said to man, "Be fruitful and multiply; fill the earth and subdue it; have dominion over the fish of the sea, over the birds of the air, and over every living thing that moves on earth." (Genesis 1:28). For

there to be order on earth, man had to be given monopoly over other beings.

Let us start by briefly looking at market structures in general. In a market, price and output are determined under four main market structures: perfect competition, monopoly, monopolistic competition and oligopoly. Competitive markets consist of many small buyers and sellers who are price takers. In contrast, a monopolized market is supplied by a single seller, who restricts output and holds prices above marginal cost. Marginal cost is the change in total cost per unit change in output, e.g. the

cost involved in producing an extra bag of cement for a cement producer.

The two extremes of competitive market and monopoly are rare in the real world. For example, although electric utility usually fits the definition of being a single seller of its product, there may be substitutes for its product (e.g., gas, oil, and solar energy) that reduce the monopoly power of this firm. A vast majority of firms fall under oligopoly or monopolistic competition. Under Oligopoly, there are only a few firms in the industry producing either homogeneous or standardized product (e.g., cement, steel, and chemicals) or differentiated product (e.g., automobiles, cigarettes, and soft drinks). The implication of this is that the pricing, advertising, and other promotional behavior of each firm greatly affect the other firms in the industry and evoke imitation and retaliation. Monopolistic competition is characterized by having many firms producing products that are close substitutes like brands of beer. As

a result, the degree of control that a firm has over the price of the product it sells is very limited. Two things are distinct in a monopoly market: There is only one supplier, and entry is restricted. The first condition ensures that the monopolist faces no actual competition. The second ensures that the monopolist faces no potential competition. The monopolist enjoys total control of the market.

Sources of Monopoly

The firm may control the entire supply of raw materials required to produce the product.

The firm may own a patent or copyright which precludes other firms from using a particular production process or producing the same product (like the Coca-Cola Company).

In some industries, economies of scale may operate over a sufficiently large range of outputs and leave only one firm supplying the entire market. Such a firm is called a natural monopoly. Examples of these are public utilities (e.g., power

generation and supplying companies). To have more than one such firm in a given market would lead to duplication of supply lines and to much higher costs per unit.

A monopoly may be established by a government as the sole producer and distributor of a product or service (e.g., the post office). This is known as legal or statutory monopoly. A legal monopoly offers a specific product or service at a regulated price and can either be independently run and government regulated, or government run and regulated. A legal monopoly is also known as a “statutory monopoly.”

Sometimes a monopoly is necessary. It ensures consistent delivery of a product or service that has a very high up-front cost. For example it is very expensive to build new electric plants or dams, so it makes economic sense to allow monopolies to control prices to pay for these costs.

Advantages of Monopoly

Research and development - Monopolies can make supernormal profit, which can be used to fund high-cost capital investment spending. Successful research can be used for improved products and lower costs in the long term. This is important for industries like telecommunications, aero plane manufacture and pharmaceuticals. Without monopoly power that a patent gives, there may be less development of medical drugs. In developing drugs, there is a high risk of failure; monopoly profits give a firm greater confidence to take risks and fund research which may prove futile.

Economies of scale - Increased output will lead to a decrease in average costs of production. These can be passed on to consumers in the form of lower prices. This is important for industries with high fixed costs, such as tap water and steel production.

International competitiveness - A domestic firm may have monopoly power in the domestic country but face effective competition in global markets. For example, Kenya Airways has a domestic monopoly but faces competition globally. With markets increasingly globalized, it may be necessary for a firm to have a domestic monopoly in order to be competitive internationally.

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Monopolistic competition is characterized by having many firms producing products that are close substitutes like brands of beer. As a result, the degree of control that a firm has over the price of the product it sells is very limited.

Monopolies can be successful firms - A firm may become a monopoly through being efficient and dynamic. A monopoly is thus a sign of success, not inefficiency. For example - Google has gained monopoly power through being regarded as the best firm for search engines. Apple has a degree of monopoly power through successful innovation and being regarded as the best producer of digital goods. In Kenya, the mobile service provider Safaricom, has enjoyed majority market share due to their innovation and brand loyalty.

It is easier for government to regulate the market through monopoly regulation. The government sets up a regulator to prevent the excesses of monopoly power. For example, utilities like water and electricity are natural monopolies so it makes sense to have one provider. The regulator can limit price increases and ensure standards of service are met.

Subsidize loss-making services - Another potential advantage of a monopoly is that they can use their supernormal profit to subsidize socially useful but loss-making services. For example, a train company can use its monopoly power to set high prices on peak services, but this allows the firm to subsidize unprofitable late-running services on off-peak times. In Kenya, the Standard Gauge Railway prices can be adjusted to meet different classes of citizens.

Avoid the duplication of services - In some areas, the most efficient number of firms is one. For example, if a city deregulates its bus travel, then rival bus companies may compete for profitable peak-hour services. This may lead to increased congestion as several buses turn up at once, like it happens in Nairobi city. It is more efficient to have a monopoly and avoid this inefficient duplication of services.

Source of revenue for the government - the government gets revenue in form of taxation from monopoly firms. Since the firms operate across major segments of the economy, the government has appointed these firms as VAT withholding agents. This ensures that the government collects 6% VAT in advance from all suppliers dealing with these companies e.g. Kenya Power.

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Another potential advantage of a monopoly is that they can use their supernormal profit to subsidize socially useful but loss-making services.

Industries where monopoly is the best option

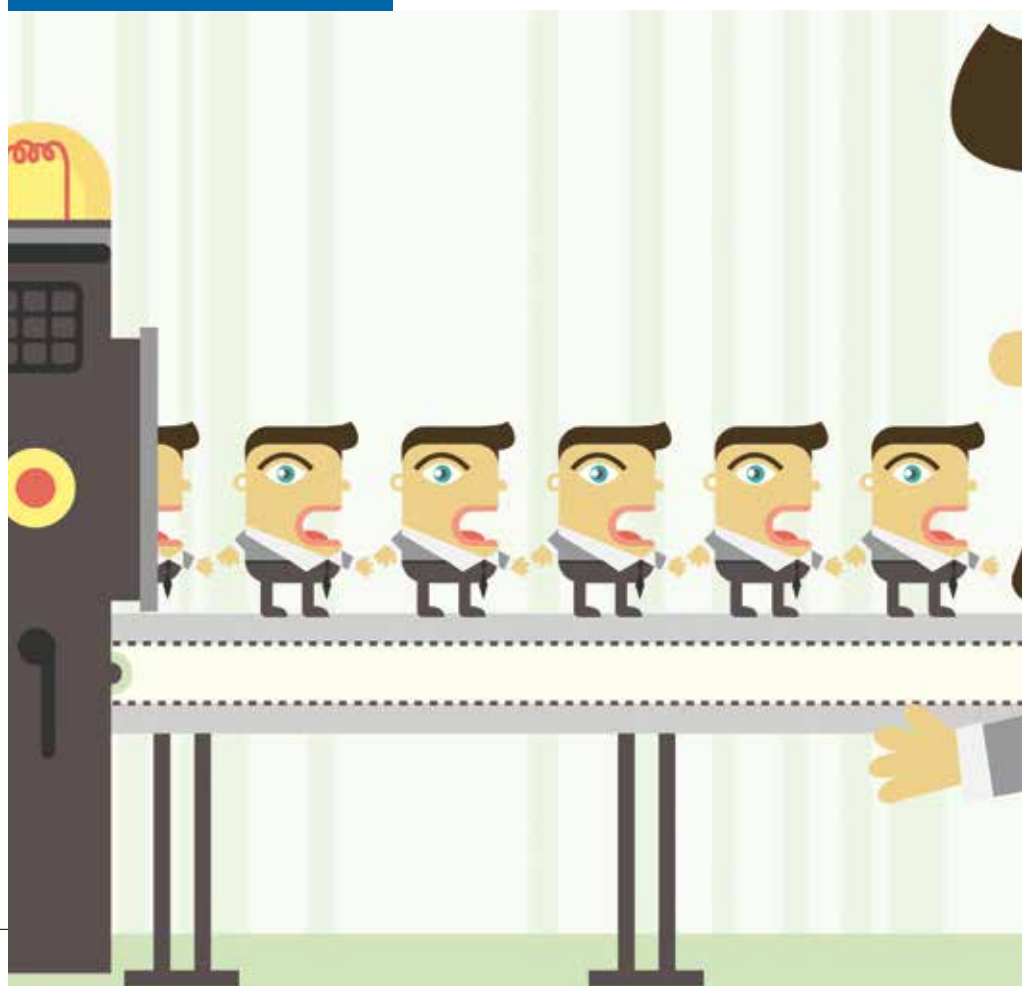
Electricity distribution. To distribute electricity to every home in a country, it is most efficient to have a monopoly provider. There are significant economies of scale in having a comprehensive network. There is no point in having two electricity cables running up the same street.

Bus travel in a city. Avoids duplication and enables efficient timetabling. This would be of help to the congestion in urban centres in Kenya such as Nairobi, Mombasa, Kisumu, Nakuru, Eldoret, Kakamega among others.

Pharmaceutical drug provision. The promise of a patent on a drug is sufficient to encourage firms to invest in developing new drugs.

Why the Government regulates monopolies

The benefits from monopoly market depend on the quality of regulation. There is a danger of regulatory capture and the regulator allowing the firm to be too profitable. The government may wish to regulate monopolies to protect



the interests of consumers. Reasons for government regulation include:

To prevent excess prices - Without government regulation, monopolies could put prices above the competitive equilibrium. This would lead to allocative inefficiency and a decline in consumer welfare.

To improve quality of service - If a firm has a monopoly over the provision of a particular service, it may have little incentive to offer a good quality service. Government regulation can ensure the firm meets minimum standards of service.

Monopsony power - A firm with monopoly selling power may also be in a position to exploit monopsony buying power. For example, supermarkets may use their dominant market position to squeeze profit margins off farmers.

Promote competition - In some industries, it is possible to encourage competition, and therefore there will be less need for government regulation.

Natural Monopolies - Some industries are natural monopolies – due to high economies of scale, the most efficient number of firms is one. Therefore, we cannot encourage competition, and it is essential to regulate the firm to prevent the abuse of monopoly power.

How the government regulates monopolies

Price capping by regulators - For many industries such as water and electricity, the government creates regulatory bodies. For example, the Energy Regulatory Commission reviews electricity tariffs.

Regulation of quality of service - Regulators can examine the quality of the service provided by the monopoly. For example the Water Services Regulatory Board (WASREB) regulates water and sewerage services. In the electricity market, the government has been making sure that even rural homes are connected to electricity through the last mile connectivity project.

Merger policy - The government has a policy to investigate mergers which could create monopoly power. Mergers are regulated by the Capital Markets Authority. The Capital Markets Authority can decide to allow or block the merger.

Breaking up a monopoly - In certain cases, the government may decide a monopoly needs to be broken up because the firm has become too powerful.

Yardstick or 'Rate of Return' Regulation - Rate of Return Regulation looks at the size of the firm and evaluates what would make a reasonable level of profit from the capital base. If the firm is making too much profit compared to their relative size, the regulator may enforce price cuts or take one off tax. A disadvantage of rate of return regulation is that it can encourage 'cost padding'. This is when firms allow costs to increase so that profit levels are not deemed excessive. Rate of Return Regulation gives little incentive to be efficient and increase profits. Also, Rate of Return Regulation may fail to evaluate how much profit is reasonable. If it is set too high, the firm can abuse its monopoly power.

Investigation of abuse of monopoly power - The government can investigate the abuse of monopoly power. This may include flagging unfair trading practices such as collusion (firms agree to set higher prices), Predatory pricing (setting low prices to try and force rival firms out of business), Vertical restraints – prevent retailers stock rival products. Another unfair practice is collusive tendering. This occurs when firms enter into agreements to fix the bid at which they will tender for projects. Firms will take it in turns to get the contract and enable a much higher price for the contract. The government should also keep a keen eye on selective distribution (companies entering into selective and exclusive distribution networks to keep prices high).

Conclusion

Apart from the benefits mentioned, monopolies also have some disadvantages. A monopoly tends to be less motivated towards economic efficiency such as cutting costs or increasing productivity. Also, a monopolistic market structure is most likely to produce less output and charge higher prices.

Let us keep in mind that different market structures are suitable for different industries and different locations. Monopoly is beneficial in selected sectors of the economy, and these benefits can only be realized if proper regulation is done.

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WHAT IS COSO FRAMEWORK?

By CPA John M Wachiuri CISA, CIA

CONTROL ACTIVITIES

My article that was published in the January- February 2019 Accountant Journal serialized the COSO framework of internal controls with an emphasis on the Control Environment.

To refresh our minds, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) released its Internal Control—Integrated Framework (the original framework) in 1992.

The original framework has gained broad acceptance and is widely used around the world.

It is recognized as a leading framework for designing, implementing, and conducting internal control and assessing the effectiveness of internal control.

The original COSO Framework has five components:

- i. Control Environment
- ii. Risk Assessment
- iii. Control Activities
- iv. Information and Communication
- v. Monitoring

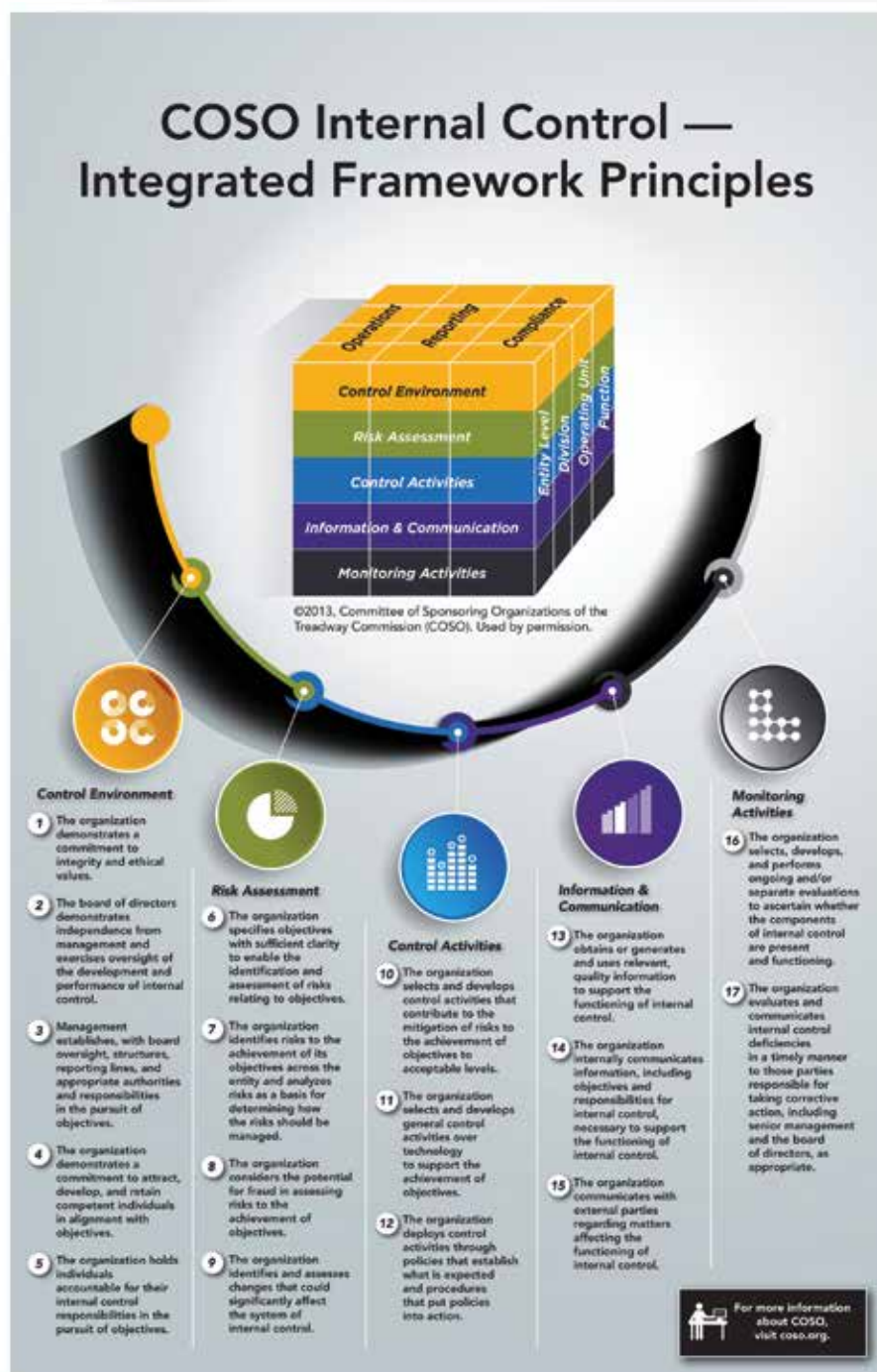
The article in January discussed the Control Environment. This article will highlight key components of the second principle which is the Control Activities.

