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Dear Reader,

The announcement by the Central Bank of Kenya Governor Patrick Njoroge during the Madaraka Day celebrations that the old Sh1,000-note will be withdrawn from circulation on October 1 seemed to have come as a surprise to many; especially because the other denomination notes will continue to circulate alongside the new ones, unveiled at the same event in Narok County.

The governor praised the uniqueness of the new notes pointing out that they have captured different themes and harder to-counterfeit security features. The new notes have also captured various images—including the iconic Kenyatta International Conference Centre (KICC) and the big five wildlife, making them easier to use by the visually impaired.

Mr Njoroge said the new banknotes bear significant aspects of our nation and like the coins, will serve as a means of passing knowledge, conserving culture and promoting our global uniqueness. He added that each banknote has a unique theme to show the richness of our people and nature in our beautiful Kenya. “For the Sh50 we have green energy, Sh100 agriculture, Sh200 social services, Sh500 tourism and Sh1000 governance.” It may be significant that although the planned withdrawal of the old generation Sh1000 notes was met with criticism from some quarters, it was warmly received by the business community. The Kenya Association of Manufacturers (KAM) and the Kenya Private Sector Alliance (KEPSA) lauded the move arguing that it would stamp out corruption and eliminate illicit financial inflows into the economy. This is our cover story.

A feature in the financial reporting and assurance segment, sheds light on the effects of digitalization of the economy, especially within the East African context and its effect on accounting policy, norms and cultures within the profession. The

advent of the digital age has brought far reaching changes to all sectors of the economy, professions and way of life. According to the author, it has been named the 4th industrial revolution where information technology has been the key driver of these digital changes.

In business and practice development, we talk about keeping proper books of accounts. A majority of business owners tend to see it as tedious and bothersome ... yet bookkeeping plays a vital role in their businesses. You may not like it, but bookkeeping is not only a driver to show how your business is progressing, but also shows how disciplined you are in managing and running your business. Therefore, keeping proper books of accounts, is not optional to any business. Simple accounting mistakes may make your business exit the industry within the first few years, if not months. These business bloopers could range from failing to file tax returns, to postponing the recording of receipts on time, not reconciling your bank statements, among others.

Until now, insider trading remains a topic many investors struggle to fully comprehend. They are uncertain of what it is, how it works, why it is such a big deal, and how it is punished. In the USA, insider trading made headlines in 2003, following an infamous scandal, which sent a high-ranking person to federal prison. In Kenya, with recent news headlines, articles, and documentaries, one would be forgiven to think that people truly understand that insider trading is illegal. For the love of money, and the desire to make more of it, some investors ignore the rules and regulations ordinarily designed to protect and ensure fair market play for all investors. Undeniably, insider trading, brings about negative effects on the debt market, and investor confidence. It hurts economic development because it reduces returns for the investors who do not have access to the capital market’ inside information. Find out more about this under finance and investment.

As new businesses are created and old ones spun off, processes evolve, technologies are adopted, and regulatory demands fluctuate, the internal audit function must develop new approaches to advise management on key issues, anticipate risk and be more forward-looking. Changes like these call for innovation. The Audit segment provides you with more information on this.

We bring you interesting and inspiring features in our regular pieces. Under inspiration, we discuss harmony... Peace comes to us in a number of ways. It is about calmness, serenity love and care. It is about doing what makes you happy, feeling loved, giving and, receiving. It is also about friendship, having a stable family and living a purposeful life.

Meanwhile, environmentalists are concerned that several fishing practices are becoming harsher to delicate territories and are asking you to join them in building a future that will safeguard the fishes in our waters. For travel we take you to western Kenya, to discover the unexplored western circuit, while pen off discusses how Nations are destroyed.

Mbugua Njoroge

Editor



DO YOU USE ARTIFICIAL INTELLIGENCE FOR YOUR AUDITS? THE SOFTWARE IS AVAILABLE!

By Jim McFie, a Fellow of ICPAK

A few weeks ago, the Journal of Accountancy, a United States publication, held an Accounting Technology Roundtable, in which three of the profession's leading tech experts spoke about automation in the area of accountancy. The three experts were David Cieslak, chief cloud officer and executive vice president with business-consulting firm RKL Solutions and a popular accounting conference speaker best known for his Inspector Gadget keynotes; Liz Mason, founder and CEO of High Rock Accounting, an Arizona-based firm that specializes in using "cutting-edge technology" to enhance clients' accounting operations; and Amy Vetter, a keynote speaker and business adviser who is CEO of The B3 Method Institute, and the Technology Innovations Taskforce leader for the American Institute of Certified Public Accountants Information Management and Technology Assurance (IMTA) Executive Committee, and author of the book "Integrative Advisory Services: Expanding Your Accounting Services Beyond the Cloud".

The first question put to the trio related to whether artificial intelligence (AI), blockchain or something else would produce the biggest changes in the accounting profession. The unanimous reply was artificial intelligence; Mason added that accountants also need to be looking at augmented analytics and advanced analytics. When Amy Vetter was asked what were the biggest changes she foresaw for the accounting profession in the next five to ten years, she stated that there is a lot of talk about accounting firms hiring non-CPAs. An interesting part of that shift is that firms will need privacy and cybersecurity experts and computer systems experts as

automation takes on a bigger portion of audit work. When data starts feeding in automatically into systems that evaluate every transaction and flag ones that auditors should check more closely, accounting firms will need people who can test the systems. They will need to make sure that the data is feeding in properly and securely so that clients are comfortable about accountants having the data and keeping it safe. The biggest change for CPAs would be the need to embrace continuous learning. So whether it is blockchain, robotics, or whatever it is, CPAs should start picking out what are the things that really interest them and start building a learning plan beyond the typical CPD. Liz Mason was asked what technology was she most excited about and why. She is really excited about the concept of automated data entry and code-free accounting. She pointed out that technology has evolved over the past couple of years to increase the base-level efficiency of her team by 40%, and she was excited to see what happens next. She believes the machine-learning algorithms are only getting started on how they will make accountants' lives so much more efficient from the client advisory and client accounting services perspective. In addition, looking into advancements occurring outside of accounting but in related industries, she is excited about natural-language processing — the concept being that one can read contracts via a robotic automated tool and pull out the information that is important. For example, in insurance, there is a company called RiskGenius that has been building a tool to analyze insurance contracts and pull out all of the important information: if one takes that ability and applies it to accounting, one could imagine the implications of recording accounting transactions: many accountants spend



hours on M&A transactions just to get the journal entries right: if one could have a tool that did that for one, it would make significant savings in time for any kind of financial contract. She is also excited about advanced analytics and what is happening in data science. The ability to take data — not only from historical sources, but current sources that are not only quantitative but qualitative — and to analyze them in real time, plus adding the ability to do predictive analytics on top of it, gives her an excitement that she cannot describe in words: as we move forward, we will have CFOs with these augmented analytic models in front of them, showing them exactly what is going to happen with predictive indexes so they can make decisions based on mathematics and data: I think one has to be cautious about being able to predict the future — we have only to think of any meteorological predictions to realise how uncertain we have to be about predictions.

The interviewer pointed out that David Cieslak was the only member of the panel who had participated in an earlier roundtable. The first roundtable had been held in late 2011: he was asked to name what stands out for him as he views the changes that have taken place with accounting technology since the first roundtable way. Thinking about the changes that have transpired in the last eight years, he was struck by the fact that a time had come when firms and practitioners are appreciating the impact of technology, probably because they have seen the impact technology has had in their personal lives: in the US, many people are connected to their smart devices day in and day out: many people have brought Amazon Alexa or Google Home into their households: they see the impact technology has for them personally, and they naturally then ask if they are doing all they can to leverage technology in the workplace. Millennials are assuming leadership roles in firms and that cannot but help to help push a digital mindset to the organization.

He was then asked to give his opinion as to where the accounting profession stands when it comes to technology — ahead of the game, on the right track, or not where it should be. His reply was that he thought, on balance, that it is on the right track, but he added that a number of firms that are largely rooted in traditional



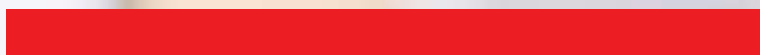
or legacy services are trailing and may still find themselves in a kind of a survival mode, diminishing the remaining value within their organization: other firms are understanding the opportunity that technology presents and crafting their service offerings accordingly. Liz Mason disagreed. She thought that the typical accounting firm is way behind: there are new technologies that people are not even talking about. Large firms have great big budgets and are making these newer technologies a priority. They are working very hard to implement them across the board. Some young firms are pushing the industry forward – or pulling it if one is looking at a tech adoption curve: she reiterated that the majority of firms are behind. Even firms that think that they have adopted cloud-based technology have not fully integrated cloud-based technology. Vetter qualified his earlier statement: he considers technology companies part of the accounting profession – they are on the right track: the segment that may be even further behind than accounting firms is the corporate side of accounting – a lot of corporate accounting departments are stuck in very antiquated technology because budgets cannot get approved for them to actually upgrade or get to the cloud. Liz Mason completely agreed with him that corporate accounting departments are probably the furthest behind – companies are not making accounting a priority because it is an “overhead.”

Liz Mason was queried on what needs to be happening within the accounting profession to get to a position where she would say that it is not behind. Her reply was that, at the firm level, she thought that every single team member — every partner, every director, every manager, every senior, every member of staff — needs to be thinking about what technology could do to help them: people need to be trained to have critical-thinking skills instead of “we want you to be a robot and produce the same results as the prior year.” It is a culture shift that needs to happen. She pointed out that she had done a lot of consulting with large companies on how to make their departments more efficient, and one of the biggest issues is redefining roles. They put these people in buckets, and buckets are no longer working from that perspective. To have streamlined technology and efficient processes, one needs more dynamic roles and the ability to leverage (and) outsource when the expertise is not available internally. Processes need to be analyzed, mapped and understood so that processes can first be fixed and then one should review technology solutions to help with the issues and hire experts when needed – but there is always training and ongoing analysis. The rate of change is only increasing. If a new technology was implemented three years ago and the supplier has not released any updates or put any funding into R&D, the technology is already out of date.

David Cieslak was asked about the skills that CPAs should be developing now to stay competitive in the new tech future. He replied that it can seem overwhelming and daunting, but it is a matter of developing the right mindset on the part of the individual: it is revisiting roles and responsibilities: the ideal individual has a combination of technical and digital skills, business skills, people skills, and leadership skills. Behind or underneath all of that is a mindset of constant learning. Amy Vetter added that she thought that one’s quest to learn new aptitudes can seem like a huge hurdle that accountants have to get over — new skills to be acquired, new technology to be learnt, new services to be offered — all these seem overwhelming. When an implementation plan is being crafted, one should not just be thinking about the business process or new service. One has to spend equal time on the people side of the implementation, understanding how they are feeling about it. Often there can be some negativity, but if one really dives deep into what the negativity is, one can understand what is holding people back and make small adjustments that can get most people on board. One needs to do it intentionally, do it with a plan, and stay really grounded in what one needs to accomplish each day without getting overwhelmed by the process. Liz Mason added “To quote Walt Disney, keep moving forward. All of those small incremental changes add up over time, and

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Liz Mason was queried on what needs to be happening within the accounting profession to get to a position where she would say that it is not behind. Her reply was that, at the firm level, she thought that every single team member — every partner, every director, every manager, every senior, every member of staff — needs to be thinking about what technology could do to help them: people need to be trained to have critical-thinking skills instead of “we want you to be a robot and produce the same results as the prior year.



that is what a great change management plan does”.

When one thinks about actually using artificial intelligence in auditing, one needs to visit MindBridge Ai, a Canadian company, at <https://www.mindbridge.ai/products/ai-auditor/>. This company claims that it revolutionizes financial analysis

errors in the data—not only by analyzing the entire data set, but by cross-correlating dozens of testing criteria against every data point and presenting one with a view of every user, vendor and transaction, by risk, all within moments of ingesting one's data. MindBridge's analysis for external auditing runs very deep, and it is incredibly

have direct links to the software we use and can get a report in 10 minutes. It's amazing. The great thing about working with a small software company is they are willing to listen and make changes. Small public accounting firms can implement this technology for less than \$10,000. The price depends on the size of the audit practice,



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Introducing MindBridge Ai Auditor

Meet the world's first and only AI powered auditing platform



as the world's first and only AI powered auditing platform. Lightning fast, risk-ranked analysis on 100% of transactions, with zero scripting, means that one can provide greater assurance than ever before, all the while saving valuable time and resources. With Ai Auditor, cumbersome CAAT tools are a thing of the past, and with them go the associated risk of missing errors or fraud that may lurk in financial data. It provides a comprehensive, risk-based approach to support one's audit. There are plenty of challenges with established audit practices. Outdated CAAT tools, sampling practices and the explosive growth of big data, all present major barriers to detecting anomalies, intentional or otherwise, in financial data. The Ai Auditor platform works by one's side, augmenting one's capacity to detect

comprehensive. While their platform is stacked with traditional tests based on domain expertise and business rules, the analysis is also greatly enhanced. Statistical methods like regression and Benford's Law are applied, as are numerous machine learning algorithms and AI seeded with knowledge from the domain expertise of some of the world's top CPAs. One can watch a five minute video on the site as Robin Grosset, MindBridge Ai CTO, jumps into the MindBridge Ai Auditor platform, demonstrating data ingestion, risk-ranked scoring and reporting, an overview of the Ai Auditor control point checks, flow analysis and workflows.

Samantha Bowling, a partner with Garbelman Winslow CPAs, a small Maryland firm, started working with MindBridge in 2017: she says, "Today, I

but even if you want to try it out with one client, it's worth getting your feet wet. We now have a competitive advantage. I work with not-for-profits that use QuickBooks Online and other cloud-based software. I go into the cloud for MindBridge, click the QuickBooks link for our clients, and link my clients to the platform. Then it pulls in all the information. I'm now able to more accurately pick a relevant sample for my audits based on risks at the transactions level. This should help us grow our audit practice. This gives us a competitive advantage over firms that use traditional statistical sampling. We are selecting our sample by using AI to review all transactions and pick the riskiest transactions for our sample". That amount of \$10,000 is not small: but it could save large amounts in the future.

ACCOUNTING AND AUDIT IN A DIGITAL WORLD

With this you should be at the
forefront of the financial landscape

By Moses Gathura Kamau

The purpose of this proposed article is to shed light and stimulate discussion on the effects of Digitalization of the economy especially within the East African Context and its effect on accounting policy, norms and cultures within the profession.

The advent of the digital age has brought far reaching changes to all sectors of the economy, professions and way of life. Indeed it has been named the 4th industrial revolution where information technology has been the key driver of these digital changes.

The accounting profession has quickly taken steps here at home and internationally both technically and legislatively to adapt to these changes including but not limited to:

1. Legislative & Technical Review of Laws and Regulations leading to the Accountants Act 15 of 2008

2. IFRS 9 Financial Instruments which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in areas such as Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics.

With our main focus being on the economy and financial activities as members of ICPAK; we need to be at the forefront of the digital revolution; offering guidance to the public; policy direction; as well as be points of reference

on contentious issues that are sure to arise.

In this light we have seen proliferation of new digital currencies and means of exchange that are sure to impact our way of working in the future.

These digital currencies and means of exchange include Cryptocurrencies; MPESA, Airtel PESA, Paypal, Kopokopo among others. Indeed the growth of these alternative modes of payment has now grown to cross border transactions where you can now for example transfer funds from Kenya to Tanzania using MPESA/ Vodacom Platforms.

The explosive growth of these modes of exchange means that we in the Accounting and Audit Sector should be at the forefront of the financial landscape; offering advice, foresight as well as risk management to the society.