The COSO framework defines Control Activities as the actions established through policies and procedures that help ensure that management's directives to mitigate risks to achievement of objectives are carried out. The activities are performed at all levels of the entity, at various stages within business processes, and over the technology environment.

Control Activities could be classified as:

- a. Preventive
- b. Detective

Preventive Controls are designed to discourage errors or irregularities from occurring. They are proactive controls that help to ensure departmental objectives are being met. Examples of preventive controls are:



- Segregation of Duties: Duties are segregated among different people to reduce the risk of error or inappropriate action. The responsibilities for authorizing transactions (approval), recording transactions (accounting) should be handled by different people.
- Approvals, Authorizations, and Verifications: Management authorizes employees to perform certain activities and to execute certain transactions within limited parameters. In addition, management specifies those activities or transactions that need supervisory approval before they are performed or executed by employees. A supervisor's approval (manual or electronic) implies that he or she has verified and validated that the activity or transaction conforms to established policies and procedures.
- Security of Assets (Preventive and Detective): Access to equipment, inventories, securities, cash and other assets is restricted; assets are periodically counted and compared to amounts shown on control records.

Detective Controls - are designed to find errors or irregularities after they have occurred. Examples of detective controls are:

- Reviews of Performance: Management compares information about current performance to budgets, forecasts, prior periods, or other benchmarks to measure the extent to which goals and objectives are being achieved and to identify unexpected results or unusual conditions that require follow-up.
- Reconciliations: An employee relates different sets of data to one another, identifies and investigates differences, and takes corrective action, when necessary.
- Physical Inventories: Taking stock IDs in identifying instances of loss of stock.
- Audits: Internal Audit usually identifies breaches in internal controls, frauds, irregularities and gaps in risk management.

From experience, preventive controls are better than detective controls since

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Principle 1

The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Points of Focus

i. Integrates with Risk Assessment: Control activities help ensure that risk responses that address and mitigate risks are carried out.

ii. Considers Entity-Specific Factors: Management should consider how the environment, complexity, nature, and scope of its operations, as well as the specific characteristics of its organization, affect the selection and development of control activities.

iii. Determines Relevant Business Processes: Management is required to determine which relevant business processes require control activities.

iv. Evaluates a Mix of Control Activity Types: Control activities include a range and variety of controls and may include a balance of approaches to mitigate risks, considering both manual and automated controls, and preventive and detective controls.

Principle 2

The organization selects and develops general control activities over technology to support the achievement of objectives.

Points of Focus

i. Determines Dependency between the Use of Technology in Business Processes and Technology General Controls:

Management should understand and determine the dependency and linkage between business processes, automated control activities, and technology general controls.

ii. Establishes Relevant Technology Infrastructure Control Activities:

Management is required to select and develop control activities over the technology infrastructure, which are designed and implemented to help ensure the completeness, accuracy, and availability of technology processing.

iii. Establishes Relevant Security Management Process Control Activities:

Management should select and develop control activities that are designed and implemented to restrict technology access rights to authorized users commensurate with their job responsibilities and to protect the entity's assets from external threats.

iv. Establishes Relevant Technology Acquisition, Development, and Maintenance Process Control Activities:

Management should select and develop control activities over the acquisition, development, and maintenance of technology and its infrastructure to achieve management's objectives.

Principle 3

The organization deploys control activities through policies that establish

what is expected and procedures that put policies into action.

Points of focus

i. Establishes Policies and Procedures to Support Deployment of Management's Directives:

Management should establish control activities that are built into business processes and employees' day-to-day activities through policies establishing what is expected and relevant procedures specifying actions.

ii. Establishes Responsibility and Accountability for Executing Policies and Procedures:

Management ought to establish responsibility and accountability for control activities with management (or other designated personnel) of the business unit or function in which the relevant risks reside.

iii. Performs in a Timely Manner:

Responsible personnel should perform control activities in a timely manner as defined by the policies and procedures. The procedure should include a timing of when a control activity and any follow-up corrective actions are performed.

iv. Takes Corrective Action:

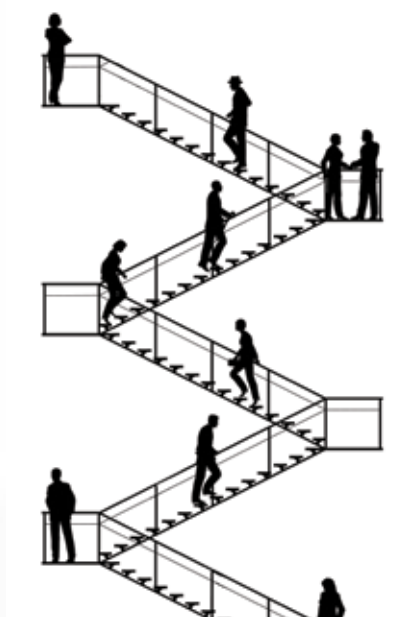
Responsible personnel should investigate and act on matters identified as a result of executing control activities. It is important to take corrective action to ensure that control breaches do not recur and also protect the organization from losses. In conducting a control activity, matters identified for follow up should be investigated and if appropriate. Corrective action taken.

v. Performs Using Competent Personnel:

Competent personnel with sufficient authority should perform control activities with diligence and continuing focus. It is important for the organization to ensure that the staff have the relevant qualifications, skills and competence to execute their jobs. This will improve efficiency, effectiveness and minimize losses, errors and losses due to incompetency.

vi. Reassesses Policies and Procedures:

Management should periodically review



policies and procedures to determine their continued relevance, and refresh them when necessary. Policies reflect management's statements of what should be done to effect control. Such statements should be documented, clearly stated in communications and implied through management's actions and decisions.

Importance of internal controls:

The overall purpose of internal control is to help a department achieve its mission and accomplish certain goals and objectives. An effective internal control system helps a department to:

- i. Promote orderly, economical, efficient and effective operations
- ii. Produce quality products and services consistent with the department's mission
- iii. Safeguard resources against loss due to waste, abuse, mismanagement, errors and fraud.
- iv. Promote adherence to statutes, regulations, bulletins and procedures
- v. Develop and maintain reliable financial and management data, and accurately report that data in a timely manner.

Responsibility for Internal Controls

Management is ultimately responsible and should assume ownership of the system. Leadership and direction should be provided by the management team and each department is responsible for specific internal control policies and procedures. All employees have some responsibility as it is developed by

people to guide people with a means of accountability.

Role of departments in improving internal controls:

i. Implement separation of duties among different employees to reduce the risk of error or inappropriate actions; ensure no one person has complete control over all aspects of any financial transaction.

ii. Ensure records are routinely reviewed and reconciled by someone other than the preparer to determine that transactions have been processed accurately and appropriately.

iii. Ensure that cash, equipment, inventories, and other property are secured physically, counted periodically, and compared to control records; limit access only to authorized persons.

iv. Provide employees with the appropriate training, direction, and supervision to ensure they have the necessary knowledge and skills to carry out their duties; inform employees of the proper channels for reporting suspected improprieties

v. Make sure company-wide and department-level policies and procedures are formalized, documented, communicated and readily available to employees; document day-to-day operating procedures and practices to provide staff with guidance to ensure management's directives are carried out and to help maintain continuity of operations in the event of prolonged employee absences or turnover.

Conclusion

For an organization to be successful in minimizing risks, it is imperative upon management to institute very strong internal control activities, most particularly preventive controls. This will ensure that the company's objectives are achieved with minimal financial losses due to risks crystalizing. Management should not wait for internal audit to point to risks, instead there should be continuous control self-risk assessment to detect any anomalies in advance and take corrective action.

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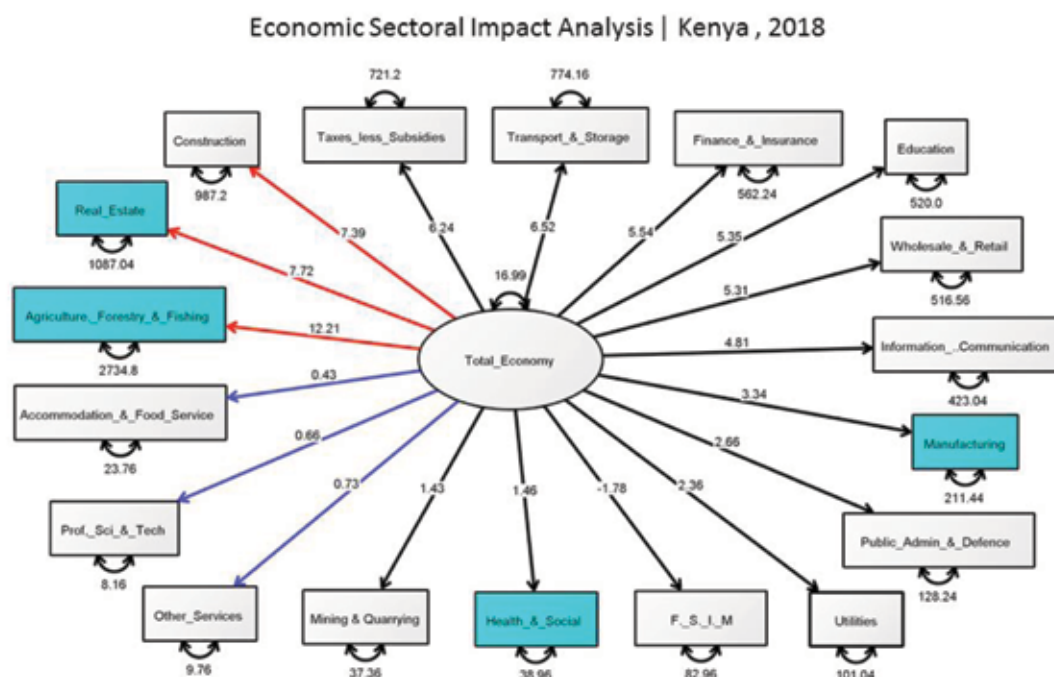
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KENYA'S ECONOMY 2018: SECTORAL IMPACT ANALYSIS

By Edwin Musonye & Wrens Asava



Source: Author

At Document Point, prompted by a need to understand our economy in a more in-depth way; we created a data set that we called Kenya-Economy. Data was obtained from Kenya National Bureau of Statistics (KNBS) latest Economic Survey (2018).

The variables were the five years (2013 -2017) GDP output of the country's various sectors. The values were based on the 2009 constant price as captured in the data book. We loaded the data (normalised) to obtain the path coefficients shown in the diagram. The measurements were estimated using regression and maximum likelihood method.

Findings in relation to Big 4

The findings are trustworthy and offer interesting insights. One may want to pose the question: Were the

government's policy makers guided by these results when they chose the Big 4 sectors; or they relied on guesswork? The variables representing these sectors are highlighted in the diagram for easy pinpointing. Some industries qualify strongly statistically; whilst others fail miserably. The selection of Food Security (Agriculture), Housing, (Real Estate), Manufacturing, and Health as key focus areas respond fascinatingly as follows;

1. Agriculture, Forestry and Fishing records the highest impact score of (12.21). This adds on its lead as the biggest in economic size. Therefore, it qualifies as a deserving area of attention. However again, maybe not given that it already has high impact, another sector should have been chosen. It is possible to unearth the exact sector that influences other sectors' most impactful way but requires another path modeling.

2. Real Estate activity has the second highest impact on the economy with a score of (7.72). Again, just like Agriculture, this sector scores highly on both standards of impact and economic size. Real Estate is the fourth largest economic sector. The real challenge is determining the actual cause of the high effect of the sector in a country suffering severe housing shortage.

This prompts the question, what impact is being measured? Probably, the effect is simply in massive land transactions, and maybe commercial buildings; and not in house building, owning and occupying activities. Future analysis will help us evaluate the effects of boosting the housing subsector on the general economy and from the impactful perspective.

3. Manufacturing has a poor impact performance. It scores a paltry (3.34) and ranks far behind construction which

*Enhancing Manufacturing**Food Security and Nutrition**Universal Health Coverage**Affordable Housing*

posts the third highest impact on the economy with a score of (7.39). Notably, manufacturing is the second biggest player by economic size (Ksh. 440.5 Billion) in the country.

The question is; is the sector being targeted to increase just its impactful position -which is statistically low; or its output -which is comparably already high?

4. Health scores dismally on the impact scale. The (1.46) score places it close to the bottom. Again, its choice for inclusion among the Big 4 may be to boost its impact (social) rather than to increase its economic output. This is because health is more a welfare factor than an economic factor.

Other outstanding findings

The paths connecting the sectors are colored red for those representing the strongest impact and blue for those representing the lowest impact. The results are ordered serially to help ease the visualisation.

The construction sector despite not ranking highly on economic output scale outperforms many bigger sectors on impact measure. It outshines economic sectors such as wholesale and retail trade as well as transport and warehousing. Again, it would be interesting to establish the actual reason that is furthering its impact ratings -the object being captured.

Wholesale and retail trade also records unimpressive impact results in relation to its size. The dismal performance may be attributed to the high informal trading practices.

“Manufacturing has a poor impact performance. It scores a paltry (3.34) and ranks far behind construction which posts the third highest impact on the economy with a score of (7.39). Notably, manufacturing is the second biggest player by economic size (Ksh. 440.5 Billion) in the country.”

Accommodation and food, which are tied to tourism not only ranks lowly in economic contribution- it comes third from the bottom, but also represents the lowest impact at (0.43). This means that the sector has the greatest task in enhancing its all-round contribution to Kenya's economy.

Taxation activities likewise, despite being the second biggest sector in terms of size, drops to fourth on impact terms. This could be because of internal or external inefficiencies.

Professional, Scientific and Technical services score (0.66) thus ranking second from the bottom on the impact performance ranking. This could be an indictment that the knowledge industry is underperforming. Notwithstanding that economic output is generally low across many countries, impact can still be boosted.

Conclusion

There is little doubt that we have scarce inferential statistical information on our economy. Our needs apparently are well met by the descriptive data supplied by Kenya National Bureau of Statistics (KNBS), Central Bank of Kenya (CBK) and other primary sources.

Whereas, the descriptive quantities are important and help us in appreciating albeit cursorily what is happening in our economy, they only go half the distance. Thus their purpose shouldn't be to give us the final product, but rather to provide us with the raw material for processing more incisive analysis and comprehension.

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ROLE OF PROJECT ACCOUNTANTS IN MEGA JOBS IN THE CONSTRUCTION INDUSTRY

Kenya has witnessed a string of mega scandals

By CPA Nelson Ruto Korir

The construction industry in Kenya, has transformed over the years, culminating in the setting up of a regulator-The National Construction Authority (NCA) to watch over the sector.

Long before anchoring the industry with a regulator, the sector had its fair share of challenges including the Ken-Ren scandal of 1977 that erected a monument for failed projects still reverberating in the minds of the tax payer (to date). The country still moved on despite the mishap.

In sourcing finance to construct the Naivasha-Kisumu stretch of the Standard Gauge Railway (SGR) The Kenya government dispatched a high powered delegation to China comprising officials from The National Treasury, Kenya Railways Corporation, The Ministry of Transport and Infrastructure, including experts from State Law Office. This signified the importance of employing experts from various disciplines in sealing mega deals in project management.

The Kenya nation has witnessed a string of mega scandals during the last three years, some claiming careers of state officers including corporate executives leading to a purge that has driven some to the corridors of justice. The colonial treasury operated its finances using what was then called the 'blackbook' now consolidated under Finance Management Act 2012 and Financial Regulation, whose implementation is resonating with district treasuries as a hallmark of good stewardship in public sector financial management.

In recent attempts to reform laws

relating to the conduct of audit by the OAG under Public Audit Law 2015, vested interests took centre stage, in the process, limiting access of secret votes from the full glare of the Auditor General and other oversight agencies and experts in the finance realm. Even questioning government polices was part of the intimidation introduced in the reforms; the import of which is playing out clearly in the reported financial plunders associated with the planned controversial construction of two dams in Elgeyo Marakwet County.

Notable scandals that have brought to ruins careers of public officials and contractors are those related to infrastructure projects such as SGR, dams and the energy sector. For a start such projects attract the attention of architects engineers land valuers, land surveyors and quantity surveys in consultancy. These professions are cited in the legal framework regulating the players in the construction industry as consultants in turnkey projects. While appreciating the role played by finance experts performing projects appraisals including sensitivity analysis, the current law regulating the construction industry is silent on the inevitable part played by those in the finance realm.

While agitating

for their role in projects management, accountants are not the only parties providing turnkey solutions. Arrow and Kimwarer dams' scandals called for closer scrutiny by other professionals buttressed by the entry of a former Attorney to shed some light in his capacity as a legal expert; a support that was reportedly snubbed by the procuring entity.

The sh4.8 billion weapons scandal that rocked the State Department for Correctional Services under the veil of secrecy failed...In many respects evaluation and appraisals demanded by those in the finance realm as evidence flawed the implementation in tendering and budgeting important ingredients in financial management.

Information emanating from the weaponry scandal pitting the prisons department serves to enrich accountants' role in project management. Due diligence in project management involves vetting of contractors in accordance with the law, a role falls squarely on those entrusted with resources stewardship... accountants. In the case of prisons tenders, it was a mockery of process and a travesty of justice. Where were the accountants?

Even as accountants endeavor to find space in the project management in the

construction industry, there is overwhelming evidence of resistance and condemnation from politicians and law makers exhorting them to go-slow. Take the case of Eurobond and the demystification of audit reports by the agencies concerned. Responses from the auditees were disappointing and diversionary in nature.

Still on weapons scandal in the prisons department, the investigating agency EACC found flaws in the tendering process. In such instances, the OAG in whose docket the procurement audit process falls, should provide resources to enable the EACC and the DCIO to prepare watertight cases against the culprits. Again, this is a fertile role for those in the financial realm to provide information in grand corruption cases.

Proper Projects conception, assist would- be financiers to plan for the availability and timely release of funds relying on the work from the technical team including financial experts. Experts in the financial realm provide an assessment on the economic impact of the project as a standalone activity, and also impact on other projects - Complimenting work churned by professionals in other disciplines.

History repeats itself. It looks like institutions that implement projects without performing due diligence attract a lot of attention from oversight agencies and financiers alike. The Turkwell project of the 80's had some similarities with the current dams' sagas and brought careers of high profile executives to ruins.

Pointing fingers at lack of transparency in finance and debt management.

Accountants need to do things differently, a migration process; cultivating a culture to obtain good business results in project

management and articulate issues which involve among others, engaging in seeking wise counsel and effective principles. They have been passive participants in limited areas such as record keeping, as if they have skills deficit in decision making relating to project management and predominantly controlled by other professionals outside the finance realm...The culture of passiveness continues even when the environment has changed, paving the way for regulation of the construction industry in which accountants have not been enjoined as valuable partners. There is need for a paradigm shift. Payoff is huge for the constituents.

What is being witnessed today, going by the dams saga, is the opaque financing exhibited by those engaged in negotiating foreign loans bringing to the fore due diligence flaws...a responsibility that should be handled by finance experts, besides other stakeholders in other disciplines. The two projects, Arrow and Kimwarer were conceptualized in 1986 and took off in 2017 according to the office of the Auditor General in response to the parliamentary Committee, giving further, a glimpse of the heat the matter generates.

Again, the eruption of the dams' scandal has elicited the entry of experts to assess the dams' viability, a role that is also of interest to experts in the finance realm.

With the quizzing of the government chief Steward by detectives from the DCI on alleged impropriety, it is time for the national treasury to be reorganized to reflect emerging trends, calling accounting fraternity to take the lead, among other high value transformational players. This is a weak link in the management of public resources

In view of the many scandals that have rocked project management in this country, it is time accountants migrated to the construction industry as valued business partners. It is in the public domain that some education institutions of higher learning have started employing services of finance experts without being prompted. This is invigorating.

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AUDIT MARKET DYNAMICS AND AUDITORS' REMUNERATION OF LISTED COMPANIES

A Look at East Africa

By CPA Albert Richards Otete (CPAK, CPAU, CPAT, CPAR)

Audit fees of listed companies in East Africa

A study of the dynamics of the external audit market and the auditor's remuneration of listed companies in East Africa has documented the depth of dominance of the Big 4 audit firms (Deloitte, EY, KPMG and PwC). Their dominance is not surprising in the respective countries of Uganda, Kenya, Tanzania and Rwanda since the same audit firms are the Top Four worldwide.

What is the background?

From time immemorial, the trust and stability of the stock markets had relied heavily on auditing of the financial statements of the listed companies. Not only are independent external audits a requirement of the listing rules, it is a generally accepted worldwide practice to mitigate the risks of the agency problem. The demise of Arthur Andersen in 2002

following the Enron scandal that shocked the stock markets in the United States and the world over. Ever since then, the global accounting firm market has been dominated by what has come to be referred to as the Big 4 (Deloitte, EY, KPMG and PwC). In 2017, Deloitte earned USD 38.8 billion for the full year, PwC USD 37.7 billion, EY USD 31.4 billion and KPMG USD 25.4 billion according to the Institute of Chartered Accountants of Scotland. The Next 4 comprised of BDO USD 7.6 billion, Grant Thornton USD 4.8 billion, RSM USD 4.6 billion and Crowe USD 3.7 billion. As can be deduced from these figures, the Big 4 are on a league of their own with a very huge gap between the fourth and fifth firm.

How is the situation in the East African region?

This study focused on four countries that have established stock exchanges in East

Africa and these include Kenya, Rwanda, Tanzania and Uganda. According to the World Bank, Kenya has the biggest economy at USD 70.5 billion of Gross Domestic Product (GDP at 2016 figures), followed by Tanzania USD 47.4 billion, Uganda USD 25.5 billion and Rwanda USD 8.4 billion. The Nairobi Stock Exchange (NSE) had a market capitalization of USD 25.5 billion, Dar-es-Salaam Stock Exchange (DSE) was USD 9.8 billion, Uganda Securities Exchange (USE) had USD 7.8 billion while Rwanda Stock Exchange (RSE) had USD 3.4 billion. The stock markets in the EAC are still young with the NSE established in 1992 while RSE started operations in 2005.

From published lists (either in newspapers or official internet websites), there are close to 1200 regulated accounting firms in the four East African countries. In addition to Burundi and South Sudan not



having stock exchanges, the two countries coincidentally are not members of the International Federation of Accountants (IFAC) established in 1977. In terms of the number of professional accounting firms that are regulated (including the Big 4) by the respective Institutes and Board mentioned above, Kenya has the highest with over 710 as at 2018, Uganda had over 230, and Tanzania had over 220 while Rwanda had 35.]

What is the problem?

There are close to 1200 accounting firms in the four East African countries of Kenya, Rwanda, Tanzania and Uganda. This implies that there are 16 Big 4 (less than 2%) and by extension 1184 are Non Big 4 or Small and Medium-sized Practices (SMPs). For this study, the latter are referred to as Non-Big 4. Despite the Big 4 constituting less than 2% of the population of firms, it

is generally acknowledged that they are the firms of choice for listed companies, multinational companies, international non-government organizations, large companies and some Small and Medium-sized Entities (SMEs). There are few companies listed on the stock exchanges and the few have not shown appetite for the Non-Big4 to audit their financial statements.

What were the research objectives?

- i. To determine how Big 4 status influences the audit fees paid by the listed companies
- ii. To determine whether audit fees paid by the listed companies are different in each of the four stock exchanges

Why this study?

Audit market concentration has been widely studied in many other regions

of the world, except East Africa. Whilst it is generally acknowledged that the Big 4 dominate the market in each of the East African countries, the extent of such dominance has remained unknown so has the resultant implications on the audit fees. This study will stimulate further studies into the Big4/Non-Big 4 dichotomy with the expectation that policy changes across Africa may ensure in the long run.

What were the results?

The study covered 78 companies listed (cross-listed companies were counted only once) on the Dar-es-Salaam Stock Exchange (DSE), Nairobi Stock Exchange (NSE), Rwanda Stock Exchange (RSE) and Uganda Securities Exchange (USE). Burundi and South Sudan do not have operational bourses. The period under review was 2013-2017 and the author utilized the information in the published audited financial statements as displayed in the respective listed company websites. The reporting currencies were translated into one currency (United States Dollar - USD) for standardization and to facilitate correlation and regression analysis.

In the East African region, the regulators of Certified Public Accountants (CPA - persons authorised to provide audit opinions on financial statements) are the National Board of Auditors and Accountants of Tanzania (NBAAT), the Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Public Accountants of Rwanda (iCPAR) and the Institute of Certified Public Accountants of Uganda (ICPAU). These regulators are members of the International Federation of Accountants (IFAC) and Pan African Federation of Accountants (PAFA). As at June 2018, there were 1200 registered CPA firms in East Africa of which 16 were the Big 4 while the 1184 were Non-Big 4 (also referred to as small and medium-sized Practices - SMP).

The NSE has the bulk of the listed companies at 60, followed by DSE 23, then USE 14 and RSE 8. The Big 4 had 67 (86%) of them leaving 14% to be shared amongst the SMPs. In terms of fees paid to the audit firms, the minimum and maximum was identified. The least audit fee paid by a listed company was USD 4,000 while the highest was USD 570,000. The SMPs earned the least audit fees while the five-digit and six-digit fees were the preserve of the Big4. It was

not possible to determine a consistent correlation between the audit fees paid and the size of the listed company (in terms of revenue or total assets) because they are highly heterogeneous (from different industries – banking, manufacturing, insurance etc). The huge disparity in the remuneration between the SMPs and Big 4 has remained a mystery, but the latter benefit from the

Big N status where the perception of capacity, quality and trust is higher. Even in the European Union, 61% of the 5747 public companies are audited by the Big 4. The FTSE-100 is an exclusive club of only the Big 4. The S&P-500 index is also dominated by the Big 4, except for three companies. The following table shows the distribution of listed company audits from 2013-2017.

Table 1: Number of audits per firm, by year

	Year 1	Year 2	Year 3	Year 4	Year 5
2013					
2014					
2015					
2016					
2017					
BDO	2	2	2	1	1
Crowe	1	1	-	-	-
Deloitte*	18	17	19	18	16
EY*	13	13	14	14	12
GT	2	1	-	1	1
Innovex	1	1	1	1	-
Jim Roberts	-	1	1	1	1
KPMG*	17	17	17	19	19
PKF	4	5	5	3	4
Parker	-	-	1	1	-
PwC*	20	20	16	16	20
RSM	-	-	1	2	2
TAC	-	-	1	1	1
78 78	78	78	78		

*Source: Author's compilation with ascending name of audit firm. *Big4*

What could be the solutions put on table for debate?

Mandatory audit rotation has been mooted as a solution. This study observed that the audit rotation was not yet fully compulsory in the East African bourses. Even where there was rotation, this was amongst the Big 4 themselves with PwC and KPMG as the bigger winners. The Big 4 were able to keep audit fees increasing annually while in the very few incidences (only three of them) where SMP took over from a Big 4 on the audit, the audit fees reduced instead. This means that the three SMPs may have accepted a fee discount to win over the client. Such fee pressure notwithstanding, all audits must be undertaken in accordance with International Standards on Auditing (ISAs).

What further research is recommended?

Future research could find out how Management, Boards of Directors and Shareholders evaluate potential audit firms based on their compliance with ISAs. There should be evidence that SMPs were also given a chance to bid. IFAC and PAFA could sponsor such research in Africa.

FYI

The Author is a Doctorate candidate at University Institute for European and International Studies (www.unies.de) and ESAMI Business School (www.esami-africa.org) and his thesis is titled "The influence of human capital strategies on the competitiveness of SMPs in East Africa" in which a sample of 409 SMPs in Kenya, Uganda and Tanzania have been selected for data analysis that will be completed during 2019.

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PREPARING FOR A JOB INTERVIEW

A period of excitement and anxiety

By Anne Njagi

Job interview preparation can bring about stressful moments especially when one is desperate for a job. However, if it is not a do or die thing, it is not so bad because the consolation is that 'after all I have a job'. Job interview preparation is a period where one may inevitably experience anxiety despite having attended other interviews in the past. In my opinion, this is quite normal and at times anxiety can make one focus on the whole process and ultimately do well in the interview. However, stress as we all know is a terrible thing. More often than not, it is difficult to hide signs of stress and this can make one perform really bad in the interview. Remember when one is stressed it is quite easy to be irritable and this is manifested in the body language.

In late December last year, I bumped into this young graduate Evie (not her real name) from my village in one of the shopping malls in Nairobi. She had just finished her degree and professional certificate course. Quite excited about her achievement, she had applied for a job in one of the reputable organizations and had been called for an interview that was to take place in early January. After exchanging pleasantries, she asked me for tips on how to prepare for a job interview. She asked if it could be immediate as the interview was the following week. I had finished my business at the mall and therefore agreed to discuss the same at a coffee shop. I told Evie that I

am not an authority on the subject but could give her a few tips based on my past experience. We had a session together that lasted about two hours. For the sake of most young people who are seeking engagement with various organizations and are keen to learn more on interview preparation, I thought it prudent to do a brief write up on the subject matter.

You have just finished your degree, diploma or professional course and are ready to hit the market in search of a job. You apply for a job in one of your dream organizations and have been called for an interview, meaning that you have the necessary requirements as demanded by the employer. My first advice is first and foremost preparation, second preparation and third preparation. It is the only way to succeed in an interview. As a candidate, you are required to research about the company to get as much information as possible about an organization. Get to know the vision and mission of the organization and the location. As a matter of fact, the interview process should begin from the moment you receive the interview invitation/call. Be ready both mentally and physically to give it your best. Having a better understanding of the interviewing organization will definitely enhance one's confidence. The beauty in this is that you only need to invest in data and visit the respective websites where you can get all information. One day prior, have your original certificates ready as most employers may want to see them during the interview. Even

“Get to know the vision and mission of the organization and the location. As a matter of fact, the interview process should begin from the moment you receive the interview invitation/call. Be ready both mentally and physically to give it your best.”

though the panel will have a copy of your CV, carry a copy with you.

Ensure you are well groomed. In other words, dress for the job you have applied for. Remember the first impression counts and it takes few seconds to make a first impression. Throughout life, the power of first impression is crucial simply because you may never get another chance. First impression may be manifested in what you wear, the gestures you make, the words you choose and the tone as you communicate or react.

The Question; Tell Us about Yourself

This is a common question in interviews. You must begin responding to the questions on a high note and the above question gives you an opportunity to make a great impression; this is the time to sell yourself. Take the moment to make a personal connection. The interviewing panel has your C.V. so ideally they want to see how well you are able to communicate and articulate issues. Focus more on the professional achievements and put the personal aside of course unless asked. It is essential that you bring out your strengths. This should not take more than two minutes.

Job Description (JD)

Read and re-read the JD in order to internalize and understand the role. Think of innovations you can bring on board, challenges you are likely to encounter as well as mitigations. Be cognizant of the fact that organizations are looking for ways of achieving high efficiency and effectiveness levels. Note the specific skills the employer is looking for and strive to bring them out.

Time

Arrive at least 15 minutes early and not on time for the interview. Arriving early gives one an opportunity to remember to switch off the mobile phone, relax and generally observe work place dynamics and settle well. You also do not want to start by giving justifications as to why you were late. Simply keep time.

Interview Session

Be confident and answer questions succinctly as you maintain eye-contact with the interviewers. Avoid negative thinking and simply focus on success. If you did not hear the question properly ask the panelist/interviewer to repeat. Remember you may encounter an interviewer who may ask questions in form of statements such as “I do not think you are the right candidate for this job”. Note that at this point, they simply want to gauge your temperament.

Remember they short-listed and called you for the interview because you actually qualified for the job. So the advice is; stay calm and convince them that you indeed have the skills the position demands. Be assertive and speak clearly throughout the session to demonstrate your communication skills. In the event the interviewer asks if you have a question and you must ask, it is prudent to ask a general question such as whether the position they are recruiting for is new. If there is no question, please remember to thank the interviewer/panel for giving you an opportunity to appear for the interview.

This is certainly not exhaustive but good luck in your next interview.

THE NATIONAL HOUSING DEVELOPMENT FUND

Should we consult more?



By Mbatawa Wa Ngai

Government plans to build 500,000 housing units over the next five years are hanging in the balance following Labour Court's temporary suspension of orders issued to employers to begin deducting 1.5 percent housing levy from their employees' salaries starting May 9, 2019.

Justice
Maureen
Onyango
issued the

orders on Wednesday, April 17, 2019 following an application filed by the Consumer Federation of Kenya (Cofek) who accused the government of being "unreasonable to compel workers who will not secure a house to contribute towards house ownership (by) another person without a corresponding benefit."

Cofek also says there is no proof that consultations were done before the insertion of section 31 (a) of the Employment Act into the Finance Act by Finance Cabinet Secretary Henry Rotich last year. The levy was originally scheduled to take effect on 1st January this year but was delayed by court injunctions.

The judge said the suspension, until next month, will allow the application to be consolidated with the other one filed in December by the Central Organisation of Trade

Unions (Cotu).

On its part, Cotu had challenged the levy's legality arguing that the scheme would increase the burden on the already over-taxed Kenyan workers.