“

With our main focus being on the economy and financial activities as members of ICPAK; we need to be at the forefront of the digital revolution; offering guidance to the public; policy direction; as well as be points of reference on contentious issues that are sure to arise.

A key example comes to mind with the advent of Debt/Equity Financing using Mobile Money platforms. This is where SMEs will be able to access digital loans which are applied for; approved, received and repaid over their tenor on a wholly digital platform running on Artificial Intelligence Platform.

What does this mean for accounting & audit?

AUDIT

This automatically means that Auditors should immediately plan for this new digital frontier including changes to their schemes of work; audit evidence collection as well as quality of data collected.

Examples include for mobile loans issues such as:

1. Lack of Loan Documentation – Financing is now applied for using mobile phones with the only evidence of this loan application being a USSD Message and Deposit Message from the Service Provider. Transaction trails nowadays are just a trail of SMS Messages. Should we ask SMEs to save these messages as part of proof of Loan Financing?

2. Should we create new guidelines for Audit of Digital Funds?

3. Is it time for the Financial Auditor's role to merge with the Information Systems Auditor as their roles interlink with every passing day?

ACCOUNTING

From an accounting perspective I do believe that it is time committees were constituted by ICPAK and other like-minded bodies including state organs on the treatment of digital finances. These institutions include Central Banks both here at home and regionally, the East African Community as well as interested individuals and thought shapers.

From media reports it is commendable that efforts have started to be made to regulate and provide guidance on these digital financial assets.

However from a more technical perspective I do believe that issues to be tackled should include:

1. Treatment of Crypto Funds & Digital Financial Assets

Should these crypto funds be classified as intangible assets on Balance Sheets or classified as Cash/Cash Equivalents?

2. Is it time for the Regulators to develop a clear policy on the creation of and use of digital financial products?

3. How do we value products such as Crypto Funds? Are they or should they be deemed as a medium of exchange by the Regulatory Organs in Kenya?

4. Should the IFRS Foundation and the International Accounting Standards Board (IASB) develop a new Standard - designed specifically to deal with these digital financial assets (MPESA, Crypto Funds etc?). With Kenya being at the forefront of the digital transformation with world leading products, I believe that such a working committee if formed by IFRS Foundation, and the International Accounting Standards Board (IASB) should indeed have majority committee members from ICPAK and related organizations in Kenya.

I hopefully believe that these brief issues as raised, will stimulate discussion and lead to an industry approved roadmap as we match forward towards a new digital future.

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THE POWER OF NETWORKING FOR SMEs

Networking during Internationalization

By CPA Benjamin Nyaoro

Kenyan Small and Medium Enterprises

As a business moves up the growth pyramid, the domestic market becomes saturated and full of competition thus reducing the periodic profits because the revenue from the total market segment is shared among the competing forces. The next aspiration therefore is usually to venture into the next immediate international market. The need for business expansion triggers the need for internationalization.

Venturing into an unknown foreign market as a business expansion activity, is like venturing into uncharted water territories; where you may not know how deep the waters go, or how far beyond the territory goes; thus the need to find people who are familiar with the waters to hold the spotlight and provide directions. As it is with most SMEs all over the world, the challenge of resources is real, and a solution needs to be found with utmost swiftness.

Optimum utilization of resources

requires that a firm applies the least possible amount of resources required to perform a certain task to achieve optimum results. To achieve this, firms are encouraged to apply the concept of networking to leverage on the scarce resources at their disposal. In this piece, as I describe the process of networking, I also try to answer two fundamental questions that have been asked by many entrepreneurs I have met in my line of duty, which are:

- i. What are the sources of networking?
- ii. What is the importance of networking?

The Process of Networking

The process of networking involves business owners coming together to forge relationships that are mutually beneficial for their businesses. Networking may be done to help expand businesses' ability to find more customers, more partners and eventually sustainable growth. Networking works

on the principle that the more people you meet and discuss your business with, the more the number of people who will remember you and your business.

SMEs are thus encouraged to increase the number of people they meet both in the domestic and international markets. Could be that someone you meet today becomes useful tomorrow as you seek to venture in a particular market. Networking is thus the process of creating relationships that are useful for business expansion in a foreign market.

i. Sources of networking during internationalization

There are no universally defined sources of networking, but from experience I will try to categorize them as broadly as possible into business networks, personal or social relations and use intermediary firms to bring out a very high-level understanding of the concept of networking.



**a) Business networks**

A business network can comprise of actors, resources and its mobilization and application and/or business activities and their implementation. The aim of creating such a network is to achieve efficiency and efficacy through interlinking of business activities, creating leverage of resource heterogeneity and knowledge sharing. This is purely based on the mutual self-interest of actors. The players in this network could include competitors, suppliers, customers and other stakeholders. In short this is a network of two or more businesses formed at an official capacity for mutual benefit.

b) Personal/Social networks

Social networks or relations is a web of personal relations or connections by individuals to obtain certain favors either as an individual or for the sake of an organization. Social networks result in the creation of social capital that is useful to SMEs and its owners especially in a foreign country in leveraging on financial and other resources. Social networks are mostly formed at an informal setting that can eventually translate into useful business networks if cultivated and developed.

c) Use of intermediaries

Intermediaries are a group of non-business actors that do not directly engage themselves with the purchase or sale of a product or service, but can act as vehicles for communication, information and influence. Intermediaries can be useful to internationalizing SMEs in terms of

providing them for instance with market knowledge or risk analysis for a market they are targeting. In most instances they act as gate keepers who can point SMEs the right direction towards clients and success in a foreign market.

ii. Importance of networking during internationalization

Here are some key reasons why SMEs seeking internationalization must endeavor to network before leaving their home country to go abroad for business reasons.

1. Lead Generation

The most useful leads that one can obtain in a business is through networking. Using contacts and people you know can open bigger doors for business opportunities and success for your business. Ensure professional communication while following up on leads because in as much as people want to help you succeed in your business, they also don't want to feel badgered for business. Use common courtesy and be sensitive to timing when doing follow ups on contacts.

2. Benchmarking and Best Practices

The most effective way to benchmark your business in terms of operations and performance in both the domestic and international markets is through networking. Learning from what people in your networks do is usually the best way to learn since these are people who know you and can accord you ample time to learn one or two things from them. For example, if you own a manufacturing business and you

belong to an association of manufacturers, you can find out what the latest software programs or technology are or learn about employee management practices that you can bring back and adopt to your own business.

3. Leveraging on Business Dynamism and new patterns

Staying in a network puts you ahead of your competitors who do not belong in one. Networking can help you stay on the edge of technology and new business patterns which can hand you a clean advantage over your competitors by implementing new things in your business before they learn of them.

4. Increase in Self-confidence

By regularly meeting and talking to new people, you get to a point of increased confidence if you do it as often. As a business owner, your business's growth is highly dependent on meeting and talking to the right people and making the right connections. Networking is key for forging and maintaining relationships as it pushes people who are less confident to make conversations and lasting relationships and partnerships with people they do not know.

5. Level of Influence

"It's not WHO or WHAT you know, but WHO knows you". This is true when it comes to building successful business relations in the international market. To grow your business quickly in the foreign market, you will need to forge a strong source of relevant contacts in your network. Networking can open up several doors to talk to highly influential people that you wouldn't otherwise be able to easily talk to or access. So, ask the right questions to find out if the person you know is the one you want to know or if they know the person or people you would want to know you and your company!

In conclusion, all said and done, networking is an art and some people are just naturally more gifted at blending with people they don't know and making friends on first contact while others are not. If you are not good at it, practice being friendly and learn the art of striking up conversations. Learn the trick of remembering the names of people that you meet and creating a good first impression on them.

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5 SUREFIRE TIPS THAT WILL IMPROVE YOUR BOOKKEEPING

By Mwangi Kioni Stephen

When we talk about keeping proper books of accounts, a majority of business owners tend to see it as tedious and bothersome work... yet bookkeeping plays a vital role in their business. Yes, you may hate it but bookkeeping is not only a driver to show how you are progressing businesswise, but it also shows how disciplined you are in managing and running your business. Therefore, keeping proper books of accounts is not optional to any business.

Simple accounting mistakes may make your business exit the industry within its very first few years if not months. These business bloopers could range from failing to file tax returns to postponing the recording of receipts on time, not reconciling your bank statements, among other things, just to mention a few.

Luckily, here are some tell-tale tips

to give you some insights into how to improve your bookkeeping:

- Consistent in recording and updating accounts
- Take advantage of the accounting software
- Use cloud computing to safeguard your accounting data
- Plan for your business tax in advance
- Have a regular audit of your business

1. Consistency in record keeping

Recording your transactions every day is one of the most important things you can do for your business. It may sound difficult to do because of the hustle and bustle that people make excuses with. However, doing it little by little may change your business drastically. Scheduling at least 30 minutes of your time and updating or recording the day's transactions could definitely change how your business is run. Some individuals may claim their firms are small and therefore, find it

easier to record weekly or monthly, but, how sure are they that they will recall all the transactions?

As they say, practice makes perfect. It is important to make an effort to consistently record your day's transactions and with time, it will be a normal routine and as a part of your day's work. However, should you not update your book of accounts and keep on postponing it to a later date, it may cost your business heavily later on. Some of the records you need to be keen about include but not limited to:

- Reconciling your weekly or monthly bank statement
- Update the trade receivables account and trade payables accounts
- Identify and record newly acquired assets as well as any disposal
- Update any taxes filed and the respective payments vouchers
- Record any cash received and any expenses

2. Use the Accounting Software

Technology has changed how businesses are conducted and it has made accounting work much easier. However, it may be a challenge to owners of the businesses who have inadequate knowledge about using accounting software technology. There are indeed numerous software applications that have revolutionized and made it easier for firms to keep proper books of accounts. This has been done by integrating all the records into one system and you can easily track a transaction with just a mere click.

To run your firm well, you need to know how to leverage these accounting programs if you want to maximize your returns and minimize your costs. For instance, software such as QuickBooks, sage, pastel, tally, and Wave, among others, provide the best solution to help you keep your accounting books in order. Some of them have been developed to an extent that they can easily detect the wording of receipts using scanning technology and populate the necessary data for bookkeeping. The firms that use the accounting software for bookkeeping enjoy some of these benefits:

- Accurate accounts are well maintained
- Verifying transactions is easier
- Reconciling data is much faster
- Discrepancies can also be noticed very fast and rectified
- Easier recording of all transactions
- Ledgers are easily produced

3. Store Your Data in Cloud

Gone are the days when the only mode of storing important information was the lock and key system. Space in the office is scarce, leave alone the dust and any other catastrophe that may fall on the physically

stored data. Hardcopy documents that do not require signatures or fade quickly should not occupy much of your valuable space. For better bookkeeping experience, you want to use cloud computing to store your data safely and consequently, worry about other strategies to expand your business revenue.

The evolvement of cloud computing, which is commonly used to store data is with us to stay. We should appreciate the improvement of technology and how cheap and easier it is to store and retrieve the information. Cloud computing enables your data or information to always be stored and protected in a remote database/server. We have several firms that offer these great services to the business owners. Google apps, Apple I cloud, Amazon and Microsoft are among the so many vendors that offer this great service. As a business person, using this method as a way of bookkeeping will assist in:

- Keeping your information secure
- Cost savings
- It is useful during data recovery processes
- There's increased collaboration and unlimited accessibility of information to authorized persons
- There is an increase in the overall productivity

4. Plan in Advance for Tax Filing and Payment

Tax planning is an integral part of any business strategy. This, therefore, explains why you should keep proper books of accounts. Failure to plan for your business, tax filing and payment can easily bring your business to its knees. The expense associated with tax cost

is so excessive that it can dwindle your profits as well as your capital. You should update yourself with the new rules and regulations pertaining to tax issues and by so doing, you can be able to mitigate risks and expenses, respond quickly to unexpected charges, and maximize your growth potential. All in all, planning your tax filing ahead requires you to have kept proper accounting books to assist you in estimating your tax in advance and be able to set a fund for your business tax obligations on time.

5. Balance Your Accounting Books and Have an Audit

After properly recording all your transactions, it is good to subject your books to an independent audit. This will give you an insight into whether the collected information is appropriate and sufficient. An expert should be in a position to guide you on whether the books are balanced. A monthly, quarterly, semi-annual or annual audit could be done depending on the volume of transactions that have taken place. This audit will act as a guide on how to run and manage your business subsequently well. Being able to balance your books and having a regular audit will benefit your business in various ways, including:

- Errors made while recording or updating your data will be detected and prevented early
- Performing regular audit will help you in proper bookkeeping
- Fraud that could have been committed can easily be noticed
- Discipline and other ethical issues in the workplace will be well maintained
- It helps in the smooth running of your business in general

Final Thoughts

It is paramount to take care of your business by keeping your accounting books in order. Proper and effective bookkeeping in your business will not only instill confidence, but is also a way to detect problems and solve them quickly. It may be considered as a necessary evil but it is so essential to the operation, growth, and prosperity of your business. Parting shot; keeping good accounting records is not an optional but highly necessary undertaking for any business.

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INSIDER TRADING CONUNDRUM EXPLAINED

By CPA Dr. Asenath Maobe

Until now, insider trading remains a topic many investors struggle to fully comprehend. They are uncertain of what it is, how it works, why it is such a big deal and how it is punished. In the USA, insider trading made headlines in 2003 following the infamous scandal involving Martha Stewart /Imclone, which sent her to federal prison.

In Kenya, with recent news headlines, articles, and documentaries, one would be forgiven to think that people truly

understand that insider trading is illegal. For the love of money, and the desire to make more of it, some investors throw away any ounce of consciousness and ignore the rules and regulations ordinarily designed to protect and ensure fair market play for all investors.

Indeed, insider trading, bring about negative effects on the debt market, and investor confidence. It hurts economic development because it reduces returns for the investors who do not have access to the capital market's inside information. Quite unbelievably, insider trading was

not considered a crime at the advent of the 20th century. Around that time, the supreme court in the USA called it a 'perk' for being an executive. However, after the excesses of the 1920s, and a general public demand, insider trading was considered a punishable crime.

Insider Trading Defined

Insider trading is a punishable crime. It occurs when someone who has a fiduciary duty to others; persons, corporations and institutions makes an investment decision that is based on the

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inside information they have owing to their fiduciary role. The information that is uniquely available to them allows them to make financial gains or avoid losses. In the case of Martha Stewart, she avoided losses.

In other instances, insider trading can arise and is purely based on crime. This is where, for example an organized team of criminals can infiltrate an organization's server and gain access to inside information of the enterprise. This information is then used for financial exploitation. This scenario

is not necessarily based on fiduciary relationships.

What merits as punishable insider trading and what does not?

Getting all criminal activities that qualify as insider trading is rather a tricky affair. There are aspects to be considered by the Capital Markets Authority before persecuting for insider trading. One of the main issues to consider is proving that the defendant had a fiduciary duty to the company or they did intend to make personal gains from buying or selling

shares based upon insider information. Here are a few of the case laws involving insider trading:

The Test of Fiduciary Duty/Case Laws

Case 1.

Supreme Courts USA Vs. O' Hagan Ruling 1988

James O' Hagan was a partner in the law firm Dorsey & Whitney which had retained by Grand Metropolitan a corporation headquartered in London, which was planning on taking over Pillsbury Company in Minneapolis. O' Hagan was not part of the takeover transaction deal but overheard the takeover plans over a discussion at lunch. He began purchasing stocks of Pillsbury Company at around \$39 per share in August, 1988, by the end of September he owned approximately 5,000 shares of Pillsbury and 2500 options far exceeding any other individual investor. When Grand Metropolitan announced the takeover in October, same year. O' Hagan sold his stocks at a profit of more than \$ 4.3 million, when the share rose to \$60.