The arguments advanced by Cotu against the levy may, however, be undermined by the International Labour Organisation's (ILO) recommendation 1961 (No.115) that support each country's formulation of a policy that would promote the construction of decent houses for its workers and their families. This means Cotu may support the principle of facilitating its members to own houses while allowing it to critique the implementation of such a policy.

The introduction of the levy has also received criticism from the Federation of Kenya Employers (FKE) who view it as yet another tax. The Executive Director of FKE, Mrs Jacqueline Mugo says employers are opposed to the new tax. She argues that it is not clear how the money would be used or whether employers would play any part in the management of the fund to which the deductions from the workers and their employers would be sent.

FKE and other stakeholders are apprehensive that the Sh57 billion expected to be generated annually could be open to abuse because the National Housing Development Fund (NHDF) has yet to be established by an Act of Parliament.

This means these huge amounts of money would be managed under the colonial Housing Act that was enacted in 1953 and specifies that any misappropriation of the funds would be punished by a two year imprisonment or a fine amounting to a paltry Sh10,000. Analysts are unanimous that the government should have concentrated its efforts on getting Parliament to pass the bill establishing the NHDF before pushing for the implementation of the levy.

The government's act of directing employers to start deducting the housing levy next month, way before Parliament passes the necessary legislation has been likened to putting the cart before the horse.

Housing and Urban Development Principal Secretary Charles Hinga Mwaura and the Kenya Revenue Authority (KRA) Commissioner General John Njiraini in a joint statement on April 16, 2019 said employers are required to deduct and remit the levy by 8th of each succeeding month effective May 9th.

Their statement explained that "both employer and employee shall each contribute 1.5 percent of the employee's monthly basic salary provided the sum of the total monthly contribution does not exceed Sh5,000.

The latest FKE objections bring into question Transport, Infrastructure, Housing and Urban Development Cabinet Secretary James Macharia's earlier assurance that the affordable housing project would be implemented in the first half of this year after reaching an agreement with Cotu and FKE officials.

Mr. Macharia had been quoted saying that the disputing parties had agreed to withdraw the injunctions to allow the implantation of the project to kick off. Indeed, the CS had said that construction work on the 2,000 units expected to be built on Park Road would begin soon as the contractor was already on site.

It is worth noting that CS Macharia



“The introduction of the levy has also received criticism from the Federation of Kenya Employers (FKE) who view it as yet another tax. The Executive Director of FKE, Mrs Jacqueline Mugo says employers are opposed to the new tax.

did not give any details of the agreement with FKE and Cotu officials.

Analysts opine that Mrs. Mugo's quick rejoinder that there was no such agreement between her federation and the government may be informed by the fact that whereas the current regulations provide that a contributor who fails to get a house would be refunded his money after 15 years or after attaining the mandatory retirement age, there are no plans to refund FKE's contribution.

In the event of failure or ineligibility to secure a house under the tenant purchase housing scheme, a contributor's levy can be transferred to a pension scheme, to another person under the affordable housing scheme or cash out after exit.

Workers earning less than Sh50,000 a month will be offered houses under the tenant purchase scheme while those on gross pay in excess of Sh50,000 will be offered mortgages at seven percent per annum and will be expected to pay their loans after 15 years.

FKE's objections are also informed by the fact that some of its members already provide some form of housing or allowance to their employees and the new regulations do not address this issue. These sentiments were expressed by the federation's chief executive officer. "Employers already provide housing or pay housing allowance for employees of at least 15 percent of their basic pay. The proposed amendment does not say whether this contribution will be in addition to the housing allowance or whether it will be deducted from that benefit."

Listening to the views from a cross-section of Kenyans, the overarching reaction one gets is that most of the objections raised could be ironed out were the government to come out and clearly address the issue of accountability and transparency of how the fund would work as well as answering some of the pertinent questions raised.

Analysts say the government should not attempt to brush aside the questions raised on accountability because the record of past State initiatives including the upgrading of slums has often raised eyebrows.

The cost and allocation of such houses has rarely, if ever, benefitted the intended slum dwellers.

The role of the National Housing Corporation (NHC) also deserves a special mention because any attempts to create a new entity to deal with issues the State body has been dealing with almost before independence would be questionable.

Despite NHC's checkered history, it would be best placed to partner with local and foreign investors to ensure the country got maximum benefits from the scheme.

This becomes all the more pertinent

given CS Macharia's statement that local and international developers have expressed an interest in putting up to a million units. This would double the number of housing units from the projected 500,000 at an estimated cost of Sh1.5 trillion.

Mr. Macharia was quoted recently saying "we have had talks with the Chinese government and they are looking into investing in the housing fund. They are into big infrastructure projects but given the returns that are expected when the housing project comes into fruition, the Chinese definitely want to be part of it."

The CS had said last December that the housing project would be too lucrative for investors to resist.

Analysts say the government should be persuaded to make public the terms of the contract it enters with these investors especially in situations where they also act as contractors.

Mr. Macharia's statement that the project would be too lucrative for investors to resist also raises questions about whether the government is offering the Chinese contract terms that are skewed in its favour to the detriment of other prospective investors.

The government's stated preference for use of precast wall panels and pillars on the Park Road project as a means of expediting the construction also calls for a closer scrutiny to determine the source of these materials.

The aim is to avoid a scenario where the bulk of the materials used and the personnel come from the investor's home country, the contract terms should clearly specify that these would be sourced locally. This would demonstrate that the country has learnt from the construction of the Standard Gauge Railway (SGR) line fiasco where the contractor imported almost everything needed.

This would give the country's plants manufacturing building materials a life-line at a time when many of them are either registering a reduction in profits or are going into the red.

The country's cement, steel and paint manufacturers would more than welcome such an intervention as would the economy which is facing a uncertain future following the continuing drought conditions in many parts of the country. The recent Kenya Pension Fund Investment Consortium (KEPFIC)'s hosting of 30 representatives of major

United States of America (USA) pension and asset management funds who collectively control Sh100 trillion in assets gives the country hopes that it can attract the necessary investments into housing.

The meeting was held to increase private sector capital injection into infrastructure investments in Sub-Saharan Africa and Kenya is a leading destination for Foreign Direct Investments (FDI).

Mr Donna Wilson, the chair of the National Association of Securities Professionals (NASP) was quoted as saying "our delegation of US institutional investors comes to Kenya with a keen interest to explore investments in the region."

This is where NHC could play a pivotal role provided it comes up with terms that would persuade the country's professionals to work with it as consultants to prepare bankable projects. This would mean that the amount of money raised through the housing levy would serve, mainly, as a catalyst to unlock investments from local and foreign long-term investors.

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President Uhuru Kenyatta signs the Finance Bill 2018 at State House, Nairobi.

THE NATIONAL HOUSING DEVELOPMENT FUND

What next?

By Jim McFie, a Fellow of ICPAK, Photo courtesy of PSCU

The 2018 Finance Act was assented to by President Uhuru Kenyatta on 21st September 2018. The very last section, number 86, on page 201, refers to the “Insertion of new section 31A into No. 11 of 2007”. The section begins: “The Employment Act, 2007 is amended by inserting the following new section immediately after section 31: ‘Payment to the National Housing Development Fund’. Section 1 of the Finance Act states that section 86 shall come into operation, or be deemed to have come into operation, on the 1st July, 2018.

Earlier in the year, in the 2018

Finance Bill published on 19th June 2018, section 68 reads: “Section 31 of the Employment Act is amended by inserting the following new subsection immediately after subsection (2) — (2A) An employer shall pay to the National Housing Development Fund in respect of each employee in his or her employment subject to a maximum of five thousand shillings — (a) the employer’s contribution at zero point five percent of the employee’s monthly gross emoluments; and (b) the employee’s contribution at zero point five percent of the employee’s earnings deducted from the employee’s

earnings”. At the end of each Finance Bill, there is a “MEMORANDUM OF OBJECTS AND REASONS” which reads: “The Bill formulates the proposals announced in the Budget for 2018/2019 relating to liability, and collection of taxes and matters incidental thereto. The Bill also seeks to amend the following laws”: however, there is no mention of any change to the Employment Act.

When the Finance Bill was presented to the President, he had section 68 eliminated, and a new section 86 inserted as mentioned above: after ‘Payment to the National Housing Development Fund’, section

86 reads: “31A. (1) An employer shall pay to the National Housing Development Fund in respect of each employee—(a) the employer’s contribution at one point five per centum of the employee’s monthly basic salary; and (b) the employee’s contribution at one point five per centum of the monthly basic employee’s salary: Provided that the sum of the employer and employee contributions shall not exceed five thousand shillings a month. (2) The benefits to an employee shall accrue as follows – (a) for employees who qualify for affordable housing, the contributions accrue to the employee and shall be used to finance the purchase of a home under the affordable housing scheme; or (b) for employees who are not eligible for affordable housing, upon the expiry of fifteen years from the date of the start of making the contributions, or after the attainment of retirement age, whichever is sooner (i) a transfer of their contributions to a pension scheme registered with the Retirement Benefits Authority; (ii) a transfer of their contributions to any person registered and eligible for affordable housing under the National Housing Development Fund; or (iii) a transfer of their contributions to their spouse or dependent children; or (iv) to receive their contributions in cash: Provided that contributions paid out in cash shall be included in the contributor’s taxable income for the year and be subjected to tax at the prevailing rates. (3) All contributions shall get a return based on the return on the Fund. (4) The employer shall remit both employee and employer contributions to the National Housing Development Fund before the ninth day of the following month (note the error here: it should read ‘on or before the ninth day of the following month’). (5) If the contributions due under this section are not paid on or before the day on which the payments are due, a penalty of five percent of the contributions shall be payable by the employer for each month or part thereof during which the contributions remains unpaid, and any such penalties shall be recoverable as a sum due and payable to the National Housing Development Fund. (6) This section shall become effective upon the gazettment of regulations prescribing the requirements for qualification to the scheme by the Cabinet Secretary responsible for housing in consultation with the Cabinet Secretary responsible

for finance”. These details were covered by CPA Hesbon Omollo of Bon & Drew Associates (CPA-K) in a presentation he made to members of ICPAK on Wednesday 3rd October 2018.

Treasury Cabinet Secretary Henry Rotich presented the 2018/19 budget estimates to Parliament on 14th June 2018. The proposed National Housing Development Fund was not the only contentious matter: in a ruling on Thursday 19th July 2018, the High Court suspended the implementation of excise duty on money transfers by banks introduced in the Finance Bill. Justice Wilfrida Okwany said that duty on money transferred by banks is an important issue that cannot be the subject of guesswork or individual interpretation by the lenders. The Kenya Bankers Association challenged the decision by CS Rotich to introduce this “Robin Hood Tax”: the CS’s Bill reads as follows: “The Excise Duty Act is amended to charge Excise Duty on money transferred by banks, money transfer agencies and other financial service providers at the rate of 0.05 per cent of the amount transferred in the case of a money transfer of five hundred thousand shillings or more”. Justice Okwany suspended the law until the definition of “money transferred by banks” is provided: she asked the AG and KRA to file their responses within 14 days since the matter was of great public interest: “I find that the fact that the KBA has raised the issue of ambiguity in the law in question calls the attention of the AG and KRA to make a clarification on the issue so as not to leave it to the subjective interpretation of those supposed to implement it.” The court also took notice of the fact that the bill was still in its initial stages and was yet to be legislated into law by parliament. The Nairobi Securities Exchange participants came out in support of the banks, arguing that the tax will erode trading activity at the NSE and could ignite a flight of foreign investors who account for 70 per cent of trading volumes at the exchange: “The proposed tax may result in a high level of attrition of foreign investors to more cost-effective markets, which will have an adverse impact on trading at the NSE”: whether this was the cause or not is debatable, but foreign investors have been net sellers of securities on the NSE since the time of the budget. While the KRA moved swiftly to implement an additional



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Section 31 of the Employment Act is amended by inserting the following new subsection immediately after subsection (2) — (2A) An employer shall pay to the National Housing Development Fund in respect of each employee in his or her employment subject to a maximum of five thousand shillings.



Ksh20 per kilogramme excise duty on confectionery products as a result of the Bill, manufacturers like Kenya Sweets Ltd, Candy Kenya, Kenafic Industries, Patco Industries and Mzuri Sweets went to court saying it will adversely affect their businesses. This increase in duty came at a time when Kenyan companies were experiencing tariff barriers in the Tanzanian and Uganda markets after the two countries refused to scrap a 25 per cent duty. Tanzania and Uganda imposed the duty citing use of imported zero-rated industrial sugar in the manufacture of the goods. The case was to be heard on 17 September 2018 but an extensive search on the internet to find the outcomes of these court filings was unsuccessful on the part of this author.

The introduction of the National Housing Development Fund was fiercely opposed on social media. A person Nius states: “For this case I’m not inspired at all. If housing is right, then let government do it for every one or create an enabling environment for everyone to own one. Reduce tax on building materials, remove tax on imports for building, give special loans meant for buildings, etc. Otherwise why Kenyans should be made to put houses for other Kenyans? I find it strange. I can bet that money will be ‘eaten’ accordingly”. Prof. Dr. Savai Gukhu added: “Uhuru Kenyatta should not have called the employee housing-tax the “housing levy.” The name should be changed immediately. Uhuru Kenyatta should know; his in-laws, the Germans, have a comparable tax with the euphemism, “solidarity surcharge.” Unfortunately Uhuru does so many things without asking Maggie who knows better!” Stargazer’s contribution was: “We must repay the loans and that Eurobond Baba used to cry about before the handshake!!” Tom Randiki suggested: “I propose we do away with this housing levy and instead have a consolidated one called the ‘Big Four Levy’. Along with this, a ‘Pay Back the Chinese Levy’ would not be such a bad idea”.

After the Act was promulgated, ICPAK published a detailed submission, which you may not have read: the seven page document is available at: <https://www.icpak.com/wp-content/uploads/2018/12/ICPAK-SUBMISSION-ON-HOUSING-REGULATIONS-2018.pdf>

The submission introduction begins:

“Article 42(1)(b) of the Constitution, 2010 gives every Kenyan the right to accessible and adequate housing, and to reasonable standards of sanitation. In the realization of this right, the Government has prioritized affordable housing as one of the key pillars in the Big Four Agenda. Following the presidential assent to the Finance Bill, 2018 (now, the Finance Act, 2018), the National Housing Development Fund came into force. The creation of the National Housing Development Fund is meant to help the government realize its goal of delivering 500,000 affordable housing units in five (5) years to stop the expansion of slums in informal dwellings in major towns countrywide. The deductions from employees and contributions by employers are expected to raise about Kshs. 5.7B annually which will go to the Fund which is hereby established through the regulations. The Institute has identified the following cross-cutting issues that need to be put into consideration. 1. Introduction of tax credits for employer’s contribution: Tax credits work by reducing the amount of tax owed and this may be a relief for firms in terms of the cost of doing business. Companies are already grappling with the high cost of doing business and the introduction of this fund may be an additional burden. 2. Increase housing relief for employees: Currently, employees have to cope with numerous statutory deductions from their salaries in the form of taxes. There is need to introduce a housing relief which will help reduce the tax liability. 3. Access must apply equally for both the public and the private sector: There is need to ensure that access to the benefits of the fund are not only skewed to the public sector in the form of salaried government employees but that benefits are also accessible by the private sector. This will give incentives to the private sector to support implementation of the affordable housing agenda. 4. Administration of the fund: Funds must be utilized only

for the intended purpose. Appropriate checks and balances must be put in place to avoid misappropriation of the fund in the form of graft. 5. Mortgage exemptions: The Regulations should provide that employees currently servicing a mortgage should be exempted from contributing to this fund upon proof of mortgage/home ownership loan plan. This will ease the burden of additional taxes”. The submission goes on to give a detailed analysis of each phrase of the Regulations, making a recommendation for each requirement laid down and the justification for each recommendation. The final comment is in relation to “The Act in its entirety”: the issue of concern is: “How is the fund administered?” ICPAK’s recommendation is: “There should be clarity on the administration of the fund”: ICPAK’s justification for this proposal is: “Given the past experiences from NSSF and other statutory bodies, the administration has been failing to meet the needs of member contributors” – which is probably why there is so much hostility to this tax.