Opinion of the Court

The courts found out O'Hagan was liable under Rule 10 (b) for misappropriating insider information. The court remanded the case at the court of Appeal for further proceedings. The court did not find O'Hagan in direct violation of SEC Rules, given that he was not directly involved in the transaction in line with the classical doctrines theory, the Supreme Court adopted an additional doctrine known as the misappropriation theory, set out by Warren Burger the Chief Justice of the USA then, which found him guilty.

Case 2.

In this case, Barry Switzer, a then famous football coach in 1981 was prosecuted by SEC. At a track, Barry overheard executives discuss liquidating Phoenix Resources and Oil Company. He and his friends purchased the stocks of Phoenix at \$42 and later sold them at \$59 making around \$98,000 in that process. The charges labelled against Barry were later dismissed by a federal judge for lack of evidence. In this case, it seemed that when it comes to insider trading, the distinction between criminal and lucky, remains largely blurred.

Kenyan Cases

Case 3.

Kenol Insider Trading

CMA reveals phone chats in Kenol insider trading probe. CMA suspects that an investment market trader recommended to Kestrel clients to buy Kenol Kobil shares ahead of the takeover by the French firm Rubis Energy. The authority reveals that this incidence is likely to yield Kshs. 500,000 as profits arising from the inside information shared among the executives. The CMA body used mobile forensic technology to acquire the data shared, the use of this technology to access the private chats relating to insider trading is one of the firsts. It is normally used in the fight against drug trafficking and to counter terrorism activities. Its use therefore signals a smart move on the war against insider trading.

Case 4.

In 2005, KCB and Uchumi

Terrence Davidson the KCB CEO was accused of insider trading. KCB were the bankers of Uchumi, the KCB CEO acquired 664,899 shares on December, 2, 2005 and sold 300,000 on May, 9th 2006 based on insider information obtained from his connections with Uchumi's management. The courts found him not guilty, given that there was a memo already in the public, concerning Uchumi's deteriorating financial woes.

In 2006, the head of buying and merchandise of Uchumi attended a board meeting by invite whose agenda was to re-engineer Uchumi to profitability. The Head, who held 111,400 shares of Uchumi sold them off, he was not found guilty given that the retail chains supermarket's ill financial performance was public information by then.

Case 5

In 2016/2017, a Commercial Bank of Africa executive was fined by CMA Kshs 166.9 Million for engaging in insider trading during the periods 2016/17. The CMA also referred the officer for criminal investigations by the Director of Public Prosecution. The officer was also disqualified from holding office of any public company for 10 years. This is because the officer, had private information that he used to front run the market and made dual trades thus profiting ahead of the other investors. The penalty he was accorded was twice the profits he made while trading as a broker in



Companies should put in place 'hold periods' when an officer cannot purchase or sell securities especially around earning times of the corporation. Those Corporation officers buying securities can clear with the company secretary/ compliance officers or the internal auditor to clear their purchases.

clients' accounts in bond transactions.

Penalties for Insider Trading

In the CMA Act 485A Section 32E of the Act (GoK, 2000) proposes fines for first and second time offenders of insider trading the penalties and disgorgement is as follows:

A fine not exceeding Kshs. 2.5 million or 2 years in jail and payment of the amounts gained or losses avoided by the first time individuals involved.

To the first time company offenders, a fine of up to Kshs. 5 million and payment of monies gained or losses avoided.

For subsequent individual offenders, a fine not exceeding Kshs. 5 million or imprisonment of 7 years and payment of double the gains made or losses avoided.

For a subsequent company offender, a fine not exceeding Kshs. 10 million and payment of double the gains made or losses avoided.

In a case where an individual has inside information that is likely to influence the

securities prices, the individual is debarred from dealing with those securities or causing another person to deal in those securities for the next 6 months according to Section 33 of CMA. These rules and regulations are aimed at stream lining the anomalies that affect the financial markets as a result of insider trading.

Protection from Insider Trading

Individual, corporations and institutional investors are supposed to be on the look out to protect themselves against the problems of insider trading. Some of the ways of safeguard include:

Understanding what entails insider trading and identifying the information one is receiving that is likely to be a breach of fiduciary duty.

- Companies should put in place 'hold periods' when an officer cannot purchase or sell securities especially around earning times of the corporation.
- Those Corporation officers buying securities can clear with the company secretary/ compliance officers or the internal auditor to clear their purchases.
- Initiation of education programs to create awareness and learning about insider trading
- Internal organizational policies and guidelines on insider trading
- Individuals/companies to report to the right authorities if they are in possession of information they consider to be insider information.

Conclusion

The journey towards understanding insider trading remains on course. In as much as successful prosecution of such cases remain few and spread out, the spirit to fight this vice in Kenya is evident especially in the recent past. The fight against insider trading is likely to yield greater benefits to our emerging capital market, as a result of increased investor confidence. We want to keep explaining and re-examining this conundrum of insider trading until the vice is completely vanquished and the capital market in Kenya can experience a higher level of operational efficiency.

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REFLECTIONS ON THE BUDGET ESTIMATES

Analysts unanimous that the Government should do more than generate policy documents

By Mbatawa Ngai, Photo: Courtesy

The National Budget statement issued to Parliament by Cabinet Secretary for Treasury and National Planning Henry Rotich, in June, was as predictable as it was disappointing to the majority of Kenyans. It was predictable because the Cabinet Secretary, once again, presented an expansionary budget of about Sh3 trillion with a huge deficit estimated at Sh607.8 billion.

Mr Rotich expects to bridge the gap between the expected revenues of Sh2.1 trillion in ordinary revenues and the budget of Sh2.8 trillion with loans from the local—Sh283.5 billion-- and global—Sh324.3 billion-- financial markets. The disappointment arises from the realization that neither the

CS nor Parliament has understood the repercussions arising from ambitious budget estimates that are made with figures that are not borne out real life experiences (KRA) continued inability to meet the revenue targets seemingly set by Treasury with either perfunctory consultations with it or none. The result is that Treasury is itself forced to revise those targets, at times, more than once a year. For instance, last



December, Treasury cut revenue targets for the current financial year by five per cent from Sh1.69 trillion to Sh1.61 trillion. The previous year, Treasury had indicated that KRA would collect Sh1.499 trillion. However, the CS later revised the target to Sh1.439 trillion. And then, to no one's surprise, Rotich reduced the target to 1.415 trillion. Yet, despite the reductions, KRA only managed to collect Sh1.37 trillion.

The constant reductions and the continued failure to meet the target are symptoms of a budget making process that inspires little confidence among key stakeholders. But it is understandable in instances where targets are set arbitrarily. This has seen the Parliamentary Oversight Committee raise concerns that Treasury may adjust expenditure upward despite clear signs that the taxman would not meet his revenue targets.

While Treasury reductions to these targets partially shields KRA from much of the criticisms due to its demonstrated underperformance, it does great harm to the economy because this forces a reduction in expenditures usually from the development estimates. The result is the growing number of stalled projects. As at June last year, the number of stalled projects stood at 545 with an estimated cost of Sh365.9 billion.

They currently require about Sh293.4 billion (80.2 per cent of overall cost) to complete.

CS Rotich's announcement that no new projects would be started until the stalled ones are completed is a welcome one and the hope is that he, and the rest of Government, will walk the talk. But, often overlooked, is the human cost of preparing and presenting budgets that everyone—including the minister, knows will be revised later and setting unrealistic targets. The result is that the officials concerned do not take their work seriously and are not motivated to give the public their best.

The shenanigans reported at both the Treasury and KRA could be traced back to the door of this cavalier budget making process which calls for a review, unless of course, the parties involved are happy to continue taking the country's economy on a roller-coaster. Or how else can a government that launches a transformative Big Four Agenda then fails to adequately provide the funds required be described?

The small amount of money allocated to

the agricultural sector is particularly puzzling considering the key role it plays in the country's economy. The little money—a mere 3.2 per cent of National Government revenues—that was allocated to the sector will be swallowed up in the payment of debts to sugar-cane farmers and in buying grains. Yet, the real driver of the sector (the small-holder farmer) was as usual left to his own devices.

This was a reduction from last year's equally low allocation of 3.5 per cent to GDP. It's almost inconceivable that Treasury would allocate such a small amount to a sector that contributes about 34.6 per cent of GDP, directly employs 56 per cent of the labour force and generates 65 per cent of the country's export goods.

A casual comparison with the European Union where the sector is usually allocated almost two thirds of the budget despite its importance to the regional economy being almost marginal, is a clear demonstration of why there is such a high disparity between the two economies. Even more puzzling, this is the sector that is expected to grow the bulk of the produce that will be processed at the planned factories for the local and global markets.

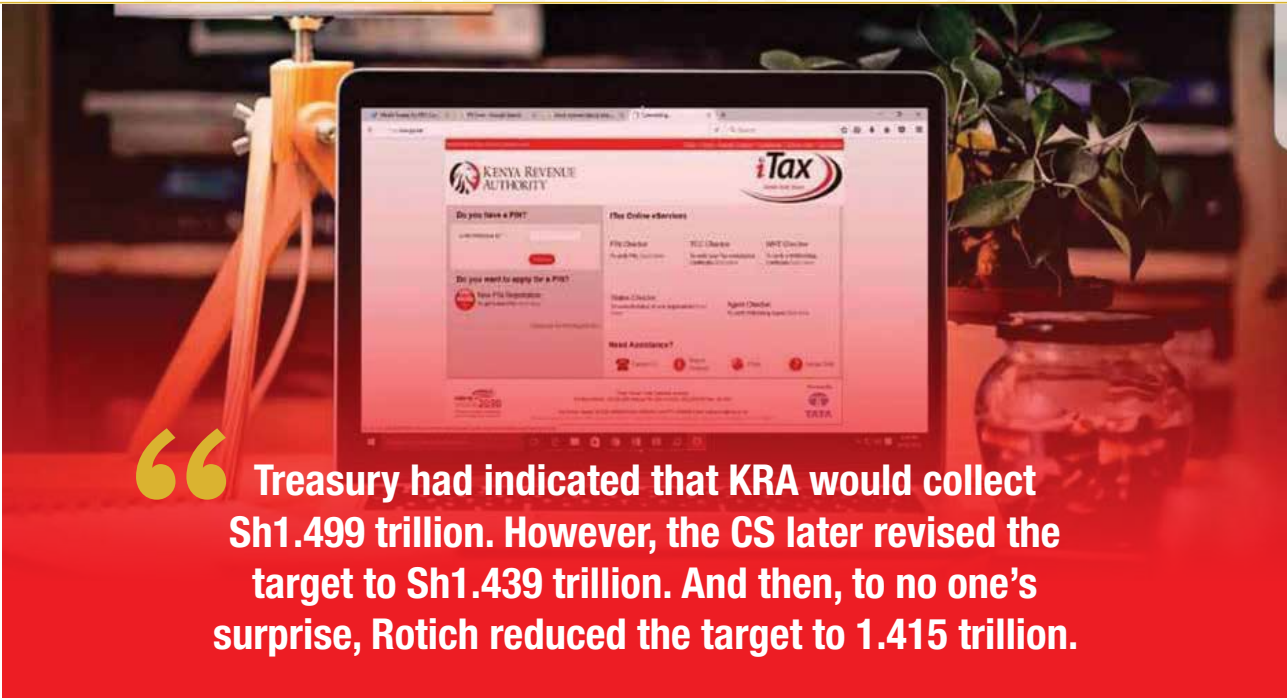
The apparent bureaucratic lethargy demonstrated in the development of four industrial sites could, therefore, be traced back to the continued underfunding of the agricultural sector. President Uhuru Kenyatta's first year scorecard on his Big Four Agenda has only Rivatex, a textile making factory based in Eldoret, to show for it. The President is expected to launch the factory in a few weeks and it is expected to employ about 3000 people when fully operational.

The number of out-grower farmers contracted by the factory to produce cotton and the whole-sale and retail number of beneficiaries is equally impressive. When the number of households benefiting from the cooking oil produced from the cotton seed and the number of dairy farmers expected to pay lower animal-feed prices because the raw materials are sourced locally is added to the mix point to the type of multiplier effect the government should be investing in.

It is regrettable that the completion of the other two major industrial projects was allowed to stall. Kenanie Leather Industrial Park which was started during the 2014/15 financial year and is based at Athi River together with the much-hyped Naivasha Textile Hub started in 2016 are yet to be completed.

These inexplicable delays have given Ethiopia, a country with a competitive advantage of lower costs in power and labour, a head-start that Kenya may have a hard time overturning. Unlike the agricultural sector, the country's existing manufacturers can hold a mini-celebration, however, because the CS followed up on President

“ The number of out-grower farmers contracted by the factory to produce cotton and the whole-sale and retail number of beneficiaries is equally impressive. ”



“Treasury had indicated that KRA would collect Sh1.499 trillion. However, the CS later revised the target to Sh1.439 trillion. And then, to no one’s surprise, Rotich reduced the target to 1.415 trillion.

Kenyatta’s earlier directives and they are getting some reasonable breaks.

CS Rotich said the Government had taken 12 months to operationalize a 30 per cent rebate on electricity to manufacturers.

“We expect this incentive to reduce the cost of electricity by about 20 per cent and to make our products competitive in the region and this should spur economic growth and create employment for the youth,” Rotich said.

But the CS may be inflating his expectations in this area, as well, because Kenya has lost its competitiveness and market share to China a country that readily and willingly subsidizes its exporters to ensure they do not lose customers. To expect that a little tweaking of the production costs could lead to a drop in prices that could, in turn, stop the Chinese and Indian juggernauts, the sources of most of the region’s imports could be laughable if it wasn’t so serious. The car assemblers are, however, a happy lot following the CSs directive to all government ministries, departments, agencies as well as other public entities to give prioritized procurement of locally assembled vehicles, tricycles and motorcycles.

This may have been a reaction to recent data that showed that sales of new car manufacturers, Peugeot and Voiks Wagen (VW), had failed to meet expectations two years after they made their grand entry into the country despite receiving heavy government subsidies.

Analysts are unanimous in their view

that the Government requires to do more than generate policy documents and promise to build Special Economic Zones (SEZs) if it is serious about promoting industrialization.

At the very least, the Government needs to get serious in living up to its promises. In addition, simply putting up the infrastructure and expecting private investors to flock in may be expecting too much in a global environment where developing countries, particularly in Africa are falling over themselves to lure foreign investors. There is need to go beyond the basics to attract the kind of investor who is willing to put money into a long-term venture. Otherwise, only carpetbaggers and other short-term investors looking for short-cuts to make a quick “kill” are likely to show up.

This may explain why the announcement by the Chinese Information Technology giant Huawei that it would invest a whopping Sh175 billion into Konza City was so well received. The announcement was made during President Kenyatta and Hon Raila Odinga’s recent official visit to China.

It cushioned the blow their hopes of securing further funding for the extension of the Standard Gauge Railway (SGR) from Naivasha to Kisumu was rejected, for the time being. The duo was given conditions under which their request would be considered. In the opinion of the Chinese Export Bank which funded the two earlier sections from Mombasa to Naivasha, the extension to Kisumu would not be cost effective because there wasn’t

enough business going to and from the two hubs to pay for its cost.

This is the lesson that analysts thought Treasury had learnt; the need to match investments in agriculture and industry with those being made in infrastructure even in the event that would mean cutting back on allocations to the latter.

Belatedly, CS Rotich seemed to have learnt a thing or two for he also announced the formation of a team to assess viability of mega projects before financing them. The CS said this was expected to guarantee that only projects that offer taxpayers value for money are undertaken. He said such scrutiny would save the country from incurring unnecessary debt and at the same time ensure that borrowed funds are prudently used.

Since this is a clear indication that earlier use of public funds was wasteful, logic would dictate that Rotich includes some experts from professional associations in the team scrutinizing the projects to ensure it can withstand political pressure to okay unviable ones. The names of the team could also be publicized to ensure the public has a chance to offer their input on the qualification and suitability of the members.

It would also be prudent to require the Auditor General to carry out audits of the mega projects to determine the value of the work done as payments are made.

Here, too, inclusion of private sector players would be a boon to the taxpayer.

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MANAGING CORPORATE RISKS

By Kellen Kiambati

Businesses face risks every day. How successful they are in managing those risks is all too apparent when major business failures unfold: failure is often the result of poor risk management practices. Risk Management is a term used to describe the processes which aim to assist organisations understand, evaluate and take action on their risks with a view to increasing the probability of their success and reducing the likelihood of failure. Effective risk management gives comfort to shareholders, customers, employees and society at large that a business is being effectively managed and helps the company or organisation confirm its compliance with corporate governance requirements. Risk management is relevant to all organisations large or small. Effective risk management practices support accountability, performance measurement, and reward and can enable efficiency at all levels through the organisation. Risk management requires a detailed knowledge and understanding of the organisation and the processes involved in the business. The Components of Risk Management (RM) are as follows:-

- Risk Capacity - the maximum amount of risk that can be supported by a company, expressed as a sum of money. Determined by available capital, earnings strength/stability
- Risk Appetite - Amount of risk that management are willing to take, given risk capacity, strategic business objectives and culture. Risk Appetite serves as an overall guide to resource and capital allocation. The amount of risk that an organisation is willing to seek or accept in the pursuit of its long term objectives.

In contrast to Risk Tolerance, Risk Appetite is about what the organisation does want to do and how it goes about it. So, it is the board's responsibility to define risk appetite. Risk tolerance is the boundaries of risk taking outside of which the organisation

is not prepared to venture in the pursuit of its long term objectives. Risk tolerance can be expressed in terms of absolutes, e.g., "we cannot expose more than x% of our capital to losses in a certain line of business" or "we will not deal with certain types of customers". Risk limits - allocation of appetite (in metrics relevant to a specific risk) to business units and functions. It reflects expected returns and risks.

Risks and corporate governance

Effective strategic risk management is built around a clear understanding of how much risk your business is prepared to take to deliver its objectives, and a timely and reliable evaluation of how much risk it is actually taking. Types of Corporate risks include strategic e.g., a new competitor into the market, compliance/ hazard risks e.g., introduction of a new legislation, financial e.g., increased interest charges on a business loan or non-payment by a customer and operational e.g., loss / theft of key equipment. Financial risks are typically well controlled and are part of the routine focus of board risk discussions, with strong impetus coming from the increased regulatory, accounting and financial audit focus. As financial information is a key element of stakeholder communications, performance measurement and strategic delivery, board risk discussions will devote considerable time to these risks. Operational risks are typically managed from within the business and often focus on health and safety issues where industry regulations and standards require. These internally driven risks may affect your organisation's ability to deliver on its strategic objectives. Hazard risks often stem from major exogenous factors, which affect the environment in which the organisation operates. A focus on the use of insurance and appropriate contingency planning will help address some of these. However, there is often a danger that as many of these risks cannot be controlled, boards and senior

management will not reflect these in their strategic thinking. Confining strategic management to controllable factors will leave your business at risk of failing to address these factors. Strategic risks are typically external or affect the most senior management decisions. As such, they are often missed from many risk registers. The board has a responsibility to make sure all these types of risks are included in their key strategic discussions.

Risk management frameworks

Frameworks for risk analysis first start with analysing the sources of risks which include: climate change, customer needs / wants, economy, financial markets, competitor, natural hazard / catastrophe, public relations, regulatory / legal, shareholder expectations and technological innovation. Many executives are worried that the risk frameworks and processes that are currently in place in their organisations are no longer giving them the level of protection they need. Boards are seeing rapid increases both in the speed with which risk events take place and the contagion with which they spread across different categories of risk. They are especially concerned about the escalating impact of 'catastrophic' risks, which can threaten an organisation's very existence and even undermine entire industries. Boards feel they are spending too much time and money on running their current risk management processes, rather than moving quickly and flexibly to identify and tackle new risks.

The risk management process involves:

1. Establishing Context: This includes an understanding of the current conditions in which the organization operates on an internal, external and risk management context.
2. Identifying Risks: This includes the documentation of the material threats to the organization's achievement of its objectives and the representation of areas that the organization may exploit for competitive advantage.
3. Analyzing/Quantifying Risks: This includes the calibration and, if possible, creation of probability distributions of outcomes for each material risk.
4. Integrating Risks: This includes the aggregation of all risk distributions, reflecting correlations and portfolio effects, and the formulation of the

results in terms of impact on the organization's key performance metrics.

5. Assessing/Prioritizing Risks: This includes the determination of the contribution of each risk to the aggregate risk profile, and appropriate prioritization.
6. Treating/Exploiting Risks: This includes the development of strategies for controlling and exploiting the various risks.
7. Monitoring and Reviewing: This includes the continual measurement and monitoring of the risk environment and the performance of the risk management strategies.

Management selects a risk response strategy for specific risks identified and analyzed, which may include:

1. Avoidance: exiting the activities giving rise to risk
2. Reduction: taking action to reduce the likelihood or impact related to the risk
3. Alternative Actions: deciding and considering other feasible steps to minimize risks.
4. Share or Insure: transferring or sharing a portion of the risk, to finance it
5. Accept: no action is taken, due to a cost/benefit decision

Risk Assessment, Audit and Management

There are two elements of a risks: the Consequence (also called impact) when a risk occurs and the Likelihood (also called probability) of the risk occurring. Operational Risk Management (ORM) i.e. the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events must be addressed because it has benefits such as:- reduction of operational loss, lower compliance/auditing costs, early detection of unlawful activities and reduced exposure to future risks. There are principles that should be followed which include value creation, making the approach integral part of organizational processes, being part of decision making, explicitly addressing uncertainty, being systematic and structured, transparent and inclusive, dynamic and responsive capable of continual improvement and enhancement.

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REBUILDING 'THE CRACKED WALLS' IN SACCOS

By CPA Daniel Mureithi

There was an unprecedented catch 22 situation in the United States when Donald Trump, became president. Although the law does not prohibit, many US presidents before him had chosen to resign from all directorships and ownership of their business entities to purely concentrate on running the affairs of the United States.

Most commonly described as, 'building a wall' between business interests and presidential duties. It is common knowledge that the Trump Empire is characteristically enormous, spanning from the US, Russia, China, Germany and many other countries. The quest for him to follow the traditions were met with his typically audacious response, "the president can't have a conflict of interest; I can be President of the United States and run my business 100 percent." The other alternative he offered, was to establish a type of "blind trust" in which his sons and daughters and his business executives would run the Trump Empire without his involvement. This amazed many government, transparency and advocacy groups. They claimed that the solution offered by the POTUS was not a 'true blind trust' and would inevitably end up in ugly conflict of interest situations.

The same situation relates to many public sector and private sector organizations closer home. Arguments of whether officials can do business with the organisation they have been appointed to run cannot disappear from various social forums and news headlines. Most intriguing headlines include county and national government officials supplying goods and services at exorbitant prices either through their companies or those of closer relatives or cronies. Others include

senior executives and directors influencing some actions or inactions that would simply be concluded to have taken place under conflict of interest circumstances. Regulatory authorities therefore continue to pursue these officials, current and former in an effort to restore sanity and public confidence.

One of the undisputed contributors to the wellbeing of Kenya's economy, are Savings and Credit Cooperative Societies. Kenya's co-operative movement is rated among the best in Africa with over 22,000 registered co-operative societies controlling more than Kes 1 trillion. They employ more than 500,000 Kenyans directly and another 1.5 million indirectly. They are nevertheless not immune to controversy, bad publicity and at times, a clear disregard for proper stewardship. If recent headlines touching on mismanagement and eventual public uproar in some Saccos are anything to go by, there is a lot to be done in this sector to ensure sustainability and guarantee credibility of the movement.

At present, the following are some sure ways that can make any Sacco end up on its knees, irrespective of its breadth and depth.

1. Conflict of interest

Sacco boards are ultimately responsible for the smooth running of Saccos which include ensuring that they are well staffed with functional secretariats. This implies that they may in one way or another influence who holds which positions in the secretariat, and it is therefore not surprising to find members of the secretariat being closely related to a sitting director(s). This undoubtedly makes impartial decision making on employment related matters a hard nut to crack. Over time, this cycle may result in creation of camps in the boards as well as the secretariats, turning into intractable institutions.

The other area of protracted conflict of interest is in procurement. Since Sacco directors are the elected officials to run the Sacco's, they also oversee most, if not all aspects of procurement. The decisions on who supplies what at what price thus rests with them. One of the most commonly cited situations that illustrates poor procurement processes in some Saccos is nepotism i.e. the appointment of a supplier with a close personal connection with a director. Although it is not necessarily a

bad thing, it's not an ideal situation and it can easily lead to accusations ranging from simple favoritism or unfairness to fraud or collusion.

The guiding principles of our Constitution (in Chapter Six) on leadership and integrity include "selfless service based solely on the public interest, demonstrated by, the declaration of any personal interest that may conflict with public duties". And state officers always behave "in a manner that avoids any conflict between personal interests and public or official duties. Furthermore, we have the Public Officers Ethics Act (2003) and the Leadership and Integrity Act (2012). Both say that state or public officers must not, for example, "hold shares or have any other interest in a corporation, partnership of other body, directly or through another person, if holding those shares or having that interest would result in the public officer's personal interests conflicting with his official duties." They must not award contracts to themselves or immediate family members or businesses with which they are associated. The second Act says they must disclose any offers of future employment that might create conflict of interest.

This, though not expressly stating the inclusion of Sacco officials' best describes what Sacco members would expect of them.

2. Nonfunctional internal controls

Well defined and established internal controls are meant to assure an organization's operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies.

Internal challenges stemming from the inability or unwillingness to establish working internal controls in some Saccos has rendered them inefficient and ineffective in many ways. A Sacco with non-functioning internal controls would be characterized by;

- a. Lack of separation of duties among employees
- b. Lacking policies and procedures to guide in consistent decision making
- c. Employees having more access rights than they need to, of the Sacco's information system.
- d. Lack of proper documentation
- e. Ineffective oversight and review programs



Although not of great concern in small Saccos, as they gradually grow in member numbers and asset base, it becomes necessary to ensure that adequate internal controls are in place to inform operational and governance effectiveness. For a Sacco Society to function effectively and efficiently, the place of Internal Controls, Internal Audit, and an Audit Committee of the board cannot be negotiated.

3. Lack of clear separation of duties between the Secretariat and the Sacco Board

The requirement by the Sacco Act to the duration of time to serve for a Sacco director (currently being three years), is commendable. This means that the directors are somehow politicians and would only remain in office so far as they can marshal significant support from the membership. In the process, unprofessional relations between the directors and some members of the secretariat may be a common occurrence in some Saccos. This threatens the much-needed professionalism and strains the working relations in the Sacco.

4. Lack of Board Diversity

You think you have seen it all until you enter a Sacco boardroom and find that all directors are over 70 years of age. And the most trusted director, the one who is always unopposed at the AGM, has served the Sacco for close to 40 years, is an octogenarian. With tremendous respect for our fathers, they have all the history and experience, thank you, but their continued stay at the boardrooms is detrimental to the organizations they worked so hard to build.

In recent years, there has been an

influx of regulatory reforms, both locally and internationally, encouraging diversity in the boardrooms. Although lagging behind in a number of Sacco Societies, they cannot afford to be left behind owing to the countless benefits they would otherwise be forfeiting by not adopting the new trend in boardrooms. A clear succession plan needs to be established and a mix of ages, gender, experience, and professional background in the boardroom cannot be over emphasized.

5. Independent Oversight

The proponents of 'social impact

members' in Saccos may have had the idea of independent oversight especially in non-deposit taking Saccos. However, the way it was presented in the Miscellaneous Amendments Bill, 2018 raised more questions than answers resulting in outright condemnation of the entire Bill. That notwithstanding, the need for continuous independent oversight remains fundamental. The Supervisory Committees as elected by members, remain the best bet in creating a watchdog link between the members and the Sacco Society. The holders of these positions must therefore uphold the spirit of independence and duty of care at all times in performing their oversight roles.

The above underpin the importance of corporate governance; a system that seeks to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of any organisation. In order to rebuild the cracked walls, all Saccos must embrace and adhere to the practice and rules of corporate governance as enshrined in the constitution and several other written local and international codes. That way they would stand the test of legitimacy by their various stakeholders in all they set to do.

Additionally, the guidelines on risk management on the non-deposit taking Sacco Societies as previously circulated for stakeholders' comments are a much-welcomed move for this important sector of our economy. The Cabinet Secretary for the Ministry of Industry, Trade and Cooperatives ought therefore to append his signature on these regulations, yesterday!

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For a Sacco Society to function effectively and efficiently, the place of Internal Controls, Internal Audit, and an Audit Committee of the board cannot be negotiated.”



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THE MAKING OF A MYSTERIOUS MASTERMIND

By Clive Mutiso

The managing director had dined well. Truth to tell, he had dined a little too well. As the expatriate head of a listed manufacturing company, he was provided with a generous salary and benefits, including a furnished house in Karen, a sleek car, and membership of an exclusive members' club in a prime area at the northern edge of the city. He was also entitled to a driver, but chose always to drive himself, and therein lay the cause of the challenge that now confronted him.

After a splendid four-course meal accompanied by the appropriate wines, he had repaired to the mens' bar of the club and there, in the company of his small circle of convivial friends, he had been persuaded to have one for the road. One became two, then more than a few, and after several hours, and way past midnight, the MD now sat in his car, the engine running, but so confused that he could not remember the route from where he was to Karen and his bed.

But you don't get to be a captain of industry without acquiring deductive

skills to get yourself out of a quandary. He had driven to the club from the factory in the Industrial Area only a few hours earlier, and he was sure that he could remember how to retrace his route back to the factory. He was confident that he could navigate the familiar route from the factory to the house. So he set off, driving slowly and deliberately.

The journey seemed to take forever, but the further he progressed, the more he recognised familiar landmarks, and the more sure he was that he was on the right route. But as he made the final turn onto the factory road, he slowed to a halt and sat, open-mouthed, in amazement. Instead of a silent and darkened factory, with just perimeter security lights, he was confronted with the whole complex completely illuminated, and the sound of many machines in full operation. It was 2 am, the factory had finished its single shift the evening before, and no maintenance was scheduled. Something was seriously amiss.

The security guard seemed nervous as he swung open the gate, almost as though

he was reluctant to let the MD into his own factory, and as soon as he stepped out of his car, the MD knew why. The machine noise was overwhelming. The whole factory was in full production. An unbranded truck stood at the dispatch door being loaded with product and three more vehicles awaited their turn to load. From befuddlement, the MD suddenly found himself stone cold sober. As he strode into the production area, he found the whole factory staff hard at work, every well-oiled machine running like a well-oiled machine, and production being churned out at full speed under the watchful eye of the Production Director.

The investigation began at once, on the spot. Extra security personnel were called in, senior managers were summoned from their beds, the external auditors were asked to put together a task force, and a full stock check and audit got under way. The results produced an astonishing outcome. Not a carton of product was missing. All the factory's raw material and packaging stocks were intact. Utility bills were no higher than normal.

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But you don't get to be a captain of industry without acquiring deductive skills to get yourself out of a quandary. He had driven to the club from the factory in the Industrial Area only a few hours earlier, and he was sure that he could remember how to retrace his route back to the factory.

Everything balanced. But when a corner store was opened, all became clear. Inside was a vast stock of raw material that had been purchased for cash, and delivered at night after normal working hours, along with packaging materials, machine spare parts and lubricants, and everything else that was needed to run a surreptitious night shift seven days a week. The whole operation, which had been going on for years, even had a code name. One For The Boys.