In 1819, a US Supreme Court judge, Chief Justice Marshall, stated in a case which would be too lengthy to explain in full, that “1. That a power to create implies a power to preserve. 2. That a power to destroy, if wielded by a different hand, is hostile to, and incompatible with, these powers to create and preserve. 3. That where this repugnancy exists, that authority which is supreme must control, not yield to that over which it is supreme....(he argued that the citizens of a country were supreme, not the government). That the

power to tax involves the power to destroy; that the power to destroy may defeat and render useless the power to create....” Clarence Carson, an American economist, wrote in 1976, in relation to that Supreme Court statement: “The axiom that the power to tax is the power to destroy suggests an additional question. Namely, ‘Who and what is to be destroyed by the taxes to pay for it?’ What businesses will fail because of the increased taxation? What services can no longer be offered because of the increased taxation? Whose property is to be confiscated to pay for it? How much of savings are to



be subtly seized by the inflation? How many jobs will not be provided because there was no investment to pay for the tools to put men to work productively? What creative energies will be diverted or unreleased because of the taxes to pay for it? There is no end of laudable objects for which money might be spent. Even children, especially children, are fertile sources of all sorts of spending proposals. In our day, every interest group in the country probably has on its agenda a goodly number of proposals for government spending. Certainly, politicians and bureaucrats bring forth an endless array of notions for spending

taxpayers' money. There are so many goodies to be had if only government would unloose the purse strings and spend, and spend. Children are so prolific with their spending proposals because their eyes are only on the goodies to be attained, not on the labor, hardship, and even deprivation on which their unwise spending would depend. Many politicians today treat the American people as if they were children, pointing them continually to the goodies to be provided and remaining silent about the price to be paid. They spend and spend to elect and elect, as a New Deal politician was reported to have said. They do something else at the same time: They tax and tax to destroy and destroy. Do they intend the destruction? It hardly matters, for the power to tax is the power to destroy, and there can be no government spending without the taxes to pay for it. Thomas Jefferson once said that what was wanted was 'a wise and frugal Government, which... shall not take from the mouth of labor the bread it has earned'. Apropos the axioms announced in Chief Justice Marshall's decision, it is in order to add: 'a wise and frugal government which will destroy as little as possible by the taxes it imposes'".

The World Bank, in its latest country economic update, cautions that the unchecked rise of unpaid Government bills, especially at the county government

level, will weaken aggregate demand and economic growth. As at 30th June 2018, the 47 counties owed suppliers KShs. 108.41 billion. I know a contractor who is owed KShs. 40 million by Meru County: he is unable to pay his children's school fees. A lady who is a member of ICPAK is owed KShs. 9 million by Vihiga County: she is unable to cater for her children: meanwhile the county officials decide to prepare the county budget in Kisumu City over the working week so that they can claim their per diem of Kshs.14,000 per day for those 5 days. A father of a lady student I teach is owed KShs. 3 million by Kisii County: she had to drop out of college because her father could not pay her fees: fortunately I managed to get her a scholarship. This non-payment of suppliers is wrecking the economy and is one of the reasons why HFC Limited's non-performing loans were KShs.13.3 billion as at 31st December 2018: if suppliers are not paid, how do they pay their mortgages?

The latest position relating to the National Housing Development Fund as I write on 19th April 2019, is that the inception of the Fund has been put on hold by the Employment and Labour Relations Court. Will the National Housing Development Fund ever come to birth? Your guess is as good as mine. Will it be of benefit to Wanjiku? I think many Kenyans will say it will not.

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ICPAK's justification for this proposal is: "Given the past experiences from NSSF and other statutory bodies, the administration has been failing to meet the needs of member contributors" – which is probably why there is so much hostility to this tax.

THE IMPORTANCE OF SOCIAL SKILLS IN ACCOUNTING AND AUDITING

By CPA Derrick Majani

Data from a recent World Bank report shows that more than 800,000 people enter the job market in Kenya each year. This, coupled with the continually changing generational dynamic of the workforce – which is seeing the entry of more millennials and Generation Z into offices

– poses a new challenge for companies and consumers.

Generation Z is the demographic cohort after the Millennials. There is no precise date for when Generation Z begins, but demographers and researchers typically use the mid-1990s to mid-2000s as starting birth years.

As the social landscape of business

becomes more digital, the accounting profession's newest members – many of whom belong to Generation Z are entering the profession with different skills than perhaps those before them. Adapting to this means that companies and training institutions have a their work cut out for them in properly equipping the next generation of Kenyan

accounting and auditing professionals with the skills necessary for them to be all rounded employees or employers.

The social landscape is becoming more digital, and younger professionals are increasingly “digital natives”, with different skills to older colleagues. However, many of the demands of the modern workplace have remained the same. In finance and accountancy, technical expertise is still vital. However, alongside technical and digital skills, young employees will need an additional suite of skills if they are to add value at all levels. This is requiring companies and training institutions to adapt the ways in which they equip the next generation to be all-rounded professionals.

The importance of social skills to can never be overstated. It is our social nature and our desire to belong to a social group that enabled our species to survive over a hundred thousand years of evolution in the wilderness of Eastern Africa and beyond, let alone build integrated communities and economies.

For a long time, however, the importance of social skills to doing business, especially in technical areas like accountancy, was comparatively overlooked in favour of “hard” skills. The latter are still central but softer skills are increasingly recognised as critical across various disciplines, especially the accounting and auditing professions.

What is being realised is that the ability to establish long lasting and productive client and colleague relationships should now require equal attention as ensuring accountants develop the hard skills of the job.

These social skills are best learned in the early years of a career. However, at this point, the attention placed on doing so also often competes with the pressures of getting qualified and learning the essential technical skills required to execute the day to day accounting activities.

It is crucial to do so, however, because

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The social landscape is becoming more digital, and younger professionals are increasingly “digital natives”, with different skills to older colleagues. However, many of the demands of the modern workplace have remained the same.

ensuring that junior accountants and auditors are equipped with the right social skills to become more accomplished in their professional relationships will also equip them for progression into more senior roles in their careers.

Talking to a diverse range of people, actively contributing during financial decisions or being able to determine the right questions and responses to problems, are all central to building

relationships. In addition, they make a positive impression with clients and colleagues and enhance the perception of the firm as a whole.

Building business relationships is about real interactions with real people. This may prove a challenge for some of the young professionals now entering the workforce. Having grown up in a digitally-connected environment they are used to a context in which online connection is as valid as face to face communication. However, their older colleagues, clients and stakeholders may well come from an environment that privileges personal interaction.

This has the potential to prevent young professionals from gaining visibility and building networks. So what can be done?

Firstly, it is important to define the strengths or weaknesses of the relationship in question, to help ensure that trust and reliability with clients goes both ways.

Secondly, financial sector professionals must always seek to have a varied client base. There needs to be an explicit reason for an opportunity to come to you. In the world of work, people don't go out of their way to help people they don't know and don't trust. They don't know whether your actions or behaviour might undermine their own credibility. So there needs to be an explicit reason for a client to approach you, and a relationship built on trust is often much stronger and longer-lasting than one based solely on convenience or capability.

Many newer recruits are going to need help to look up from their screens and engage fully with their clients and colleagues. Giving them the insight and the career motivation to build steadfast business relationships can set the individual and the firm up for long term success.

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REDISCOVERING YOURSELF

How you can rebuild your life and beat depression

By Angela Mutiso

One thing is for sure, everyone is prone to depression, regardless of age. In Kenya, the prevalence of depression among the youth is growing rapidly. A recent study indicated that nearly half of Kenyans (young and old) may be suffering from some kind of depression.

In addition, a disturbing number of murders and suicides are reported regularly among the youth. The question is, why? How do you know that someone is depressed? Pay close attention to anyone who has undergone some kind of trauma; like death, sickness, a relationship break-up, lost money, divorced, failed exams or lost a job. These people can in certain instances, harm themselves without warning. Depression is a serious

problem and often leads to desperate behaviors, including suicide. Experts on mental health advise us to reach out to people suffering from schizophrenia, bi-polar, loss of interest in life and work, loss of money, those suffering from drug abuse, people who feel helpless, hopeless, chronically tired and those depicting a drastic change of behavior.

According to the World Health Organization (WHO) depression is the leading cause of ill health and disability worldwide. More than 300 million people are now living with depression, an increase of more than 18% between 2005 and 2015. WHO describes depression as a common mental disorder, characterized by persistent sadness and a loss of interest in activities that you normally enjoy, accompanied by an

inability to carry out daily activities, for at least two weeks.

Another report released on world mental health situation, has placed Kenya as the sixth most depressed country in Africa. The report indicates that in Kenya, men are the most affected by mental illness. It may be undiagnosed because most people have no idea what symptoms to look out for. Depression is a mental health challenge, and a fight we must struggle to win.

What are you as an individual or group doing to stem depression in your community?

I sought the views of Caesar Wanjao an advocate of the High Court of Kenya, a motivational speaker and businessman with interests in the manufacturing industry and real estate. Wanjao is passionate about the youth. He observed this worrying trend (of depression, suicides and hopelessness) with trepidation. As a result, he decided to share his knowledge regarding the power of endurance and his business acumen; (having solved many cases and interacted with all manner of people) with those in need of his services. He specifically wants to help the youth, to rebuild themselves through mentorship, personal development and motivation.



Caesar Wanjao

He also guides them on how to manage their finances. He is happy that the response and results have been good, and is delighted to continue sharing his knowledge and experiences. Wanjao is a refreshingly positive person, and loves it when optimism replaces despair in anyone. He regrets that people criticize the youth without offering solutions to their needs. He warns that depression is real, however not many people regard it as a disease. Yet it affects your body and your mind. Your mind, explains Wanjao is your biggest source of wealth. If you cannot make it peaceful, you can suffer depression very easily, you must therefore be deliberate in seeking joy in your life.

Below are excerpts from his lessons...

What do you do to stay upbeat?

Self-approval and self-confidence, make positivity a habit. Focus daily on improvement and have a relentless passion for excellence. Within no time, people will look at you differently and say, this is good!

How about emotional intelligence, why is it a problem for many?

When you become conscious, certain things bother you. If you see people who are always defensive, it could mean they have a problem that is innate. You need to consciously act and understand your emotions. You don't need people's approval of your behavior if you believe in yourself and in what you are doing.

How do you develop self-esteem?

Personal development and growth is mandatory. It leads to good leadership. If you go through a process that aims at enhancing your own growth and enables you to understand yourself better, so that any decision you make is value based, you will realize that good leadership builds your esteem. When you are not decisive, people will doubt you. A practical decision to develop yourself is not a walk in the park.

How do we awaken the latent power in us?

It is possible, but once again you've got to be focused and make a decision to do so. Make up your mind to be positive and encourage others to be optimistic. You've got to inspire and motivate others especially those going through depression. I have understood the importance and process of self-mastery. I know I am making other people's lives worthwhile. You have a lot of power within you. You don't have to live as a victim. Don't blame others, don't blame society, take steps that make a difference. Become more conscious, ensure you will influence people to vote wisely. Don't be a follower, avoid making excuses.

There are so many fights, divorces and separations, how should society deal with these situations?

If you have a relationship (any) make it work ...with your spouse, friends, siblings, parents, workmates, etc. Make a

“ Personal development and growth is mandatory. It leads to good leadership. If you go through a process that aims at enhancing your own growth and enables you to understand yourself better, so that any decision you make is value based, you will realize that good leadership builds your esteem. When you are not decisive, people will doubt you. A practical decision to develop yourself is not a walk in the park.

decision that will save you the pain that stems from procrastination. A bad decision is better than no decision at all. Give it your all. Make it work, if it is not working, make it faster, deal with pending issues. People are holding on to relationships that don't work. There is usually a fear of insecurity and it can dehumanize you. Don't cling to a destructive relationship or one that has resulted in the loss of self-esteem. You can lose property, money and all manner of things you can think of, but no loss exceeds the loss of self-esteem. Self-esteem is the engine that gives you a sense of being as a human being. It is the engine that makes you live with dignity, it is your essence – losing it can be a big loss. A billion cannot buy self-esteem, there is no price you can place on self-esteem. As far as marriage is concerned, no one can really claim to be an expert. Some people live together for 1 year, 5 years, 10 and even 50 years, then part. But I can say that the totality of marriage breakdown, is a result of failed communication. When you do not communicate your issues to each other, marriage becomes a difficult affair and a break-up is the product. This is because other issues arise from this, so my advice is to deal with issues as they arise. Increasingly, do things together. The regularity with which we communicate and seek to solve problems, matters a lot. It helps to have an outing with your spouse every fortnight or so. This gives you a forum to deal with certain things, otherwise, matters keep arising until you don't care. For instance, you can come home late every night, until you stop caring. Everything then becomes an escalation of that.

How do you improve people's lives?

My real happiness comes from my desire to help people to help themselves. I have been involved in; personal development, mentorship and motivation. I recognized that this talent comes to me naturally. So a year ago, I founded Serenity of Dreams; a company that has various useful components. We aim to establish a third platform for men where men can relate with each other. We intend to find ways and means of supporting the boy child and to stabilize relationships between men and women especially, in marriages. This will result in a stronger society. Women can support this a lot. Remember, where there is a strain in a

“According to the World Health Organization (WHO) depression is the leading cause of ill health and disability worldwide. More than 300 million people are now living with depression, an increase of more than 18% between 2005 and 2015.”



relationship, there is no friendship. Let me pose these questions...How many of us are happy? How many of our wives are happy? What can we do to be happy? Women have support systems, like chamas, baby showers, etc. men rarely have care systems where they can open up. I am a life coach, and a motivational speaker with a keen interest in leadership and self-mastery. My main aim is to help others find their passion in life.

We want to help people to take care of their finances as well. So we are involved with this company known as Money Clinic...headed by a young author called Amos Ngahu. He teaches people how to relate with money. It is one of the most dangerous and difficult situations to handle. We know of people who have been killed or have died because of money; because of not knowing how to deal with it. Some people stumble into

money and die. Money clinic helps people to relate and develop a pattern of behavior that helps them use money for their welfare and for positivity.

Ngahu gives the following overview in his book; Research shows that 95% of the world's working population will never be financially independent. The same spend more than 105% of their income monthly. For instance Kenya in the 2015 Economic survey consumption rate is 102%.

80% of them don't have written financial goals. Employers and lenders have more details on this research and they spend resources sorting out messes that have been caused by poor financial decisions by employees on personal finances. Broken families, debt collectors, theft of funds, corruption are among challenges faced by the employer. They aim to train your staff on ethical and responsible personal financial management. The result is that participants are armed with the necessary knowledge that will set them firmly on the path to financial freedom. Emphasis is put on practical and simple solutions that are sustainable. They believe that this knowledge is a prerequisite for life, the creation of a positive financial future, entrepreneurship and retirement.

Ngahu believes it is everyone's right to be able to ; identify personal financial status; and priorities; prepare a personal budget; control spending habits; manage cash and savings; understand debt and practical ways to reduce and avoid debt. You should be able to evaluate possible investment options; learn the basic steps on the road to financial freedom and have financial blue print/ goals. You've got to know how to manage your personal finance, financial planning, develop a personal / household budget and how to make the Automobile and Housing Decision.

You may have already heard the statement that failing to plan is planning to fail. The tips in this feature may just be what you are looking for to help you change your life and end your depression.

Amos Ngahu



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SAVING OUR FORESTS FOR POSTERITY

International Day of Forests 2019

Logging and agriculture continue to be two of the biggest threats to Africa's tropical forests. The unsustainable production of palm oil is one of the biggest drivers – *World Economic Forum*

Every minute, we lose 23 hectares of arable land worldwide to drought and desertification

By Angela Mutiso

The UN General Assembly proclaimed 21 March the International Day of Forests in 2012. The Day celebrates and raises awareness of the importance of all types of forests. On

each International Day of Forests, countries are encouraged to undertake local, national and international efforts to organize activities involving forests and trees, such as tree planting campaigns. The theme for each International Day of Forests is chosen by the Collaborative Partnership on Forests (CPF), whose members agreed in 2017 that the Day's theme would provide an opportunity to highlight specific forest contributions to the 2030 Agenda for Sustainable Development by considering topics of the annual sessions of the High-level Political Forum on Sustainable Development (HLPF).

In 2019, the International Day of Forests (IDF) addressed the theme, 'Forests and Education.' It sought to raise awareness on how sustainably managed forests provide a wide array of contributions in this area.

Kenya joined the rest of the world in marking this day. In a message titled 'Engaging youth and children to achieve 10 percent forest cover by 2022, the Cabinet Secretary, Ministry of Environment and Forestry Mr. Keriako Tobiko, said that as the global communities commemorate the IDF, Kenya would celebrate this day in Bondo Teachers Training College, Siaya County. The event would concurrently be marked in all the other 46 counties, with the focus being on celebrating our forests and planting trees, and extending public awareness.

He noted that the theme resonated well with the current partnership between



being trained in tree growing, forest management and livelihood improvement through forest based activities.