Staff in the utility companies had received bundles of cash to deal with excessive power and water consumption, and the factory workers had received extra payments in cash for all the secret shifts they had worked. Everything had been planned and executed with engineering precision. Which was hardly surprising, since the Production Director was an engineer.

It was not a victimless crime, and the fallout was massive. The company's production was subject to tax and excise duty, and profits paid dividends to shareholders and corporation and taxes to government. Payroll taxes were due on money paid to the people who had worked the secret shifts. No tax had been paid at any stage of the operation. The night deliveries had been made to ready cash buyers. The shareholders had lost, the government had lost, and the company's regular customers had been

placed at a disadvantage by shadowy black market competitors.

Inevitably, heads rolled. Security contracts were cancelled and more diligent companies were engaged. Suppliers were penalised. Workers were retired, or sacked, or steadily replaced. Managers who had been asleep on watch were asked to seek employment elsewhere. The buck stopped with the managing director, who was ignominiously sent home. It fell to another senior board member to confront the Production Director and inform him of his fate, as if he did not already know what the outcome would be. Nevertheless, it was not an easy interview for either party.

The executioner had known the Production Director for years and had mentored him at key stages of his career. He had come to regard him as a friend and protégé. The close relationship made the betrayal all the more painful, especially since so many others had suffered and would be suffering. The Production Director had no intention of making things easy for his counterpart, and argued his case vigorously. Although it was suspected that he had spirited away millions of dollars over the years, nobody had been able to trace the money, and there was no paper trail. As a director of a highly profitable listed company, he was on the sort of remuneration package

that did not make his visible lifestyle in any way out of the ordinary. But the money had to be somewhere, and he must have had a plan for it to have risked a career that had promised only further advancement.

The discussion started calmly enough, with the senior director laying out in excruciating detail all that had been discovered. However things became increasingly heated as the Production Director flatly refused to resign, or even show any remorse for what he was suspected to have done. He infuriated the senior man by steadfastly sticking to one stubborn line of argument: "There is not one piece of paper that links me to any of this. You do not have a single shred of evidence."

Finally, in exasperation and rage, the senior director leapt to his feet and pointed down to the culprit: "You can argue as much as you like, but you are fired, and that's the end of it. Pack your personal belongings and leave the premises. You can deny all you want but we all know, even you, that you were the mastermind." It took the Production Director only a few minutes to pack, and as he did he mused to himself: "Mastermind? Now that gives me an idea."

He packed his things into his personal car, drove out of the factory gate, and headed in the direction of Nakuru.

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THE MEDICAL AUDITOR

A rare gem

By Ms. Mercy N. Bukania

It was another lazy afternoon, where the sun was overhead and steaming hot. I had finished my petty errands in one part of the city and was too lazy to use public means to my next destination. Instead I chose to get the services of online taxis' since they are much more dependable than before; upon scrolling my phone and pressing a few buttons, the taxi driver arrived in what seemed like seconds. While in the taxi, I had an interesting discussion with the driver who opened up on some of the challenges he was encountering with our healthcare system. He informed me that his mother had just been discharged from hospital but he was not satisfied with the quality of services that had been rendered to them while she was there.

One of the questions I candidly asked myself was; as an auditor, can I also add value to healthcare systems? Is it far-fetched? This challenged me to think

about the state of medical auditing in Kenya. What is it all about? Is it relevant? Should the internal audit profession pay attention to this field?

While conducting my research on the pertinent issue, I came across a job vacancy for a hospital in Kenya that required the services of a medical auditor, however the only competences required were '5 years in the healthcare industry'. I therefore asked myself whether this would suffice to enable the hospital improve its healthcare systems or was this enough? Was there need for more competencies to understand the complex nature of healthcare terminologies and practices? I decided to conduct a small research on the medical auditing field and found that there appears to be no specific professional institutions in Kenya that have a focus in this field however in the United States of America there are institutions that define the practice. There could possibly

be more countries that implement the practice however, I found this particular one intriguing.

For instance, the American Academy of Professional Coders (AAPC) states that quality health care is based on accurate and complete clinical documentation in the medical record.

The best way to improve your clinical documentation and the livelihood of your health care organization is through medical record audits. They are necessary to determine areas that require improvements and corrections.

The key objectives of an audit is to enable a healthcare provider to provide efficient and better delivery of care as well as improve their financial health. Medical record audits specifically target and evaluate procedural and diagnosis code selection as determined by physician documentation. Once areas of weakness are revealed through an

audit, you can present the audit findings with recommendations and identify opportunities for training where necessary to improve operations in the health care organization.

What Is Medical Auditing and Why Perform One?

According to the American Academy of Professional Coders (AAPC) medical auditing is a process that entails conducting internal or external reviews of coding accuracy, policies, and procedures to ensure you are running an efficient and hopefully liability-free operation. It further gives the following reasons for performing medical audits;

- To determine outliers before large payers find them in their claims software and request an internal audit be done.
- To protect against fraudulent claims and billing activity
- To reveal whether there is variation from national averages due to inappropriate coding, insufficient documentation, or lost revenue.
- To help identify and correct problem areas before insurance or government payers challenge inappropriate coding
- To help prevent governmental investigational auditors like recovery audit contractors (RACs) or zone program integrity contractors (ZPICs) from knocking at your door
- To remedy under coding, bad unbundling habits, and code overuse and to bill appropriately for documented procedures
- To identify reimbursement deficiencies and opportunities for appropriate reimbursement.
- To stop the use of outdated or incorrect codes for procedures
- To verify ICD-10-CM and electronic health record (EHR) meaningful use readiness

The question that profoundly lingered in my mind was; is there a certification for a medical auditor in Kenya? Well, not one that I have encountered in my career as an auditor. However, in the United States of America, the Certified Professional Medical Auditor (CPMA) is a credential with a focus on Medical auditing which is a critical piece to compliant and profitable physician practices.

Whether its Recovery Audit Contractor (RAC) audits, private payer denials, or just peace of mind, more physicians plan to have audits

“One of the questions I candidly asked myself was; as an auditor, can I also add value to healthcare systems? Is it far-fetched?”

conducted regularly. The risks of being non-compliant with documentation and coding are too great. The benefits of which are to enable the certified practitioner to use their proven knowledge of coding and documentation guidelines to improve the revenue cycle of nearly all healthcare practices.

Certified medical auditors demonstrate expertise in:

- Medical documentation, fraud, abuse, and penalties for documentation and coding violations based on governmental guidelines
- Coding Concepts
- Scope and Statistical Sampling Methodologies
- Medical Record Auditing Skills and Abstraction Ability
- Quality Assurance and Coding Risk Analysis
- Communication of Results and Findings
- The Medical Record

Exploring opportunities for medical auditing

The American Academy of Professional Coders (AAPC) and the American Association of Medical Audit Specialists (AAMAS) offer numerous certification options for medical auditors. Both professional associations require exam candidates to be members of the organization in order to take the exams. The exams cover similar domains, or knowledge areas, including medical record standards and documentation, coding and documentation compliance, and auditing

functions. The certified professional medical auditor and certified medical audit specialist are some of the key certifications offered for medical auditing.

Is it possible for a similar opportunity to be explored in Kenya to improve our healthcare systems? I leave that to you the reader to ponder over.

The Certified Professional Medical Auditor (CPMA)

According to the AAPC, the Certified Professional Medical Auditor credential does not require documented experience as a medical auditor, but at least two years of experience in medical auditing is strongly recommended, as AAPC says this is a difficult, high-level exam. The association suggests that candidates have prior coding certification before attempting this exam, as well as significant experience with a variety of audits, including E/M services, compliance, regulatory information, coding, modifiers, and the National Correct Coding Initiative (NCCI). The CPMA exam consists of 150 multiple choice questions, with domains covering medical record standards and documentation, compliance, coding and reimbursement including E/M coding, audit scope, statistical sampling, and validation. A third of the exam tests medical record auditing abstraction skills over 24 cases, including surgery, physical therapy, radiology, psychiatry, hematology and oncology, and infusion services.

In the Kenyan context, there are various existing professional bodies which auditors can choose to be members of, however, there is no specific certification that focuses on medical auditing and more so on the technical aspects of the medical field.

Is this a field auditors should explore?

As an auditor and a frequent user of healthcare systems, I believe auditors can play a key role in improving the efficiency and effectiveness of healthcare systems.

Although auditors who currently work in the medical field possess the necessary skills and competencies to offer auditing and assurance services, I am of the opinion that there is still more value that the audit profession in Kenya can add to the medical field in Kenya through the initiation of a robust medical auditing programme.

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INNOVATING INTERNAL AUDIT TO UNLOCK VALUE

In section: sponsored feature

By CPA Majani Derrick

As new businesses are created and old ones spun off, processes evolve, technologies are adopted, and regulatory demands fluctuate, the internal audit function must develop new approaches to advise management on key issues, anticipate risk and be more forward-looking.

Changes like these call for innovation on a significant scale. A framework for innovation can be helpful in ensuring the necessary steps are completed in a logical order. One such framework is Dublin's¹

Ten Types of Innovation®, which can provide internal auditors with a practical model to support the rigor and quality of their innovation efforts.

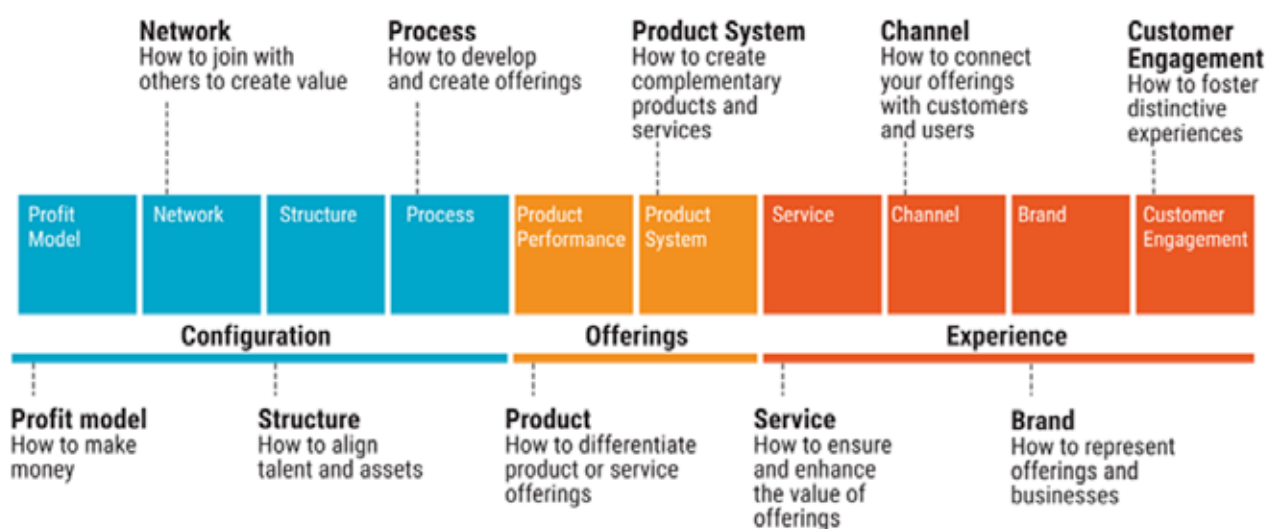
Applying the Ten Types of Innovation Framework

The Ten Types of Innovation framework, shown in figure 1, is a flexible approach to innovation that is highly applicable to internal audit. The framework is especially suited for situations in which incremental innovation is preferable to radical change created in isolation.

The framework's phases enable teams to develop concepts that will be relevant to stakeholders. They guide the research process and marshal insights to generate offerings that produce value for customers or stakeholders. In the final phase, the team refines its concepts to generate an actual service offering.

The Ten Types of Innovation framework lends structure to the innovation process, which helps allay concerns about the disorder and risk that can sometimes accompany significant change.

Figure 1—Dublin's Ten Types of Innovation Framework



Source: Dublin.com/TenTypes © Deloitte Development LLC. All Rights Reserved.

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The framework's phases enable teams to develop concepts that will be relevant to stakeholders. They guide the research process and marshal insights to generate offerings that produce value for customers or stakeholders. In the final phase, the team refines its concepts to generate an actual service offering.

Generally, for innovation initiatives in internal audit to be effective, whether using the Ten Types of Innovation or another framework, they should be:

- **Integrated**—Innovation in internal audit must be integrated with the organization's goals and strategy, and calls for adopting the language of business.
- **Iterative**—Organized iterations enable internal audit to hone new approaches, learn through experience, build trust among stakeholders and proceed at a comfortable pace.
- **Incremental**—Incremental change goes hand in hand with an iterative approach in setting reasonable expectations and in establishing a feedback loop with stakeholders as initiatives proceed.
- **Independent**—It is critical that internal audit preserves its independence as it pursues innovative approaches. Its intent should be to improve its own processes for meeting stakeholders' needs.

Setting Innovation Strategy

Working with the chief audit executive and other internal audit leaders, internal audit gauges the external and organizational environment, identifies areas where stakeholders would benefit from innovation, and aligns initiatives with needs. Potential questions to address include:

- How should internal audit define innovation?
- How can internal audit become more aligned with business goals and strategy?
- Where in the organization could stakeholders most benefit from innovative solutions?
- What are the best ways to discover stakeholders' most pressing needs?

Becoming Better Innovators

Internal audit helps cultivate new methods within the function—from protocols and metrics for managing the innovation portfolio to talent development and knowledge transfer. Internal audit also alerts the business to potential connections with external organizations to assist in sustaining innovation. In this phase, those in the internal audit function should ask themselves:

- How can internal audit best structure and organize innovation?
- How can the function create clear and useful objectives for innovation?
- What will spur stakeholders to support these innovation efforts?

Designing, Building and Launching Innovations

After evaluating insights from within the function and from other key stakeholders, internal audit helps prioritize opportunities and develop a plan for capitalizing on them to improve audit

outcomes. Questions that the internal audit function can ask to help move it toward this stage include:

- How can internal audit create deeper value, rather than only deliver changes to processes and deliverables?
- How can the function manage the risk of innovating through pilot projects, diversification and other methods?
- How will internal audit know whether improvement has been achieved?

By configuring elements among the Ten Types of Innovation framework, internal audit can alter its approach to internal audits, its service offerings or the stakeholder experience to create new outcomes to contribute to the organization's success. The framework could be augmented by workshops to develop specific initiatives or entire programs that align with management's goals and the organization's needs. Such workshops also could help create action plans related to stakeholder expectations, team capabilities, change management and facilitation needs.

A structured, outcome-focused approach to innovation typically resonates with internal audit and its constituents, including chief financial officers (CFOs) and audit committees. By managing the innovation process effectively, internal audit can position itself to identify promising opportunities and be the spark to innovate with discipline.

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DEMONETIZATION

HOW WILL IT AFFECT THE KENYAN ECONOMY?

By Mbatawa wa Ngai

The firestorm generated by Central Bank of Kenya Governor Patrick Njoroge's announcement at the Madaraka Day celebrations that the old Sh1,000-note will be withdrawn from circulation on October 1 was a surprise because the other denomination notes will continue to circulate alongside the new ones unveiled at the same event in Narok County.

The governor extolled the uniqueness of the new notes saying they have

captured different themes and harder-to-counterfeit security features. The new notes have also captured various images—including the iconic Kenyatta International Conference Centre (KICC) and the big five wildlife making them easier to use by the visually impaired.

“The new banknotes bear significant aspects of our nation and like the coins, will serve as a means of passing knowledge, conserving culture and promoting our global uniqueness,” Mr Njoroge said. “Each banknote has a

unique theme to show the richness of our people and nature in our beautiful Kenya. For the Sh50 we have green energy, Sh100 agriculture, Sh200 social services, Sh500 tourism and Sh1000 governance.” It may be significant that although the planned withdrawal of the old generation Sh1000 notes was met with criticism from the usual suspects—armchair academics and politicians—it was warmly received by the business community. The Kenya Association of Manufacturers (KAM) and the Kenya Private Sector Alliance



Photo: Courtesy

(KEPSA) lauded the move arguing that it would stamp out corruption and eliminate illicit financial inflows into the economy.

The governor was reading from the same page with KAM and KEPSA when, in a press briefing on the Monday following the launch of the generation currency, said the move to ban the use of Sh1000 banknotes would check financial flows and counterfeits that have hit the Kenya market. Although the two lobby groups' sentiments may be hyperbolic the money lost in illicit trade all across Africa is huge.

According to a new report released by a high level panel on illicit flows commissioned by the Economic Commission for Africa Conference of African Ministers of Finance, Planning and Economic Development, Kenya lost more than Sh160 billion in illicit finance flows in eight years to 2011.

Nigeria, Democratic Republic

of the Congo (DRC), Algeria and Mozambique are the other African countries that have been losing billions of shillings to undeclared taxes, criminal activities and corruption.

But, perhaps unexpectedly, the exercise garnered support from a unlikely corner—the Kenya National Chamber of Commerce and Industry whose new President Richard Ngatia said the decision to phase out the Sh1000 notes by October 1 will return more money to the country's economy. He argued, in a live KTN TV interview, that this would give traders easier access to bank loans.

Interestingly, many of the critics of the demonetization exercise have seized the opportunity offered by the inclusion of the late President Jomo Kenyatta portrait that is in front of KICC to take their dissatisfaction all the way to court. The expectation that the recall of the old Sh1000 notes would face some measure of opposition may have informed Mr Njoroge's repeated assurances that CBK acted with a lot of consideration of the impact an immediate ban on the continued use of old currency notes would have had on the majority of Kenyans.

This was in response to critics such as the former Kakamega Senator Boni Khawale who argued that the withdrawal of the Sh1000 note targeted "a clique of politicians" who are showing generosity by supporting churches and the needy. "We are saying that if the withdrawal of the Sh1000 notes will fight corruption, then the government should not wait until October 1. We want it to begin right away." Mr Khawale does not seem to have been a lone ranger because although more than 20 Members of Parliament (MPs) allied to Deputy

President William Ruto backed the decision to withdraw the Sh1000 notes from circulation they, perhaps tongue in cheek, argued the recall should have come earlier than October 1.

A little digging into the reasons behind the various criticisms leveled against the phasing out of the old generation Sh1000 notes suggests that they have more to do with the stringent measures to be followed when exchanging the old currency for the new ones than with either its timing or the individual portraits captured in the designs. For example, without a bank account you will not be able to exchange more than Sh1 million of old currency with the new generation notes. In another tough measure meant to shield abuse of the withdrawal process of the old Sh1000 notes from circulation, the Central Bank has directed commercial banks to seek its express approval before allowing such a transaction.

"Any person without a bank account who shall be in possession of currency notes of an amount exceeding Sh1 million shall require the endorsement of the CBK before exchanging the notes," the governor says in the regulations that will guide the process. This will force the individual with such a large amount to open a bank account or lose the money. The import of this measure is that it will be that much harder for those with questionable large amounts to pick people at random to help them clean their money through the financial system.

Even with a new bank account, it will be reported as suspicious if a new account holder suddenly stuffs his account with more than Sh1 million, or seeks to exchange it in cash and walk

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It may be significant that although the planned withdrawal of the old generation Sh1000 notes was met with criticism from the usual suspects—armchair academics and politicians—it was warmly received by the business community.

away without proper identification on proof of source of the funds. In addition, all currency notes for an amount exceeding Sh5 million will not be exchanged without consent from the Central Bank—the banks' regulator. This means only those with bank accounts and whose banking history checks out will be allowed to exchange the Sh5 million and below without going have any problems at the counters.

In response to those calling for earlier implementation of the ban, Mr Njoroge said "we had to benchmark with countries such as India who also withdrew some banknotes from the economy. Theirs was an immediate withdrawal which had some shortfalls." ... "If we had gone the Indian way, people in remote areas would have been affected most for lack of enough time to exchange the notes with new ones," he said. "The grace period will allow banks and other financial institutions to have enough stock of new generation Sh1000 notes," Mr Njoroge argued.

A look at the Indian experience demonstrates that Governor Njoroge is right to argue against an immediate implementation of the banning of the old generation Sh1000 notes. Even in New Delhi analysts are agreed that one of the major reasons that resulted in the Indian demonetization exercise of 2016 failing to attain its twin objectives of catching black money and weeding out fake notes was because it was implemented suddenly. According to a paper published by the International Monetary Fund (IMF) chief economist Gita Gopinath and others, the resulting cash crunch shaved two percentage points off India's quarterly economic growth.

Micro, small and medium enterprises (MSMEs) were hit hardest as they run out of cash. A World Bank study based on night light data showed that the districts with a higher proportion of the poor and unbanked were hit harder by the demonetization.

What came as a surprise, however, was that although the exercise was an economic failure, it was a political success. Indeed, a poll carried out months after the demonetization ended showed that a majority of

voters supported the ban on the large denomination notes even though they suffered from it. Many voters may have felt that others, wealthier than them, were also being hurt by demonetization.

The results of a second round of YouGov-Mint Millennial Survey conducted early this year suggests that even today many urban youths who support the ruling party consider demonetization to have been a great success of the government. That is a sobering finding that local critics may need to take into account.

To its credit, the local Central Bank seems to have consulted widely before launching the exercise that will have reverberations throughout the economy for years to come. The bank may have been led to do this by the wide range of missteps that those who carried similar exercises around the world made when they carried out similar exercises.

A few examples from Africa may suffice"

During the 1990s, the then President Mobutu Sese Seko made some changes with the Congolese currency, ostensibly, to smoothen the running of the economy. The result was a sharp rise in the cost of goods and services that eventually led to the overthrow of his government.

The process of demonetizing the Nigerian currency in 1984 led to a collapse of the economy which had been suffering years of hyper-inflation and was debt-ridden into the bargain.

In 1982, Ghana demonetized their 50 cedis note in a bid to tackle tax evasion and drain off excess liquidity from the economy. The people responded by flocking to the black market and investing in physical assets which weakened the economy further.

These experiences demonstrate that demonetization alone cannot be expected to achieve the desired objectives as other players in the economy, particularly the law enforcement agencies and the judiciary would need to do their part.

The jury is out whether these different players will play their part.

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HOW OPEN-DOOR POLICY OPENS DOORS FOR ORGANISATIONS

By Evelyn Muchiri & Edwin Musonye

One, not so open, secret that successful organisations such as Safaricom and

Royal Media Group have is an open-door policy. This approach allows them to unendingly obtain new and fresh ideas for enriching their operations. Nonetheless, this system works for all organisations regardless of size, industry, geographic location, and whether situated in a developed or a developing economy. It also stands true for public sector agencies as well as governments themselves.

Despite the great advantages of openness, some organisations still opt to work behind closed doors. Three observable justifications are snobbery, lack of confidence, and fear of disturbance. The three components are interrelated and interconnected. These impediments can be expounded as follows;

Snobbery most times, springs from managers and staff who join the organisation when it's already successful and have no history of the struggles that the founders went through. If not well oriented into the original company's culture, these crop of workers who mainly prefer to spend more time focusing on being important than on being productive may lower productivity or bring down the company altogether.

Failure to recognise that the organisation requires inlets for insights and feedback through continuous interactions to remain relevant in a fast-changing environment; makes it lose out.

Of course the company may run for a while -on the reserves and goodwill built from the past, but that will not guarantee future sustainability.

Constantly reminding employees that they are employed to serve and not to show off is important. This becomes even more critical as the organisation grows into accomplishment and employees earn more. Success can practically get into people's heads.

Lack of confidence is from appointments earned through favoritism as opposed to merit. Such staff recoil in a cocoon and fear mingling with competent coworkers and outsiders. This is because of dreading to expose their inadequacies. But that doesn't assist the organisation in any meaningful way. No corporation will thrive on inferiority complex. Either the staff will require to be moved to roles fitting their levels of output, sent for remedial training or let to go ultimately.

Fear of disturbance can be a valid concern since some idle parties may take advantage of the 'ease of access' to keep bothering the organisation. However, employing good management systems make it possible to manage all interactions without compromising productive time. Closing doors (or windows) ultimately remains a bad management decision.

Good management practice will put in place structures and resources to not only manage information overload, ideas influx and people traffic; but, also for capturing the best ideas from diverse sources.

Some tactics are;

1. Having a focused business plan. This helps to guide the organisation from unsystematically jumping to new projects. A good number of companies have suffered setbacks just because they hastily jumped onto what they saw their competitor doing. However, if it wasn't in the plan, they fail since adequate resources will not be available. Some media companies are struggling under an overbearing wage bill after 'poaching' staff from competitors just to realise they don't bring with them as much business as anticipated.

2. Having competent personnel. Competence breeds confidence, serenity and composure. This is opposite to incompetence that makes people insecure and keep looking over their shoulders. Recruiting and promoting staff on merit fosters proficiency and entrenches a laudable culture for the organisation. It also ensures smooth handovers during successions and transfers. There will never be a substitution for competence.

3. Having anticipatory paperwork. Safaricom has a ready to sign 'Non-Disclosure Form' that allows anyone with an idea to share with the company. This forms a contractual relationship for possibly commercialising it. This arrangement saves both sides time wasted on pitching and soliciting work. With such tools, it's not a wonder that the company is ranked high in innovation.

4. Establishing an easy to approach us culture. This is best practiced at Royal Media and Equity Group. The staff are not only accessible but receptive to out of the ordinary ideas. The output and outcome of the culture as

evidenced from stories of these companies is out there for all to see.

The government can also borrow a leaf and open channels for allowing in ideas. The traditional invitations to tender rarely call for suppliers of ideas and research services. This means that as a citizen, regardless of what great know-how you may have, there are no formal conduits to share it with your own government.

To establish and effectively utilise anybody's insights in national development, systems for appraising the price of ideas need to be set. Some countries set it as the difference between budgeted cost and the savings realised by the insight. For example, if the government had thought a good bridge would cost Ksh. 10 million and as a consultant you show how it may instead cost Ksh. 7 million without compromising the standards, they'll pay you the Ksh. 3 million as your deserved earning - of course they'll use that knowledge to save more money on other similar projects.

It is important to dispel fears and myths that open-door policy is allowing anyone and everyone to walk in and out of the organisation unsupervised. It's about creating avenues -both physical and virtual that allow maximum interaction and knowledge exchange without disrupting normal workflows.

Besides accessibility and capturing new insights, it gives a good image to the company as people interacting with it talk positively about it, as an approachable and sociable entity. It's only when your organisation has adopted an open-door policy that it can truly say to the world: 'We are open for business'.

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Some media companies are struggling under an overbearing wage bill after 'poaching' staff from competitors just to realise they don't bring with them as much business as anticipated.

Good management practice will put in place structures and resources to not only manage information overload, ideas influx and people traffic; but, also for capturing the best ideas from diverse sources.

IS CLOUD ACCOUNTING THE WAY TO GO IN 2019?

**Whenever you use online accounting software,
you're virtually "working in the cloud"**

By Victor Bett

Cloud computing is nothing new to most people. In this era of the internet, chances are you've engaged in one or more forms of cloud computing. In its simplest, cloud computing is the storage of information on virtual servers as opposed to using a computer or a storage device. Google Drive and Dropbox are some of the common examples of cloud computing tools. And so are online accounting applications.

Each time you use online accounting software, you're virtually "working in the cloud". So, whether you prefer cloud computing for flexibility purposes, streamlining workflow, or to simply improve collaboration, a lot of gains can be derived from it. Individuals and businesses rely on cloud accounting tools to boost accountability, efficiency, and effectiveness.

As at now, this mode of recording information has been adopted across all sectors, from banking to manufacturing to hospitality and so on. Today, courtesy of cloud accounting, you can access your bank statement from the comfort of your living room. But that's not all – in a moment, you will learn some of the key benefits, as well as drawbacks of cloud accounting.

However, before that, here are some of the problems that can be attributed to conventional accounting applications.

Problems of Desktop/ Offline Accounting Applications

- The traditional systems are susceptible to serious data security threats. Information is mostly transferred using hard drives and USB drives. Anyone who gains access to such storage devices can



easily infiltrate company information.

- Desktop accounting applications are mostly accessed by single or a few users at a time. This brings about access constraints, a problem that can easily be avoided when using online systems.
- Data stored in computer applications can easily be distorted by anyone who gains access to the machine. It, therefore, makes it simple to tamper with the integrity of such information.
- Software upgrades are also common causes of disruptions when working on offline software. Some upgrades have been known to take a whole day, meaning the system may remain under maintenance for the better part of business hours.
- If you've ever tried seeking customer support on desktop applications, you know too well how tedious it could get. It may take you time to identify valid contact information especially if the software version is old. But with an online tool, the Help button is almost always visible from any menu. Most cloud-based applications have live chats, direct emails, as well as phone numbers for faster communication. Unfortunately, this is almost never the case with their desktop counterparts.

The list goes on and on, but next, I'll tell you why you need to be a part of the cloud accounting community today.

Why Cloud Accounting?

Convenience

If you think of it – cloud computing and cloud accounting are a perfect match. Whether you own 10 or more companies in different parts of the world, you can easily gain access to daily, weekly, monthly, quarterly, or even yearly reports from anywhere, using any internet enabled device. Gone are the days when you'd require to physically step into the office to access your business records. With cloud accounting, all key reports can be accessed from a single dashboard. And if you're working with a part-time or distant accountant, you can conveniently collaborate with them without having to send files back and forth.

Information Security

Organizations value the security of their data, and online accounting tools help you do much more than setting LONG passwords for your computer.

In the wake on increased cybercrimes, passwords and office padlocks might not be the best solutions after all.

Cloud-based platforms are known to be the main targets for hackers and all manner of internet burglars. But it is for this reason that online tools continue to put in place very stringent measures to safeguard the data of their users.

Other than setting strong passwords, most of these platforms have a special security feature known as a Two-factor Authentication. Now, what this feature does is that it allows you to connect your mobile device to your application account, and every time you sign in, you'll be required to use both your login details and another verification using your phone. That means that for anyone to gain access to your accounting information, they'd have to steal your password and your phone. You'll agree with me that that's going to be a lot of trouble for anyone looking to gain access to your files.

Lifetime Storage of Data

In this digital era, the last thing you want is to end up storing your data in a pile of hard files. How long do you think files and papers can maintain their shapes? And what about the ink in the papers? As thorough as bank printers are, the details in the slips never last more than a few years if kept well, before fading away. This is why storing your files online offers you the best chance of maintaining dozens of files for centuries to come. The best thing about cloud storage is that your offline data is always backed up somewhere online in case something happens to your computer. So, whether you wish to retrieve files relating to fifty years ago or yesterday, all you'd need to do is "ask".

Affordability

One of the main objectives of businesses is to keep costs at bay while pushing the revenues up. However, what many might not know is the cost of maintaining a desktop accounting application vis-à-vis using an online one.

Let's break down a few costs just to paint a picture of the situation. For fairness, we'll use the same parameters to compare the cost of the two options – a desktop and a cloud accounting application.

Categories of costs for desktop accounting software

- Software purchase costs (Yes)
- Set up costs (yes)
- Maintenance costs (Yes)
- License renewal upon expiry (Yes, for some)
- Downtime (Very Common)

Category of costs for cloud accounting software

- Software purchase costs (No)
- Set up costs (No)
- Maintenance costs (No)
- License renewal upon expiry (Monthly or yearly subscriptions)
- Downtime (Very Rare)

So, which way for you? I'll leave you to it!