Kenya Wildlife Services (KWS), who also participated in the celebrations of IDF, had exceptional plans for marking this auspicious day. They had a special poster written; 'Forests and education'; understanding our forests and keeping them healthy is crucial for our wildlife and our future. "March 21st – Learn to love forests...and on the 21st of March 2019, their participation was palpable; they made it clear by indicating that; "Today is International Day of Forests. This year's theme is "Forests and Education". We should teach our children to love forests and care for them for posterity." KWS manages about 8 per cent of the total landmass of the country. This land contains 22 National Parks, 28 National Reserves and 5 National Sanctuaries. (KWS website)

Meanwhile, have you ever wondered how much trees are linked to your health? A world economic forum report titled 'we need to save Africa's forests. Here's how' says that: One industry that could be impacted heavily is the pharmaceuticals industry. Tropical rainforests have provided key ingredients for an estimated 25% of pharmaceuticals and prescription drugs derived from rainforest plants are used to treat cancer, heart disease, bronchitis, arthritis, diabetes and other conditions. Yet only around 1% of plants have been tested for medicinal properties and deforestation means species are lost before they can even be explored. They add that Tropical forests also matter in the fight against climate change. As the 'lungs of the earth' forests breathe in carbon dioxide and produce oxygen in exchange. When a forest is cleared, the trees release this stored carbon dioxide into the atmosphere. Globally, deforestation represents around 15% of greenhouse gas emissions. We cannot solve climate change without also addressing deforestation.

The report points out that while the economic value of forests is difficult to quantify precisely, an estimate by The Economics of Ecosystems and Biodiversity project, which was kick-started by the UK Government, forecast that the loss of biodiversity from deforestation would cost the global economy up to \$4.5 trillion a year. The report reveals that Africa is home to

“
The Economics of Ecosystems and Biodiversity project, which was kick-started by the UK Government, forecast that the loss of biodiversity from deforestation would cost the global economy up to \$4.5 trillion a year.

around 18% of the world's tropical forests. The second largest tropical forest on the planet is located in the Congo Basin in Central Africa and extends for around 3 million square kilometres – which is larger than the entire land mass of Argentina.

In 2018, the International Day of Forests (IDF) addressed the theme, 'Forests for sustainable cities,' and focused on how forests and trees in urban areas regulate temperature and water flows, provide nutritious foods and shelter, cleanse the air and foster community cohesion and individual well-being, among other benefits. The theme for 2017 was Forests and Energy.

Did you know that:

- A single tree can remove over a ton of CO₂ from the atmosphere in its lifetime?
- Approximately 883 million people in developing countries are employed in the wood energy sector on a full or

part-time basis.

- Wood provides the world with more energy than solar, hydroelectric or wind power, accounting for roughly 40% of current global renewable energy supply.
- About 50 percent of global wood production is used as energy for cooking, heating, and electricity generation.
- For 2.4 billion people, wood fuel means a cooked and more nutritious meal, boiled water, and a warm dwelling.
- The Congo Basin is Africa's largest contiguous forest and the second-largest tropical rainforest in the world. Covering about 695,000 square miles, this swamp-struck tropical forest covers portions of Cameroon, Central African Republic, Democratic Republic of Congo, Republic of the Congo, Equatorial Guinea and Gabon.

8 of the world's oldest forests

(www.tentree.com)

- Tongass National Forest, Alaska
- Daintree Rainforest, Australia
- Waipoua Forest, New Zealand
- Ancient Bristlecone Pine Forest, California, U.S
- Yakushima Forest, Japan
- Tarkine Forest, Tasmania, Australia
- Bialowieza Forest, Belarus and Poland
- Kakamega Forest, Kenya, Africa

So much effort is currently being put in trying to conserve the world's forests. It is believed that new technology tools will also help. For example, Global Forest Watch is using rapid advances in satellite imaging to increase transparency and improve access to forest-related data. Anyone with a computer can create custom maps, analyze forest trends, and download actionable data.

Remember: It is never too late to plant a tree to celebrate International Day of Forests.

Sources: Congo basin forest partnership (CBFP), FAO, World Economic Forum, United Nations, Ministry of Environment and Forestry.

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MANAGING YOUR SORE THROAT


When should you see a doctor?

Compiled by Angela Mutiso

Has a doctor ever asked you to tilt your head back a little and open your mouth, then shone a flashlight toward the back of your throat? This, is supposed to raise your soft palate—the ample flesh on the roof of your mouth—and allow a clearer assessment of your throat. It seems that something as simple as a flash-light can reveal a lot about your condition.

Anybody can get a sore throat,

but there are certain dynamics that can affect you. Children are quite susceptible to sore throats. Cancerous tumors of the throat, tongue or voice box also predispose you to it. A painful throat and other flu-like signs occasionally show up soon after someone is infected with HIV. When you are HIV positive, you can have a chronic or frequent attacks because of a secondary infection like an oral



thrush, and other diseases caused by a weak immune system. Second hand smoke, is an obvious culprit, so is exposure to tobacco.

A sore throat can be quite uncomfortable. It slows you down in many ways and can make you feel tired, restless and dull. It usually builds up slowly, causing pain or an itchy feeling in the throat. This pain gets worse when you are swallowing or trying to talk. A glance at your throat can reveal a swollen gland, red, tonsils and white patches or pus on your tonsils. You may end up with a hoarse or muffled voice as you try to clear your throat now and then. You may also find swallowing a problem. There are a few pertinent factors you must take into account as you try to deal with your throat problem; are you or your children exposed to second hand smoke? Is anyone among you sick? Is the sore throat recurrent? Are you ensuring that proper hygiene is observed in your surroundings?

There are many definitions of this ailment. Mayo clinic says a sore throat is a pain, scratchiness or irritation of the throat that often worsens when you swallow. The most common cause of a sore throat (pharyngitis) is a viral infection, such as a cold or the flu. A sore throat caused by a virus resolves on its own. It explains further that strep throat (streptococcal infection), a less common type of sore throat caused by bacteria, requires treatment with antibiotics to prevent complications. Other less common causes of sore throat might require more complex treatment.

When you have a sore throat, you may experience body pains, headaches, fever, sneezing, a gooey nose, queasiness or vomiting. Mayo clinic advises that you should take your child to a doctor if the pain does not go away with the first drink in the morning. The symptoms that could lead to your seeking medical intervention can include difficulty in breathing and in swallowing, rare driveling which might also mean that you are having difficulty in swallowing. An adult should see a doctor for the same reasons as above including when you have difficulty opening your mouth, and if you have joint and ear pain, a rash and even a lump on your neck and what Mayo Clinic refers to as a harsh, barking cough (I am sure you know it). Also avoid things that can irritate your throat. You will be able to identify them as your condition develops.

Other signs of a sore throat include, croakiness that goes on for more than two weeks. Fever higher than 101 F (38.3 C) and bloody phlegm. If it keeps growing

and does not go away, you need to see a doctor. Children get sore throats a lot. They are generally caused by bacterial infection, cold and flu. Allergies and dust and many types of pollution can predispose you to it. Crying for long, speaking loudly for a prolonged period and shouting without taking a break, can also bring it about. Mayo clinic says a number of bacterial infections can cause it. However, the most common is streptococcus pyogenes, or group A streptococcus, which predisposes you to strep throat, so does heartburn, and regurgitation of stomach contents.

Be careful, because viral and bacterial toxicities can be found mainly in shared places like offices, buses, class rooms, door handles, keyboards etc. The wrong diet, diabetes, stress, depression, tiredness and exposure to certain drugs and a weak immune system can all lead to a sore throat.

Prevention

Avoid sharing food, cups, and utensils. Make sure your hands are always clean; wash them frequently, especially after coming into contact with the loo and other shared facilities. Ensure your phones, toilets, and remotes are all clean. When you sneeze, cover your mouth with a serviette and throw it away. You could also sneeze onto your elbow rather than your hands. Generally, be clean and avoid unhygienic situations. Have a hand sanitizer, and use it when you do not have clean water to wash your hands.

Determination and Treatment

A throat swab to check the secretions from your throat can enable your doctor to know what is causing your ailment and determine the medication you should take. It may have been caused by a viral or bacterial infection. NHSinform services advises that you should take ibuprofen or paracetamol. Paracetamol is better for children and for people who can't take ibuprofen. It states categorically that children under 16 should never take aspirin. You should drink plenty of cool or warm fluids, and stay away from very hot drinks. In addition, eat cool, soft foods, also try gargling with a homemade mouthwash of warm, salty water, you could also suck lozenges, (herbal lozenges are not bad either). Try hard sweets or ice cubes. Avoid giving little children anything small and hard to suck because they might choke. It will interest you to know that most people think that taking antibiotics is the answer to dealing with a sore throat, NHSinform say they are not usually prescribed for a sore

throat, even if it's caused by a bacterial infection, as they're not likely to make you feel better any sooner and can lead to unpleasant side effects.

To help relieve throat pain medical news today suggests that you drink a cup of warm water mixed with 1 tablespoon of apple cider vinegar and an optional tablespoon of honey. It says that salt helps reduce swelling by pulling water out of your throat tissue. It may also help kill unwanted microbes in your throat. Lemon water may reduce the throat pain that occurs during a cold or the flu. Ginger is good for you because it is a spice with antibacterial and anti-

inflammatory effects that may help relieve throat pain. Chamomile tea helps you sleep well, it also fights infection and calms sore throat pain. Sage and Echinacea as well as marshmallow roots are helpful when you have a sore throat. Combine 1 cup of warm water with 1 teaspoon of salt and stir to dissolve. Gargle with a mouthful of this mixture for 30 seconds, once per hour.

Have you ever thought of making lemonade?

As we said earlier, lemon helps to soothe your throat when it is paining. You can squeeze its juice and keep in the freezer.

However, if you want to take it as a refreshing drink, here is a simple recipe; you will need: 3 medium sized lemons, 1 cup water, and 1 cup sugar.

Chop the lemons in halves. Squeeze and sieve. Heat the water and add sugar. Boil over medium heat and stir continuously until all the sugar is liquefied. Combine the sugar syrup with the lemon juice. Heat it up for one more minute. Let it cool. Add water to taste (just like you do with squash) when chilled. You can replace sugar with an equal amount of honey. Double the recipe if you wish to make more.

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Other signs of a sore throat include, croakiness that goes on for more than two weeks.

Fever higher than 101 F (38.3 C) and bloody phlegm. Children get sore throats a lot. They are generally caused by bacterial infection, cold and flu.

Health tips

- Do not worry much if you have a background of clogged arteries. There are basic, natural and healthy elements that can help, including: garlic, turmeric and oatmeal.
- You may have done facials and tried several skin products but remember there are certain foods you can eat and certain foods to avoid as you work towards a glowing skin. Your skin is a reflection of your general health, as it is directly linked to your stomach bacteria. It is your body's biggest organ, and is extremely responsive to changes in diet.
- Many people have discovered the health benefits of celery juice. It is a good detox drink. Celery has anti-inflammatory properties and resets the stomach's hydrochloric acid. Celery juice has the

ability to starve viruses, bacteria, and mold in the body. Starving these ailments can lead to a healthier gut, reduced cravings, and an overall glowing skin. Blue bloom recommends 16 ounces of celery juice on an empty stomach every day for 30 days for results to be realized.

To rehydrate your skin

- Eat fatty fish
- Eat oranges
- Eat avocado
- Eat nuts, they may help you lose weight and fight type 2 diabetes
- Get enough sleep
- Avoid sugary drinks
- Honey always makes bitter drinks taste better and can help minimize throat infections.
- Take a lot of water and liquids to make your throat wet, so it can heal faster



Clogged Artery – Cardiovascular Associates

BILLIONAIRE COUPLE JEFF BEZOS AND MACKENZIE BEZOS ARE GETTING DIVORCED AFTER 25 YEARS OF MARRIAGE -

Sparking immediate speculation as to how their massive fortune will be divided up. The Amazon CEO is worth \$137 billion, making him the richest man in the world. But depending on how the couple ends up splitting their assets, he could be toppled from that position and MacKenzie Bezos could gain the title of world's richest woman. Jeff and MacKenzie live in Washington State, one of nine US states where everything acquired throughout the marriage from real estate to income is considered joint property.

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A HUMANITARIAN CRISIS COSTS SOUTHERN AFRICA DEARLY

Overnight, Mozambique's second-largest city disappeared. All the lights in Beira went off. Its buildings vanished under six metres of water. Its roads were washed away, its bridges were torn from their foundations, and its people — well, still no one knows how many of its people survived. This was no ordinary natural disaster. Mozambique has weathered more than its fair share of floods over the years. Cyclone

Idai was more powerful than anything that has come before. The WFP believes 1.7 million people in the country will eventually need help as a result of the disaster. Poorer areas, made up of makeshift homes, in Beira and elsewhere have been particularly badly hit. In Zimbabwe, 200,000 people have been affected, with most of the damage occurring near the Mozambique border. - **SOURCES: BBC**

36% OF AFRICANS ARE MORE LIKELY TO MIGRATE WITHIN THE CONTINENT THAN OUTSIDE IT

Contrary to public opinion, the research found that most people are leaving the continent for Europe, America or Asia. After surveying respondents in 34 African countries, the results show that 36% of Africans are more likely to migrate within the continent than outside it. Here are the top destinations, according to this report:

- Another African country in the region-29%
- Another part of Africa-7%
- Europe-27%
- North America-22%
- Other counties/regions-13%

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The Duke and Duchess of Sussex are pleased to present the birth of their first baby boy! Meghan Markle was reportedly due in late April, but like many first-time mothers' she apparently went into labor a bit past her due date. The couple announced that they named their first born child Archie Harrison Mounbatten-Windsor in an Instagram post after they introduced him to his great-grandmother Queen Elizabeth and great-grandfather the Duke of Edinburgh. - **SOURCE: townandcountrymag**



Africa.com's suggested features



ALL FEMALE CREW FLY AFRICA'S BIGGEST AIRLINE

Ethiopian Airlines was marking International Women's Day by operating an all-women flight from Addis Ababa to Oslo. This means airport operations, flight dispatch, load control, ramp operation, on-board logistics, safety and security, catering as well as air-traffic control are to be carried out entirely by women. Ethiopian Airlines is keen to showcase women's longer-term contribution to the industry and the progress they've made in conquering male-dominated professions, like those of pilot and aircraft technician. "Women are an integral part of our success story from the start, and with this dedicated flight we honour and celebrate their indispensable contribution to our aviation group and the broader aviation industry, our country and the continent at large," says Ethiopian Airlines Chief Executive Officer Tewolde GabreMariam.

SOURCES: BBC

LOOKING INTO NAIROBI'S GENTRIFICATION

Nairobi is unrecognisable from the sleepy town it was at the turn of the century. In the past 12 years land prices have soared more than sixfold in 24 of the city's 32 suburbs and satellite towns, according to HassConsult, a local real-estate agent. What caused it all is disputed, though some developers whisper that the return of dirty money from the West after the 2008 financial crash fuelled the frenzy. Far more money could be made in Kenyan bricks and mortar than in rich-world stockmarkets. Analysts ask why bother investing in the Nasdaq (returns of 210% since 2007) when an acre in Juja, one of Nairobi's satellite towns would have fetched an investor 1,428%? Shopping malls, petrol stations and apartment blocks were levelled; bulldozers cut through slums, leaving tens of thousands homeless. All this destruction may seem rather wanton in a poor city. Yet the government-backed body overseeing it, the Nairobi regeneration task-force, insists that the only way to save the Kenyan capital is to wreck bits of it.

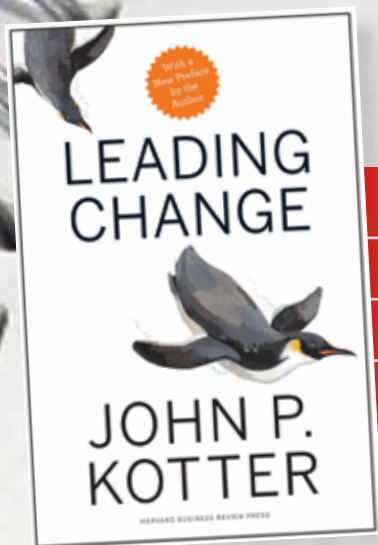
SOURCES: THE ECONOMIST



UPGRADING THE AFRICAN STARTUP LANDSCAPE

While innovation has been at the heart of many of the progressive discussions around African development over the last decade, the focus has tended to be centered on the benefits and impact of digital technology as internet penetration rises across the continent. Co-Creation Hub (CcHub) is based in Lagos and is the early home for some of Nigeria's best-known startups. Earlier this month, it opened a design hub and innovation center in Kigali, Rwanda. The new center aligns with CcHub's original vision to take advantage of technology's potential to meet Africa's challenges in education, health, and governance "while unlocking social and economic value," says co-founder Bosun Tijani. CcHub's design lab in Kigali includes a research and development unit made up of a multidisciplinary team of researchers, product engineers, and designers. Unlike its hub in Lagos, where startups are incubated at various stages of growth, the lab is a space for collaboration where solutions for social impact are created. - **SOURCES: QUARTZ AFRICA**





Reviewed by Angela Mutiso, cananews@gmail.com

Title: Leading Change

Author: John P. Kotter

Category: Leadership/business

Publisher: Harvard Business Review Press



John P. Kotter

"Whenever you cannot describe the vision driving a change initiative in five minutes or less and get a reaction that signifies both understanding and interest, you are in for trouble". Also, "Major change is usually impossible unless most employees are willing to help, often to the point of making short-term sacrifices." This is the compelling message in John P. Kotter's seminal book, *Leading Change*.