Other than the above-mentioned benefits of cloud-based applications for accounting, there are a few cons to going the cloud way.

Drawbacks of Cloud Accounting

Accessibility Issues: Cloud accounting is limited to devices and locations with internet access. Although most parts of the world have full internet coverages, still, there are segments with either erratic or no internet access. Therefore, people in affected areas might not find this mode of accounting that suitable.

Insecurity: Each year companies set aside millions to budget for cybersecurity. The online space is under attack every minute that goes by. Unless a firm invests in sound security controls, hackers and attackers can easily manipulate or steal crucial company information.

Conclusion

There are a number of reliable cloud accounting applications including QuickBooks Online, Sage One, Xero, Wave Accounting, among others. As an accountant or a business owner, these applications offer you a high-level of flexibility – so, whether you're at work, home, or on the go, cloud accounting applications have you covered. Meaning? You can sleep easy knowing that you have a full picture of the business operations.

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ATTAINING PEACE IN YOUR LIFE

You need to be mentally and emotionally calm to cope

By Angela Mutiso

“Go placidly amid the noise and haste, and remember what peace there may be in silence.” - Desiderata

“No matter what type of leader you are or how widespread your influence, you face personal temptations, challenges, and stresses. And only a foundation of character will sustain you and your leadership.” - Myles Munroe

It appears a difficult feat to be peaceful in a fast paced world like ours. You need to be mentally and emotionally calm to cope. Peace comes from the Latin word pax meaning, “tranquility, absence of war.” But is it wholly possible to keep ‘war’ at bay, when every day, you encounter difficult situations and difficult people?

The subject of peace is too broad to be covered entirely in this piece. However, there is so much to learn from it.

There are numerous things you need to do in your life to be peaceful

Where/how/with whom do you spend most of your time? What do you do with your time, most of the time? Steve Jobs said, “Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do. If you haven’t found it yet, keep looking. Don’t settle. As with all matters of the heart, you’ll know when you find it.”

Peace comes to us in a number of ways. It is about calmness,

serenity, love, care. It is about doing what makes you happy, feeling loved, giving, receiving; it’s about friendship, having a stable family and living a purposeful life. Myles Munroe was a highly inspirational speaker and was loved all over the world for his positive attitude toward service and success... (Addicted to Success). Myles Munroe who died in a private plane crash with 8 others as well as his wife on the way to a leadership conference, in November of 2014 at age 60, was the founder of Bahamas Faith Ministries International.

He believed that having purpose in your life, gives you peace, takes away your stresses, gives order to your days, allows you to set schedules, and is one of the best gifts we can give ourselves. He believed that the greatest tragedy in life is not death, but life without reason... he observed that it is dangerous to be alive and not know why you were given life. He always used to say that one of the most frustrating experiences is to have time but not know why.

When you know why you are in this world, and work according to a plan, you will enjoy a lot of freedom, peace and serenity.



Myles Munroe advises you to ask yourself these five questions;

1. Who am I?
2. Where am I from? What is my source?
3. Why am I here? (The average human does not know who he is or why he exists)
4. What can I do? (Most people die without even doing 10% of what they ought to do)
5. Where am I going? What is my destination?

Answering these questions, will give your life, purpose, meaning, and peace.

How can you attain peace? What disrupts it?

A number of factors can disrupt our peace. You need serenity at work, at home, with your soul and in many other ways. We deal with difficult people every day, and business can be tough. Here are a few issues that can upset your life and peace.

In an article about dealing with difficult people, Forbes notes that difficult people can take many forms. "Difficulty" can manifest itself in quite a few ways, oftentimes, including people who spread rumors, who find the negative in everything, those who rarely cooperate, or who don't value the input and opinions of

others. They may find every opportunity to create problems or they may simply use passive resistance to waylay your best efforts to move your agenda forward. When faced with such people, having a clear understanding of how you react and what tools you can employ to attempt to keep things productive can mean the difference between success and a painful, annoying and awkward failure...Turning the situation inward and analyzing your triggers and reactions to these situations can help you to be prepared and self-aware when they arise.' All in all, take care of yourself.

Since we spend most of our lifetime working, having a peaceful working environment is necessary for each one of us to be successful. What can hamper your peace at work? What should you look out for?

Wrong business partners

Inc.com in an article titled 6 Ways to Spot a Bad Business Partner, asks how well do you really know the other person? The writer says; "The mentors I have had in the business world have this phrase they use when dealing with partnerships, acquisitions, mergers, or even just standard clients: How about we go on a few "dates" before we "jump into bed" with each other?" the author advises that you look at these 6 factors

(excerpts)...

1. If it's too good to be true, it probably is. Somebody told me this a long, long time ago, but of course it took me learning it the hard way (several times) before I understood what it meant.
2. They have ulterior motives. (Before you dive into business with someone, you should be aware of their portfolio. What do they have their hands in? What other venture could this partnership with you potentially be for? Where is it in their priority list?)
3. Expertise and effort are not equal. Business partners, like marital partners, tend to be opposites (in some way).
4. The work is unbalanced. The flip side to the above is that you need to be aware of who is doing what work--and how much work).
5. They hide the truth. (Money is an amplifier. As dollar signs come waltzing through the door, who is seated in front of you will become amplified).
6. You can't see yourself going on vacation with them...if you cannot, think again.

Meanwhile, you might also want to consider the following as you work on your peace agenda;

“

You enjoy your job, until you don't. We will find ourselves in situations where we will feel anger, sadness and grief and so on. Unless we can process, navigate and be comfortable with the full range of our emotions, we won't learn to be resilient. We must have some practice dealing with those emotions or we will be caught off guard.

A good spouse

"There is a level of interdependence that is needed in a marriage relationship, where both spouses realize they are part of a team and they are both contributing to making the other stronger than either one of them could be on his or her own. "We" becomes more important in marriage than "I."... April Cassidy, *The Peaceful Wife*

At peace with your soul

It makes a person feel rather rickety and unstable on the inside when there is that sense of a lack of peace in the heart, or in the mind, or in the soul...Rev. Ron Branch... Get peace and keep peace in your soul- mydailyregister.com

There are quite a number of other issues you can look at. You need to re-learn, explore, and re-new yourself... take a simpler approach... step back, think again about your values and perceptions...you may want to meditate, sit alone somewhere, and take a good look at the life you are living now, and what you need to change to brings about and to share peace. You need to listen more and appreciate your environment more.

Another noteworthy point, is this; we are always told to be positive. But there are those who believe that even if positivity is good, it is not always the answer. The Washington Post, under the heading; A Harvard psychologist explains why forcing positive thinking won't make you happy explains that -in her new book, "Harvard Medical School professor and psychologist Susan David says..."What is actually guaranteed in life is that it will not go well sometimes. You're healthy, until you're not healthy. You're with the person you love, until you're not with the person you love. You enjoy your job, until you don't. We will find ourselves in situations where we will feel anger, sadness and grief and so on. Unless we can process, navigate and be comfortable with the full range of our emotions, we won't learn to be resilient. We must have some practice dealing with those emotions or we will be caught off guard. I believe the strong cultural focus on happiness and thinking positively is actually making us less resilient."

Self-blame can weaken you

In the meantime, instead of worrying

about how much someone has upset you, try doing things that make you happy, enjoy time with people you love, if possible, let go of people and situations that irritate you. Forgive those who have wronged you, to offload the burden of unnecessary anger.

Give your time to a needy person or group and give meaning to someone's life

You will be amazed at how contented this makes you. If you find

Did you know that singing; boosts your immune system; releases stress; benefits your heart; Increases your energy and also improves your memory?

certain exercises too cumbersome, choose those that work for you. Unclutter your world, and always be several minutes early for any meeting you have to attend. As a certain CEO always used to remind us; to be on time is to be late.

Sweating the small stuff, can steal your peace

The more you overlook little things and let go, the happier you will be. Don't forget that many people have a lot of internal struggles of their own, and this can be manifested in the way they act. Either way, you will be doing yourself a great favor, by simply not worrying much, accepting that life can't always be fair, and moving on. Ruminating over heartaches will just hold you back. We live in a busy world, but you can choose to slow down, and do things at your pace. As long as you maintain a steady and constant stride and progress, you will reach your destination.

Set limits

Know how much you can do, how much you can take, and how far you are able and willing to go, at work and in relationships. Take a break, have a holiday. Enjoy your time, savor nature, exercise, eat well and be yourself.

Money and peace

Arguing over money is a top predictor of divorce and marital problems according to one study. Communicate regularly. And to deal with complex money issues... wealthclinic.com gives us 5 tips ; it says, giving money with joy and gratitude can be transformative - when you receive money, accept it graciously - acceptance covers all the ways we receive money and resources from others. This includes earning money through employment, receiving gifts from others, and earning income from investments. By accepting money with gratitude, even if we worked hard to earn it, we create feelings of inner peacefulness; ensuring we live within our means and have money left over for savings is one way to create greater peace of mind; as more of us withdraw financial support from companies that engage in harmful business practices, we can change the world in peaceful and meaningful ways; lastly, planning for whatever comes helps you live in peace now and rest in peace later.

Try singing

Did you know that singing; boosts your immune system; releases stress; benefits your heart; Increases your energy and also improves your memory? (spinditty)... try it, in addition listen to great music for tranquility.

Desiderata clinches it...Therefore, be at peace with God, whatever you conceive him to be, and whatever your labor and aspirations, in the noisy confusion of life keep peace with your soul. With all its sham, drudgery and broken dreams, it is still a beautiful world. Be careful. Strive to be happy.

And whether or not it is clear to you, no doubt the universe is unfolding as it should. Therefore be at peace with God, whatever you conceive Him to be.

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DESTRUCTIVE FISHING PRACTICES

By Angela Mutiso

Fishing can be fun if you do it right, but if you mess it up, so much can go wrong. Environmentalists are concerned that several fishing practices are becoming harsher to delicate territories and are asking you to join them in building a future that will safeguard the fishes in our waters.

What is destructive fishing?

Destructive fishing practices are practices that easily result in irreversible damage to aquatic habitats and ecosystems. Many fishing techniques can be destructive if used inappropriately, but some practices are particularly likely to result in irreversible damage. These practices are mostly, though not always, illegal. Where they are illegal, they are often inadequately

enforced (Wikipedia)

In Kenya, overfishing in Lake Victoria has been a great concern. Apparently, the disappearance of the hyacinth weed has also led to a big decline in shallow water fish species. This news is amazing; because for a long time this weed has been reviled by fishermen, yet it creates a conducive environment for them to catch fishes, rather than having to go further into the lake to get them. The native species of lung and mud fish species that flourish under the carpet of such vegetation have dropped in numbers, causing a lot of apprehension.

The destruction has also been witnessed in Kenya's coast. A recent report published by the Western Indian Ocean Marine Science Association Zanzibar, Tanzania (UNESCO/IOC Project office

for IODE Oostende, Belgium), explains that the social and economic dimensions of destructive fishing activities studied in the multi-gear fishery of the Southern Kenya Coast, discovered the following; Fishing gears identified to be destructive in order of abundance were beach seines which are used by 29% of the respondents, spearguns which are used by 32%, ringnets which are used by 5%, small mesh size nets used by 3%, small mesh size basket traps used by 1%, explosives and fishing poison especially traditional plant poison. It was found out that 70% of the respondents use destructive fishing methods. 49% of those who use destructive fishing techniques were the migrant fishermen.

Nonetheless, there is hope... Standard media reported that while speaking at an occasion to mark World Fisheries Day,



Acting Cabinet Secretary for Agriculture, Adan Mohammed, said efforts to transform this sub-sector had gained steam to boost food security, exports and rural livelihoods. "The Government is committed to the development of a robust fisheries sub-sector as a means to boost export earnings, achieve food and nutrition security and create employment," Mohamed said. (World Fisheries day is celebrated every year on November 21 throughout the world by fishing communities. This day is celebrated through rallies, workshops, public meetings, cultural programs, dramas, exhibition, music show, and demonstrations to highlight the importance of maintaining the world's fisheries. World Fisheries Day helps in highlighting the critical importance to human lives, of water and the lives it sustains, both in and out of water. Water forms a continuum, whether contained in rivers, lakes, and ocean).

The report further says that Kenya has one of the most vibrant fisheries sector in the region - thanks to state incentives that promote investments in aquaculture. The country earned Sh4.6 billion (\$45 million) from the export of 10,165 metric tonnes of fish in 2013. In 2014, Kenya's total fish production stood at 193,106 tonnes. The minister said the Government has accelerated

the implementation of a strategic plan to transform the fisheries sector in line with vision 2030 blueprint. Statistics from the Kenya Marine and Fisheries Research Institute show that fish production in the lake has plummeted by 50 per cent in the past decade. It is worrying, that a lot of the fish sold in Kisumu's biggest fish market is from China, and is cheaper.

Discussing destructive fishing practices WWF (panda.org) explains what happens, and how negative practices are destroying the environment... briefly;

Cyanide fishing: Some 20,000 tonnes of live fish are eaten annually in the restaurants of Hong Kong - and for every live fish caught using cyanide, a square metre of their coral reef home is killed.

Dynamite fishing: In this technique, dynamite or other explosives are set off under water. The dead fish floating to the surface are then simply scooped up. The explosives completely destroy the underwater environment, leaving it as rubble. Dynamite fishing has contributed to massive destruction of, for example, Southeast Asian coral reefs over the past 20 years.

Ghost fishing: Ghost fishing occurs when fishing gear is lost or abandoned

at sea. The gear can continue to catch fish, dolphins, whales, turtles, and other creatures as it drifts through the water and after it becomes snagged on the seabed. When driftnets were used on the High Seas, an estimated 1,000km of ghost nets were released each year into the North Pacific Ocean alone. Although the current contribution of ghost fishing to bycatch is unknown, it is likely to have a large impact. One survey estimated that a quarter of the rubbish on the bottom of the North Sea is fishing nets, while fishers speak of a dolphin and turtle graveyard among the nets that drape the cliffs of Cape Wessell, Northern Australia.

What is being done to stem destructive fishing practices?

A lot is being done (perhaps not enough) to stem destructive fishing around the world. Below are some notable efforts.

The Pew Research Center is a nonpartisan American fact tank based in Washington, D.C. It provides information on social issues, public opinion, and demographic trends shaping the United States and the world (Wikipedia). Pew's project on ending illegal fishing is (among other things), working around the world to develop an international fisheries enforcement regime that will significantly reduce unreported, and unregulated (IUU) fishing. In an article on How



to End Illegal Fishing, Pew says this work focuses on industrial-scale fishing, cooperation among key partners for policy change and implementation, due diligence by seafood buyers, and ensuring that authorities have the tools they need to crack down on this activity. Their objective is to put a global system in place that would provide a cost-effective way to identify, monitor, deter, and prosecute the operators and those ultimately benefiting from and supporting illegal fishing. The report further notes that every time wild-caught fish is bought at a restaurant, store, or waterfront dock, there is a 1 in 5 chance that it was caught outside of the law. Illegal and unreported fishing

worldwide accounts for up to 26 million metric tons of fish annually, worth up to \$23.5 billion.

Farm Africa on its part, reported that wild fish stocks in western Kenya are dwindling. Lake Victoria is suffering from overfishing, and tilapia, the most popular freshwater fish in Kenya, is becoming scarce. Farm Africa is promoting fish production in freshwater ponds to help protect Lake Victoria's strained resources and provide a growing population with a sustainable source of fish.

In the meantime, The Outcomes and Implementation Statements of the World Summit on Sustainable Development, held in Johannesburg in

2002, contain a commitment to phasing out destructive fishing practices in the marine environment by the year 2012. All nations attending the summit supported this statement.