The author, provides us with 8 very valuable lessons. They include - Establishing a Sense of Urgency; Creating the Guiding Coalition; Developing a Vision and Strategy; Communicating the Change Vision and Empowering Employees for Broad-Based Action. Others are - Generating Short-Term Wins; Consolidating Gains and Producing More Change and Anchoring New Approaches in the Culture.

Step 8 which discusses anchoring the changes in corporate culture, provides us with information we can hardly forget and seems to sum up the real essence of the message Kotter seeks to portray in this fascinating book. He emphasizes that to make any change stick, it should become part of the core of your organization. Your corporate culture often determines what gets done, so the values behind your vision must show in day-to-day work. He stresses the importance of making continuous efforts to ensure that the change is seen in every aspect of your organization. This will help give that change a solid place in your organization's culture. He notes that it's also important that your company's leaders continue to support the change.

This includes existing staff and new leaders who are brought in. If you lose the support of these people, you might end up back where you started.

He explains that "Management makes a system work. It helps you do what you know how to do. Leadership builds systems or transforms old ones." He notes that no matter how intelligent people may be, "Whenever human communities are forced to adjust to shifting conditions, pain is ever present." He adds that "Transformations always fail to achieve their objective when complacency levels are high."

"Smart individuals fail to create sufficient urgency at the beginning of a business transformation for many different but interrelated reasons. For instance; they overestimate how much they can force big changes on an organization and how hard it is to drive people out of their comfort zones. They also don't recognize how their own actions can inadvertently reinforce the status quo, and lack patience. They in addition become paralyzed by the downside possibilities associated with reducing complacency; you find people becoming defensive, and see morale and short-term results slipping. He notes that they confuse urgency with anxiety and by driving up the latter they push people even deeper into their foxholes and create even more resistance to change." He points out that "Individuals alone, no matter how competent or charismatic, never have all the assets needed to overcome tradition and inertia except in very small organizations. Weak committees are usually even less effective." "In the behind-the-scenes struggle between a single executive or a weak committee and

tradition, short-term self-interest, and the like, the latter almost always win. They prevent structural change from producing needed behavior change. They kill reengineering in the form of passive resistance from employees and managers. They turn quality programs into sources of more bureaucracy instead of customer satisfaction."

Kotter retired as a full-time faculty member from Harvard in 2001. In 2008, he co-founded Kotter International with two others, where he later served as Chairman. The business consultancy firm applies Kotter's research on leadership, strategy execution, transformation, and any form of large-scale change. Since early in his career, Kotter has received numerous awards for his thought leadership in his field from Harvard Business Review, Bloomberg BusinessWeek Thinkers50, Global Gurus and others – (Wikipedia).

In conclusion, Kotter advises you to talk about progress whenever you get a chance to do so. Tell success stories about the change process, and repeat other stories that you hear. Include the change ideals and values when hiring and training new staff. Publicly recognize key members of your original change coalition, and make sure the rest of the staff – new and old – remember their contributions. Create plans to replace key leaders of change as they move on. This will help ensure that their legacy is not lost or forgotten.

The book is informative, entertaining, and educational. It is available online and in leading bookshops. Get yourself a copy.



"All sub-counties should be on high alert and treat all suspected cases of cholera as cholera cases. Please also reactivate your sub county response teams."

"The worst has been avoided,"
"We will rebuild it together. It will undoubtedly be part of French destiny and our project for the years to come."

A visibly moved French President Emmanuel Macron told reporters at the scene shortly after a ... massive fire consumed Notre-Dame Cathedral on Monday, gutting the roof of the Paris landmark and stunning France and the world, though firefighters saved the main bell towers and outer walls from collapse before bringing the blaze under control.

Source: Reuters and agencies

"If we are going to come through the Brexit crisis and it is a constitutional, political crisis and may turn into an economic one you somehow have got to be united behind some form of Brexit that works for a large number of people across the spectrum. That's not where we are headed at the moment..." "Does a public inquiry help with that? Or does it scratch way at very raw wounds? I'm not sure."

The UK government's handling of Brexit is creating a political, constitutional and economic "crisis" which could result in a major public inquiry, the UK's former ambassador to the European Union told Business Insider. Sir Ivan Rogers who resigned as the UK's most senior representative to the EU in 2017 said that politicians and officials should be doing "a hell of a lot of reflection" on how they have managed Brexit.

Source: business insider

'I've basically spent a conflict-free life'

O.J. Simpson

Those who destroyed the country and killed the people are seeking to steal every drop of blood and sweat that the Sudanese people poured in their revolution that shook the throne of tyranny.

Sudanese Professional Association (SPA) speaking about the recent coup that ousted former Sudanese President Omar Al Bashir.

"I am making sure that I do the facilitation for him (Former Zimbabwean President Robert Mugabe) to receive treatment, take him to Singapore and to bring him back, all the facilities, I make sure that it is done."

This was revealed by President Emmerson Mnangagwa during an interview with state media ahead of the country's Independence Day celebrations recently - Former President Robert Mugabe's health woes continue with the 95-year-old veteran politician reportedly in Singapore in his many expensive health related sojourns to the Asian country.

I AM SO INSPIRED' - GLOBAL REACTION TO TIGER WOOD'S RECENT WIN

"Congratulations to Tiger Woods, a truly Great Champion! Love people who are great under pressure. What a fantastic life comeback for a really great guy!"

US President Donald Trump

"Congratulations, Tiger! To come back and win the Masters after all the highs and lows is a testament to excellence, grit, and determination.

Former US President Barack Obama

"I am literally in tears watching Tiger Woods this is greatness like no other. Knowing all you have been through physically to come back and do what you just did today? Wow. Congrats a million times! I am so inspired thank you buddy." Twenty-three-time Grand Slam winning tennis player Serena Williams

"Greatest comeback story in sports! Congrats Tiger Woods. Let me hold one of those 5 jackets one time!"

Three-time NBA champion Steph Curry.

"I haven't seen any case like this in my 30-year plus medical career,"

Dilip Roy, Chief government doctor in Jessore,
In February, Arifa Sultana, A 20-year-old woman from Bangladesh gave birth in February. Then, 26 days later, she gave birth again to a set of twins, The Guardian reported.

Business insider

"This morning, doctors recommended a CT scan to identify the spot of the blood clot. Immediately after the scan, she vomited, started sweating and had difficulty in breathing before collapsing at midday."

Moi Teaching and Referral Hospital (MTRH) Executive Director Dr. Wilson Arussa explaining that Everline Namukhula who gave birth to quintuplets suffered a complication when a blood clot blocked blood vessels in her lungs... leading to her death.

"The greatest of all mistakes is to do nothing because you can only do a little. Do what you can."
-Sydney Smith



A HIDEAWAY FAR FROM THE MADDING CROWD

By Clive Mutiso

At first sight, economic development is so important to improving a nation's standard of living that the social costs of rapid change are just the price that needs to be paid to stay on the path to progress. One such social cost has been the rapid urbanisation of Kenya and the inexorable

encroachment of sprawling towns and cities on the environment. There's a direct link between rapid urbanisation and increasing stress. So it is refreshing to know that there are still places within easy reach of Nairobi that are so quiet and peaceful that time seems to stand still. A number of locally-owned smaller hotel and lodges have sprung up in recent

years in out-of-the-way locations that previously had nothing to offer passing travellers or tourists keen to get off the beaten track.

Just such a place is Masai Eco Lodge, just 18 kilometres from Kajiado, and easily reachable from Nairobi in about an hour and a half. Everything from the food to the architecture is intrinsically Kenyan in



such a unique way that it makes a visitor feel far from all, but close to heritage. A place you can relax, be yourself, appreciate nature, appreciate culture, appreciate yourself. The owner is not your average hotelier, but the celebrated artist Sukoro Etale, whose paintings enliven the walls of the Kenya Parliament. He says: "The simple rustic feel and wealth of activities at the eco lodge make it one destination you should always think of visiting. It is pocket friendly but promises as much fun as any other premium destination. Am willing to bet that the eco lodge will enable you tick a few boxes on your bucket list." With an artist's eye, Sukoro has transformed part of a 123-acre

organic farm just beyond Kajiado into a tranquil lodge that is caressed by the breeze that sweeps across the Kajiado plains from the mountains of Northern Tanzania. The lodge is the only hostelry in East Africa to boast in-house facilities for artists. From Nairobi, turn off the Mombasa highway at the Namanga junction to Kajiado, then proceed another 18 kilometres to the lodge.

Affordability is an important consideration for many guests, and Masai Eco Lodge has packages that fit even the most modest budget, starting from Sh500 per night. Accommodation rates depend on whether you take a cottage, sleep in a dormitory tent provided for

you by the management, or bring your own tent and pitch it yourself. There are single, double, and triple rooms, double cottages, and cottage suites. Another option is a unique type of suite that can house up to six guests, and is built from traditional materials and modelled on a Maasai manyatta. Altogether the lodge can accommodate a total of 64 guests. The cottages are simply built from local stone, the furniture is basic, the food is unpretentious, and the biggest attraction is the simplicity of the place, which can be a bit of a culture shock for anyone expecting a Mount Kenya Safari Club experience. The lodge practices water harvesting, recycling and uses biogas

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and other renewable energy like solar for fuel and lighting. There is no TV or radio - only natural sounds and those made by cowbells from the nearby livestock, and chirping insects and singing birds. On the plus side, the prices are as modest as the aspirations of the establishment, and great value for money.

The management says that the establishment is called an eco-lodge because care has been taken to blend the place into the landscape: "The rooms are simple however they are very ideal for that vacation party that likes taking holidays together. Each room has been situated in a chattel that holds up to 3 rooms all of which have access to a common kitchenette and small quaint dining area. The rooms do not have the usual western hotel tiles since the floors have been lined with red ochre to give them that Kajiado flavor, sort of what we all grew up knowing before the advent of tiles in Kenya.

"The beds have been made from very unique wood which seem to have been cut from fallen trees which were given a fresh lease of life in the provisioning of comfort at night for human beings. The bed's headboards are actually nothing more than just a cross sectional cut of the

“ The lodge practices water harvesting, recycling and uses biogas and other renewable energy like solar for fuel and lighting. There is no TV or radio - only natural sounds and those made by cowbells from the nearby livestock, and chirping insects and singing birds.

dead tree's trunks. The utilization of the dead tree trunks in most of the rustic furniture ensures that masai eco lodge only takes from nature what it needs to take, nothing more, nothing less all is done to ensure a balanced ecosystem that provides opportunity for indigenous plant and animal species to coexist.”

While some visitors appreciate the simplicity and serenity that they find, others are surprised by the lack of facilities that they take for granted in the city. One guest complained that there was no television in his room. Which begs the question- if you want to sit and watch TV, why take the trouble to leave your house and drive into the countryside? Masai Eco Lodge is better suited to people who enjoy a bit of exercise than those with a permanent bond to the sofa. Children are especially welcome, and there are staff on hand to keep an eye on them while their parents are relaxing. There is a swimming pool with a brilliant panoramic view across the plains, and a fleet of quad bikes that guests can try out, and a motocross circuit. Knowledgeable guides conduct walking tours of the





surrounding countryside, which has a sizeable population of wild birds. Guests can tour the lodge's horticultural garden, or be escorted on hiking trips through the surrounding plains.

A major selling point for the lodge is its suitability as a venue for team building activities. Companies and other organisations looking to improve communication and cooperation between staff members and to hone their motivation, find the lodge an ideal place to work on the process. The basic proposition of team building is that if you take a group of work colleagues away from their familiar everyday environment, beyond the confines of their comfort zone, and expose them to a series of increasingly difficult physical and mental challenges, they soon realise that they will need to develop previously dormant group skills to succeed in the tasks that are thrown at them, or face failure if they are unable to work in close and active cooperation with their peers. Participants learn a lot about their colleagues and, in the process, they usually learn even more about themselves. The end result is usually a stronger, better bonded team, able to reach new heights together. The lodge has skilled team

building professionals on call who can provide a series of challenges during the stay so as to bring a team together and make it a more cohesive unit ready to work in closer support and cooperation and achieve the company objectives as one unit.

Other activities, some of which are worked into team building exercises, include rock climbing, bird watching, hiking, cycling, quad bike competitions, go-kart competitions and field sports. The lodge has two meeting rooms that can host small conferences and training sessions. The Mel conference hall, which has audio facilities, can seat 60 participants, all of whom can be accommodated for overnight stays, and the conference package includes snacks and writing materials. The smaller Laiboni meeting room, with its own washroom facilities, can cater for 25 participants. There is a programme of regular events through the week. Nyama in the Wild is a barbeque event every Saturday from 4pm to 8pm. On Saturday mornings there is a Hike for Wild events from 7.30am to 9.30am. On the last Saturday of every month, there is the Rumble in the Dirt Quad bike Challenge and on every last Sunday

the lodge hosts the Kajiado Motocross Competition. These elements of extreme fun were incorporated to cater to groups who will either be on team building trips of simply vacationing parties. Since we enjoy nature in the wilderness there is a sense that the eco lodge extreme sports division are for those who wish to explore their instinctive competitive selves.

However, there is no need to wait for the Nyama in the Wild event to enjoy roasted meat. The lodge energetically promotes Maasai culture, and meat roasting and eating is an essential element in the culture of the local people of Kajiado. Masai Eco Lodge sets itself a bold challenge, claiming to have the best barbeque in Kajiado, a county that is justifiably proud of its reputation for well-prepared fresh organic meat straight from the herds and flocks that graze the natural grasslands of the plains and forage among the indigenous flora.

So if you are looking for something a little out of the ordinary, a place to unwind, de-tox, and rediscover the simplicity of rural life, Masai Eco Lodge might prove to be just the place for you.

clivemutiso@gmail.com



Star of the Month



Our Star this month is 32 year old Eve Oscar, Internal Auditor at Uwezo Fund Oversight Board. She joined Uwezo Fund in March 2015, and as a Senior Internal Auditor with Uwezo Fund Oversight Board, developed the risk profile of the Fund, produced 26 audit reports that guided the Board on improving the governance processes and internal control management systems. She also raised concerns over the weaknesses on controls over the management of imprests (cash advances to the staff) which led to the strengthening of the same.

Earlier, when she worked at the State Department of East African Affairs as an Internal Auditor, (September 2013 to February 2015), she conducted asset management audits in 5 Regional Integration Centers prior to the operationalization of East African Communities. She interrogated the payroll system to substantiate that only bonafide employees were paid. She in addition reviewed transport and fuel management systems for efficiency and effectiveness.

In August 2010 to 2013, she worked for the Ministry of Foreign Affairs and International Trade (it was then known as the Ministry of Foreign Affairs) as an Internal Audit Assistant. Her responsibilities included conducting Value for Money audits on 4 Missions in Europe and projects that had been undertaken and advised on how the Ministry could improve on Efficiency, Effectiveness and Economy. This helped in informing part of the foreign regulations on matters financial management and internal controls.

Apart from her regular job, she mentors a group of 6 girls in secondary school from her village. She attained a Second class Honors, Upper Division, at Strathmore University and is happy to have been among the top ten best in the examination of corporate governance for directors examined by the center for corporate governance (she came 5th out of 33). She is also excited to have taken up French at some point in her life. At Strathmore University (2012-2015), she obtained a Bachelor of Commerce; Accounting Major and Finance Major at

KCA University (2008-2012) - Certified Public Accountant of Kenya (CPAK).

She has a lot of other things to be grateful for; CPA Eve says she learnt a lot at the Ministry of foreign affairs where she held her first job and also at Utalii College and at Mbabu Ochami and Associates where she did her internship prior to joining the Foreign affairs and international Trade Ministry. During her time with Mbabu Ochami and Associates CPAK, she worked mainly with SMEs where her duties entailed filing the statutory returns, drawing their final accounts and advising them on financial controls. "I was also involved in coming up with draft financial regulation for the Rwandan government." "My first job was at the Ministry of Foreign Affairs (as it was then known), was a great learning experience; which I appreciate because it gave me a lot of insight." She clarifies; "The main challenge was that I had just left school, and had no experience whatsoever; this is what you would call - raw knowledge of government audit." She recalls. She explains that - "The CPA profession approaches from a private sector point view, which is very different from the internal audit in the government sector. So I had to get acquainted with the government laws, rules and regulations, before I could be engaged effectively into the practical work; this was in 2011. I gained a lot because I got a very valuable and experienced mentor, who was then the Internal Auditor General - retired Phillip Ndungu."

As an intern in Utalii College, she was an accounts clerk. She also worked with an audit firm known as Mbabu Ochami and Associates CPAK; mainly with SMEs, where her duties entailed filing the statutory returns, drawing their final accounts and advising them on financial controls. "I was also involved in coming up with draft financial regulation for the Rwandan government."

Below is the interview...

What was your first job?

My first job was at the Ministry of Foreign Affairs and International Trade, it was then known as the Ministry of Foreign Affairs.

Why did you leave the Ministry?

Uwezo Fund was established, and since my finance background and passion was in working with SMEs and startups, I felt my potential would be actualized well in the UWEZO Fund than the Ministry. I had already worked for the Ministry for two years.

Present Position?

Internal Auditor at Uwezo Fund
Oversight Board.

What does your present job entail?

My job entails provision of consulting and assurance services on governance, internal control systems and risk management on the operations of the Fund. In addition, I also review compliance with the government laid down rules and regulations in the execution of the mandate of the Fund.

How has the accounting profession developed lately in your view?

The introduction of Public Sector Accounting Standards Board is a major milestone in the Public Sector Reporting, in that there is now uniformity in the financial reporting which had been lacking before. All Government entities are now required to comply with the provisions of the International Public Sector Accounting Standards in reporting performance.

What was your biggest challenge at work/in your life?

Work- deliberate overriding of controls
Life- Growing up without a mother.

What changes would you like to see at the institute?

- Reduced cost of training
- Institutionalization of mentorship programs
- Ensuring that provision of accounting services is only undertaken by qualified accountants

Major work highlights? Other highlights in your life?

Work Highlights- value addition in whatever assignment I undertake.
Life highlights- To make a difference in my environment.

What made you take up accounting?

My childhood friend (George Kagongo) loved arithmetic and since I wanted to be his friend, I too was forced to love



“My first job was at the Ministry of Foreign Affairs (as it was then known), was a great learning experience; which I appreciate because it gave me a lot of insight.”

mathematics. Another reason was the devotion of our teacher in Rae Girls High School. When I joined high school, we had accounting as a unit from form one. So you could either choose accounting or commerce. Our accounting teacher, one Mr. Waweru, taught us with so much passion, and his mode of delivery was, to me, unmatched. The result was that 90 percent of my classmates then, are accountants today.

What is your hope for your organization?

To have the best business development and financial innovation in place.

What do you think is the greatest challenge for accountants today and what can be done about it?

Remuneration; and more so from the point of the disparity between the perks offered to the “Big Four” firms compared to other firms.

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

I would like to see an institute that is more vibrant especially in matters public finance management.

What does your ordinary working day entail?

Basically I am supposed to work for 8 hours 5 days a week, but practically I work more than 8 hours.

What advice do you have for budding accountants?

We have a duty to steer the economy of this country to greater heights if we can stand our ground and not be influenced in any unethical manner

What have been your lowest and best moments?

Lowest moment- when I lost my mum.

Best moment

When I got nominated by the Ministry of Education for a Hungarian government Stipendium scholarship to pursue Masters of Science in Business Development.

Where did you grow up?

In Mogotio, where my father was working.

Family life? Children, spouse?

Currently I am dating the most adorable man (Ugandan) and we are planning to have a traditional wedding in January 2020.

What are your hobbies?

Reading
Community service
Mentorship
Partying

Who has inspired you most in your life?

My father Oscar Olal. He brought me up, since my mother died early in my life. He taught me a lot and encouraged me a lot as well.

What do you like reading?

Classical books

What are you reading now?

Becoming by Michelle Obama

What does an ordinary weekend entail?

I worship on Saturday and make time to visit relatives and friends.

What is your philosophy in life?

To make a change. You don't need huge resources, start by making up your bed every day. What really drives me, is making a difference; no matter how small... to someone, to a place. I always ask myself; what difference can I make in someone's life? I love reaching out to people; to make people smile - that is what makes me wake up with enthusiasm every day.

WHICH IS BETTER A BCOM OR A CPA?

By FCPA Dr. Jim McFie

I was once attending a meeting in the offices of the Commission of University Education in Kenya: one of the persons attending asked those present, “What is the difference between a BCom degree and the CPA qualification”? A Professor from one of the public universities in Kenya answered: “The BCom gives one a much better foundation”. I remember thinking to myself that when one does not know about the subject matter being discussed, it is better to keep quiet or to admit that one does not know, rather than to pretend that one does know: unfortunately, there are many who do not know that they do not know – as was the case for this “learned” Professor. The fact is that one’s foundation in any area of knowledge depends on many factors. Ndungu Gathinji, a member of ICPAK and a former member of the Board of the International Federation of Accountants (IFAC), where he chaired the IFAC membership committee between 1995 and 1997 and the Developing Nations’ Task Force in 2002/2003, has a natural talent for accounting: he cannot understand how anyone can find accounting difficult. I know a very successful lawyer who just does not like numbers in any shape or form: he is an intelligent man, but accounting is not for him – even though he passed the paper in accounting that he sat when he was at the Kenya School of Law. Kenya’s world champion marathon runners have a natural talent for marathon running: but those champions work extremely hard to remain at the top of their game: some students who have not qualified well enough to sit the Certified Public Accountant (CPA) examinations

of the Kenya Accountants and Secretaries National Examinations Board (KASNEB) and as a result do the Accounting Technician Diploma, actually progress, on average, through the CPA examinations of KASNEB, more quickly than graduates: those technicians have a very good grounding not only in accounting, but also in all the other subjects associated with accounting. Often, their attitude is far superior to that of graduates – they are ready to do the extra study that enables them to excel. If one puts “what is the purpose of a university degree”? into Google, one has a choice of 293 million sites to read about the topic. At <https://www.researchgate.net/> the answer given is: “The main purpose of undergraduate or bachelor degree education is about discipline specific knowledge or applied skills and developing generic skills. The other long term purpose of undergraduate education is to enable graduates to be good citizens and committed to ethics and values”.

When I was studying for my PhD, I attended a lecture given by a professor from a university in Singapore, in which he spoke of the book entitled “The Idea of a University”, written by John Henry Newman. In 1863, sixty-two-year-old Newman wrote, “from first to last, education ... has been my line.” He was a lecturer in Oxford University. His career at Oxford had begun with his election in 1822 to a fellowship at Oriel College, one of the almost forty colleges that make up Oxford University – the number has increased marginally over the years. Newman had written that obtaining a fellowship at a college in Oxford was “at that time the object of ambition of



"The Idea of a University" is a classic work on university education; it is famous for its advocacy of a "liberal education" as the principal purpose of a university. However, the nature of what Newman meant by a liberal education has often been misunderstood. What he calls "special Philosophy" or "Liberal or Philosophical Knowledge" he sees as "the end of University Education," which he defines as "a comprehensive view of truth in all its branches, of the relations of science to science, of their mutual bearings, and their respective values." This can be very misleading to a modern reader who may suppose that what Newman means is that the heart of the curriculum will be courses in philosophy or, alternatively, some rather mysterious "special" kind of philosophy. In Glasgow University, a degree that can be taken is in "Natural Philosophy" – in reality, we would call it "Applied Mathematics". Newman's "philosophy of an imperial intellect," as he rather grandiloquently terms it in the second half of "The Idea", is not some super-philosophy but simply what he calls in the Preface to the "Discourses" that "real cultivation of mind" which he defines as "the intellect ... properly

Another misunderstanding of Newman's idea of a liberal education is that he was advocating the study of the liberal arts for the usual kind of reasons. But it is striking that in his several discussions of literature, for example, in "The Idea" he does not at all stress its cultural value. It is true that he acknowledges that literature is the "history" of the person, "his Life and Remains," "the manifestation of human nature in human language." And he also points out that if "the power of speech is a gift as great as any that can be named ... it will not answer to make light of Literature or to neglect its study." But there is no attempt to argue for the cultural value of studying literature, or even that a knowledge of literature is an essential part of education. What he does argue in his lecture "Christianity and Letters" in the second half of "The Idea" is that traditionally "the Classics, and the subjects of thought and the studies to which they give rise, or ... the Arts, have ever, on the whole, been the instruments of education."

This could be very misleading for a modern reader who will understand by the Classics the languages and literature of ancient Greece and Rome. But, in fact, Newman is thinking of the seven liberal arts of the medieval university, which, as he explains in the same lecture, comprised grammar, rhetoric, logic and mathematics, which was subdivided into geometry, arithmetic, astronomy and music. Grammar certainly involved literature, the literature of Greece and Rome, but this education in the arts was hardly what we would mean by an education either in the arts or the Classics.

Speaking of knowledge viewed in relation to professional skill, Newman states: "I have been insisting, in my two preceding Discourses, first, on the cultivation of the intellect, as an end which may reasonably be pursued for its own sake; and next, on the nature of that cultivation, or what that cultivation consists in. Truth of whatever kind is the proper object of the intellect; its cultivation then lies in fitting it to apprehend and contemplate truth. Now the intellect in its present state, with exceptions which need not here be specified, does not discern truth intuitively, or as a whole. We know, not by a direct and simple vision, not at a glance, but, as it were, by piecemeal and accumulation, by a mental process, by going round an object, by the comparison, the combination, the mutual correction, the continual adaptation, of many partial notions, by the employment, concentration, and joint action of many faculties and exercises of mind. Such a union and concert of the intellectual powers, such an enlargement and development, such a comprehensiveness, is necessarily a matter of training. And again, such a training is a matter of rule; it is not mere application, however exemplary, which introduces the mind to truth, nor reading many books, nor getting up many subjects, nor witnessing many experiments, nor attending many lectures. All this is short of enough; a person may have done it all, yet be lingering in the vestibule of knowledge: s/he may not realize what her/his mouth utters; s/he may not see with her/his mental eye what confronts her/him; s/he may have no grasp of things as they are; or at least s/he may have no power at all of advancing one step forward of her/himself, in consequence of what s/he has already acquired, no power of discriminating

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The Idea of a University” is a classic work on university education; it is famous for its advocacy of a “liberal education” as the principal purpose of a university. However, the nature of what Newman meant by a liberal education has often been misunderstood.

between truth and falsehood, of sifting out the grains of truth from the mass, of arranging things according to their real value, and, if I may use the phrase, of building up ideas. Such a power is the result of a scientific formation of mind; it is an acquired faculty of judgment, of clear-sightedness, of sagacity, of wisdom, of philosophical reach of mind, and of intellectual self-possession and repose — qualities which do not come of mere acquirement. The bodily eye, the organ for apprehending material objects, is provided by nature; the eye of the mind,

of which the object is truth, is the work of discipline and habit. This process of training, by which the intellect, instead of being formed or sacrificed to some particular or accidental purpose, some specific trade or profession, or study or science, is disciplined for its own sake, for the perception of its own proper object, and for its own highest culture, is called ‘Liberal Education’; and though there is no one in whom it is carried as far as is conceivable, or whose intellect would be a pattern of what intellects should be made, yet there is scarcely any one but may gain an idea of what real training is, and at least look towards it, and make its true scope and result, not something else, her/his standard of excellence; and numbers there are who may submit themselves to it, and secure it to themselves in good measure.

And to set forth the right standard, and to train according to it, and to help forward all students towards it according to their various capacities, this I conceive to be the business of a University.

Now this is what some great men are very slow to allow; they insist that Education should be confined to some particular and narrow end, and should issue in some definite work, which can be weighed and measured. They argue as if everything, as well as every person, has its price; and that where there has been a great outlay, they have a right to expect a return in kind. This they call making Education and Instruction “useful,” and “Utility” becomes their watchword. With a fundamental principle of this nature, they very naturally go on to ask, what there is to show for the expense of a University; what is the real worth in the market of the article called ‘a Liberal Education’, on the supposition that it does not teach us definitely how to advance our manufactures, or to improve our lands, or to better our civil economy; or again, if it does not at once make this person a lawyer, that an engineer, and that a surgeon; or at least if it does not lead to discoveries in chemistry, astronomy, geology, magnetism, and science of every kind. This question, as might have been expected, has been keenly debated in the present age, and formed one main subject of the controversy, to which I referred in the Introduction to the present Discourses, as having been sustained in the first decade of this century by a celebrated Northern Review on the one hand, and defenders of

the University of Oxford on the other. Hardly had the authorities of that ancient seat of learning, waking from their long neglect, set on foot a plan for the education of the youth committed to them, than the representatives of science and literature in the city, which has sometimes been called the Northern Athens, remonstrated, with their gravest arguments and their most brilliant satire, against the direction and shape which the reform was taking. Nothing would content them, but that the University should be set to rights on the basis of the philosophy of Utility; a philosophy, as they seem to have thought, which needed but to be proclaimed in order to be embraced. In truth, they were little aware of the depth and force of the principles on which the academic authorities were proceeding, and, this being so, it was not to be expected that they would be allowed to walk at leisure over the field of controversy which they had selected.

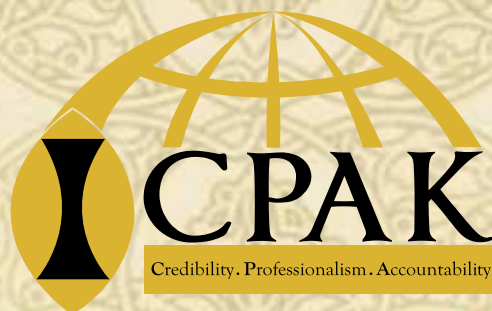
Accordingly they were encountered in behalf of the University by two men of great name and influence in their day, of very different minds, but united, as by Collegiate ties, so in the clear-sighted and large view which they took of the whole subject of Liberal Education; and the defence thus provided for the Oxford studies has kept its ground to this day”.

It must be remembered that Newman was writing in a very different time, when the pursuit of wealth was perhaps not as strong as it is today.

But the ideal university degree, as described by Newman, is very different to what happens at university today. A BCom does not teach one to think in the way Newman advocates: it is merely a technical qualification. And as a technical qualification it is vastly inferior to the CPA qualification. However, academics are ignorant of this fact.

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Another misunderstanding of Newman’s idea of a liberal education is that he was advocating the study of the liberal arts for the usual kind of reasons.



ISLAMIC FINANCE CONFERENCE

Theme: Voyager Beach Resort, Mombasa

Date: 17th to 19th July 2019

☞ The ethical principles on which Islamic finance is based may bring banks closer to their clients and to the true spirit which should mark every financial service. – L'Espresso Romano (Newspaper)

Focus Areas:

- Regulatory Framework – An Overview
- Takaful – Emerging Trends
- Overview of Islamic Banking
- Sukuk (Islamic Bond)
- Islamic Asset/Investment Management
- Case study – A Look at Dana Gas
- The Future – Developments and Challenges

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Associate Members/Accountant trainees	Ksh. 40,000	Ksh. 50,000
Kenyan based Members/ ACCA Members and IFAC PAOs	Ksh. 50,000	Ksh. 55,000
Non-members & International Delegates	Ksh. 55,000 USD 650	Ksh. 60,000 USD 610

For registration and booking, contact **0719 074 000 / 0733 856 262**

memberservices@icpak.com | www.icpak.com

Travel & Accommodation: Participants are required to make their own travel and accommodation arrangements

THE 4th CHAPTER SEMINAR UNITED KINGDOM



Date: 11th – 14th June 2019

Venue: Holiday Inn - Regent's Park, London, United Kingdom

TOPICS:

- The Evolving Role of the CFO
- The Legislative Oversight on Government – The UK Experience
- Public Debt Sustainability – A Chance for African Firms to Raise Capital
- Convergence of Global Tax Systems – Lessons from Europe
- The Role of the Board and Audit Committees among Listed Entities
- BREXIT – The Future of Economic Blocks and its Impact on Africa
- Harnessing the Power of the Cloud – Data Security and the Associated Effects

20
CPD
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Category	Early Bird Registration Booking & Payment on or before 28 th May 2019	Normal Registration Booking & Payment or LSO/LPO received by ICPAK after 28 th May 2019
Associate Members / Accounting Trainees	Ksh. 155,000	Ksh. 165,000
Kenyan based Members/ACCA Members and IFAC PAOs	Ksh. 165,000	Ksh. 170,000
Non-members International Delegates	Ksh. 170,000 USD 1710	Ksh. 175,000 USD 1760

Online Booking: Available at www.icpak.com/events

For registration and booking, contact **0719 074 000 / 0719 074 307**,

Email: judith.wambura@icpak.com, memberservices@icpak.com

Travel & Accommodation: Delegates are required to make their own travel and accommodation arrangements

CPA CENTRE TO LET



OFFICES • BANKING HALLS

**Total area
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