Many nations had made commitments to end destructive fishing practices much earlier. In 1999, 124 nations explicitly gave their support to the FAO Code of Conduct for Responsible Fisheries 1995 through the Rome Declaration on Responsible Fisheries. The list of these nations includes most of the major fishing nations of the world. However, while the Code of Conduct contains a commitment to end destructive fishing practices, the Code contains no timelines.

Fish facts

- Some fish species like brook trout cannot live with much salt in the water, other fish, such as tuna and, need salt, and some, such as striped bass, can live in salt or freshwater. Fish also need a certain amount of oxygen in the water.
- Fishing from a boat enables you to cover more water than fishing from shore and reach distant spots, frequently with deeper water.
- Fish have gills that extract oxygen from the water around them.
- There are over 30000 known species of fish.
- Some flatfish use camouflage to hide themselves on the ocean floor.
- Female dolphins are called cows, males are called bulls and young dolphins are called calves.(onekindplanet)
- Dolphins are intelligent, friendly mammals that like to play tricks. They have been known to save humans in trouble, and take them to the shore.

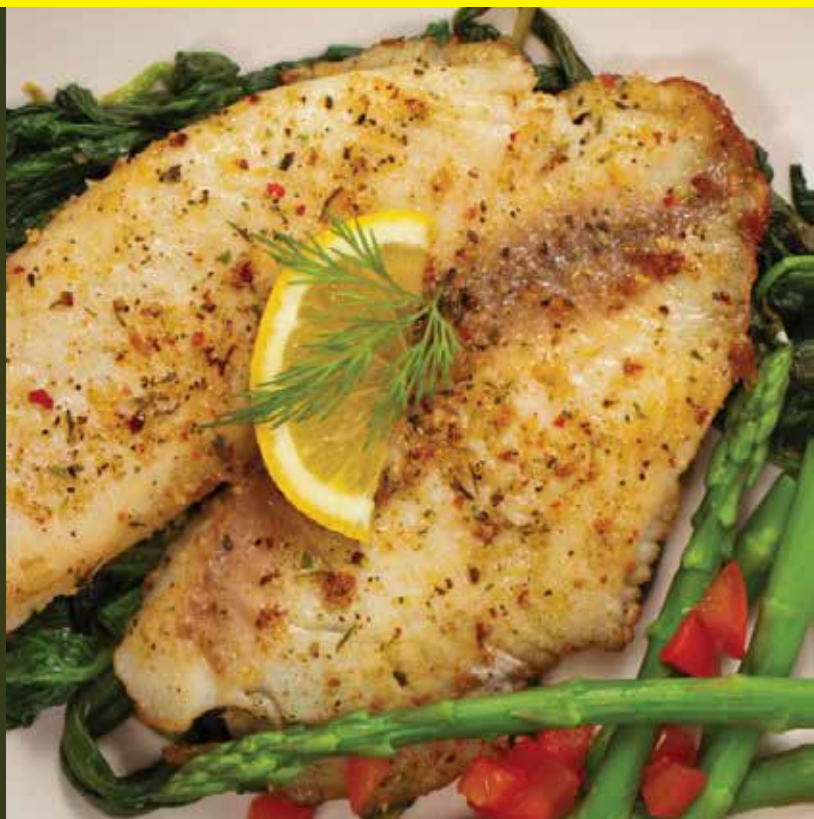
A FISH RECIPE FOR YOU

Oven baked fish

- Five medium sized fish fillets
- Three table spoons oil
- Two large onions
- Three large tomatoes peeled and juiced (place in hot water, peel, chop up, and mash
- 3 cloves garlic, ginger and spices

First, ensure the fish is fresh. You should be comfortable with the smell. Wash the fish well, and dry. Heat oil in a pan; add the onions, tomatoes, garlic, ginger and a spice that you like, heat till well blended two to three minutes will do. You could choose mixed spices, turmeric or curry powder. Don't let the sauce dry. Put the fillet in a baking plate and bake for between twenty to thirty minutes in medium heat. Drizzle the gravy you made earlier over the baked fish. The gravy should be a bit runny. The fish should chip when scraped. You can squeeze some lemon/lime juice on the fish when ready.

Tip; when buying a complete fish, ensure it smells fresh, eyes are bright, the gills are a healthy red, and the skin is bright.



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DEALING WITH SKIN CONDITIONS

They tend to carry a bit of social stigma with them and lower self-esteem

Compiled by Angela Mutiso

Almost everyone wants a smooth face and skin. Your face says a lot about you. In addition, having a clear and smooth complexion gives you a lot of confidence. A smooth face, can make one look attractive, desirable

and healthy. It can also make you look amiable, and likeable. (Whether you are or not).

Indeed beauty and health seem to go together. But then, things don't always happen as we want. A number of skin ailments can distress us. One of them is

acne, also known as pimples. Acne can be a big bother and can go on for a long time if not dealt with appropriately. What makes acne even more annoying is the fact that it usually appears on the skin of exposed areas such as the face, upper extremities, chest and back.

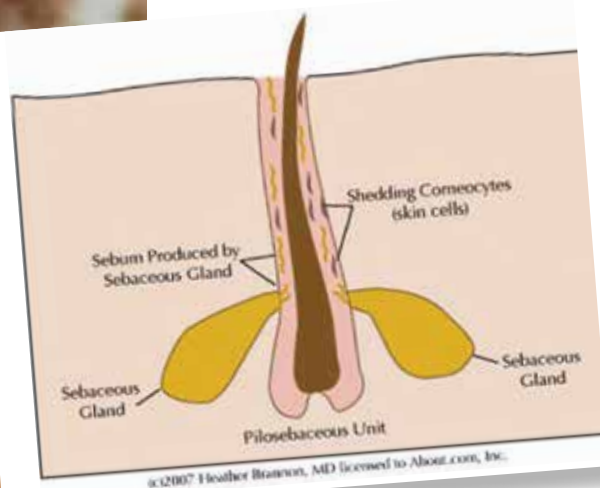
“Acne, according to Mayo Clinic, is a skin condition that occurs when your hair follicles become plugged with oil and dead skin cells. It often causes whiteheads, blackheads or pimples, and usually appears on the face, forehead, chest, upper back and shoulders.”

What causes acne?

Acne, according to Mayo Clinic, is a skin condition that occurs when your hair follicles become plugged with oil and dead skin cells. It often causes whiteheads, blackheads or pimples, and usually appears on the face, forehead, chest, upper back and shoulders. Acne is most common among teenagers, though it affects people of all ages. Mayo Clinic says that effective treatments are available, but acne can be persistent. The pimples and bumps heal slowly, and when one begins to go away, others seem to crop up. Depending on its severity, acne can cause emotional distress and scar the skin. The earlier you start treatment, the lower your risk of such problems.

Acne appears to be strongly inherited with 81% of the variation in the population explained by genetics. Studies performed in affected twins and first-degree relatives further demonstrate the strongly inherited nature of acne. Acne susceptibility is likely due to the influence of multiple genes, as the disease does not follow a classic (Mendelian) inheritance pattern. Wikipedia.

Even though many believe that acne has a lot to do with genes, there are certain factors that predispose us to this problem. Stress, environmental factors, and diet are believed to be culprits. Certain medications can worsen an already existing condition of acne, which is also known as acne vulgaris. There are several ailments that mimic acne, even if they are not. Acne can be diagnosed through a doctor's finding. When you start taking medications for acne, you shouldn't expect overnight results. Acne medications work well when given time, improvement

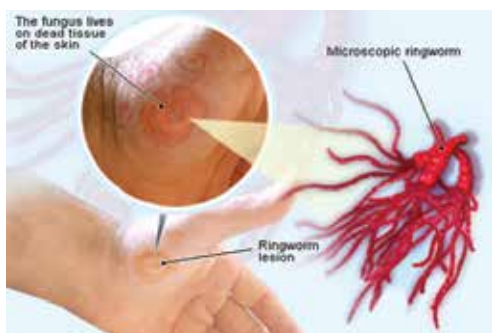


is slow and can get worse, before it gets better, but that should not worry you. Progress is usually observed between eight to twelve weeks after commencement of treatment. Therapy can include, Benzoyl peroxide and antibiotics. Retinoids are medications which reduce inflammation, normalize the follicle cell life cycle, and reduce sebum production. They are adapalene, isotretinoin, retinol, tazarotene, structurally related to vitamin A. (Wiki) it is however believed that they are under prescribed. You will be better off using it at night because of its sensitivity to light. Tea tree oil has also been known to treat acne in some cases.

Contagious skin diseases

Contagious ailments like ringworms, impetigo, conjunctivitis and head lice, tend to carry a bit of social stigma with them, so parents in particular are often shocked when their children come home and show them what they got from school. Parents are however advised to take it easy. One nurse dealing with children, explains that these diseases are widespread in socioeconomic groups and are transmitted for the simple reason that children have to interact, and this increases the exchange of germs. Like with many other ailments, do not worry where your child got it from, dwell more on how to deal with it...

Ringworm



This is a fungal infection which also appears on the skin of exposed areas. It is usually scaly or bubbly. When it is on your hair, it normally destroys the hair shaft and causes unpleasant looking bald patches on your head. Transmission is usually skin to skin contact or sharing of combs, clothes, towels, etc. To treat this, you are advised to use an antifungal cream for a long time. This should get rid of it totally. Don't expect immediate results, stay dry and if it goes on for too long, the infected

person may require oral medication. People are not so infectious 24 hours after commencement of medication.

Head lice



Head lice are wingless parasites that live and feed on your blood. The lice hatch eggs called nits. These nits attach themselves to the shafts of hair on your head, eyebrows, lashes and even pubic hair. If you see someone, especially a child, scratching his head briskly, it is probably because of head lice. Check that child properly. It can be quite uncomfortable. The lice are transmitted when you share combs, hats, and other hair things, they can also live on chairs for a few days. There are special shampoos you can use to eliminate the nits and lice. After shampooing, you are advised to use a fine tooth comb to brush away the dead nits.

Impetigo

This is an infectious skin inflammation and is usually caused by bacterial infection. In most cases the bacteria can enter the skin when the skin is damaged through a scrape, a bite, a scratch or anything that cuts your skin. When you have this condition, you see blisters which can fill up with pus. In most cases this condition is transmitted through direct contact with moist discharge of the lesions. For treatment, an antibiotic ointment may be helpful.

Dandruff



Dandruff is a skin condition that mainly affects the scalp. It is usually characterized by white flaky stuff on the scalp and hair, and itchiness. It can be quite stubborn.

Symptoms include flaking and sometimes mild itchiness. It can result in social or self-esteem problems. A more austere form of the condition, which includes inflammation of the skin, is known as seborrhoeic dermatitis.

Dandruff is a very common skin condition that nearly all people experience at some point in their lives regardless of age or ethnicity according to emedicinehealth.com. It affects not just the scalp, but also the ears, eyebrows, sides of the nose, beard, and less commonly the central (often hair-bearing) part of the chest. Bacteria have not been found to cause dandruff. Dandruff is not a fungal infection and is not the same as scalp "ringworm". But you're advised not to share combs and to treat it if it persists. According to emedicinehealth, the best shampoos are those containing zinc pyrithione, selenium sulfide, and tar-based shampoos.

Scabies



Scabies is one of numerous skin conditions that can cause itching and rashes. It is a skin ailment caused by an eight-legged microscopic mite.

Scabies is quite infectious and is easily spread from one person to another through contact. It happens a lot in homes, hospitals, and even in prisons and institutions. It can affect anyone, and everyone who has come into contact with an infected person should seek medical help at the same time with that person.

According to medical news today, it can be found in between the fingers, around fingernails, armpits, waistline, inner parts of the wrists, and inner elbow. It can also be found in soles of the feet, the breasts, particularly the areas around the nipples, male genitalia, buttocks, knees and shoulder blades. Infants and young children experience infestation in

other areas of the body, including the scalp, face, neck, palms of the hands and soles of the feet.

Fish Odor Syndrome (Trimethylaminuria)

Jane, a beautiful and affectionate high school student did not know what was wrong with her; neither did her parents. She had a strong unpleasant odor, and despite her obsession with bathing, the fish odor was always as strong as ever. What amazed Jane and her friends was that even after taking a long and elaborate shower, the smell never left her. Could it have been Trimethylaminuria? Even though Trimethylaminuria is not actually a skin condition, it seems to cause a lot of embarrassment to affected persons, because it gives off a very strong smell and is not well understood by many. Trimethylaminuria is a disorder in which the body is not able to break down trimethylamine, a compound

“Contagious ailments like ringworms, impetigo, conjunctivitis and head lice, tend to carry a bit of social stigma with them, so parents in particular are often shocked when their children come home and show them what they got from school. Parents are however advised to take it easy.”

derived from the diet that has a strong smell of rotting fish. Medicinet explains that when trimethylamine builds up in the body, it causes affected people to give off a fish-like odor in their sweat, urine, and breath. The strong body odor can disrupt many aspects of daily life, interfering with a person's affairs, social life, and occupation. Fish odor syndrome treatment includes certain dietary restrictions, use of acid lotions and soaps to eliminate secreted trimethylamine on the skin, use of activated charcoal and copper chlorophyllin, certain antibiotics, laxatives, and riboflavin supplements. Fish odor syndrome (trimethylaminuria) is a genetic ailment and indicators are usually there from the time of birth.

It is important to visit a doctor to determine what is causing your individual problem to determine the right treatment for you.

What are the health benefits of eating carrots?

- Helps Prevent Cancer
- Promotes Eye Health
- Promotes Skin Health
- Regulates Blood Pressure
- Aids Diabetes Treatment
- Boosts Immunity
- Strengthens Bones
- May Aid Weight Loss
- Lowers Cholesterol Levels
- Good for Teeth and Gums?
- Promotes Liver Health and Eliminate Toxins

Source: style craze



Carrot juice recipe

As you can see, carrot has several benefits and a lovely color. Juicing a raw carrot on its own, never really gives a solid effect. If you want a refreshing carrot drink you can make it this way; peel and chop two carrots, peel three oranges or tangerines - remove the seeds, take ginger, the size of your little finger, or just a few centimeters, scrape the outer layer and grate or just chop, then take a small slice of peeled pineapple and chop, add two glasses of water, add two pieces of strawberry if available, put everything in a blender and juice, sieve everything, or just drink as is. A bit of chilling, would be nice.

cananews@gmail.com



Africa.com selects news to share with us. The information can be followed online from the sources as indicated in the excerpts below;



GETTING SMART ABOUT AFRICA'S DROUGHT SITUATION

As rains become more erratic, Zimbabwe is looking to irrigation to cushion its food supplies against drought. In announcing the 2019 budget in November, Finance Minister Mthuli Ncube allocated nearly \$1 billion to the agriculture ministry to fund irrigation and borehole rehabilitation, among other measures to improve water sources for farmers. And in a bid to deal with the long-term effects of patchy rainfall, the southwestern city of Bulawayo is proposing technological interventions to cut water consumption.

SOURCES: Forbes Africa



WHAT AFRICA GAINED FROM WEF

One of the highlights of the summit is that Ethiopia has been confirmed as the first country in Africa to host the World Economic Forum's Annual International meeting, in 2020. Another was a session called "Achieving a single market in Africa". The panel consisted of business leaders from pan-African companies, the president of the African Development Bank (AfDB), and Oxfam.

SOURCES: Business Day Live

BUILDING THE FIRST WASTE TO ENERGY FACILITY IN AFRICA

Ethiopia's largest rubbish dump Koshe was for almost 50 years, home to hundreds of people who collect and resell rubbish trucked in from around the capital Addis Ababa. It, however, made headlines last year when it killed about 114 people, compelling the government to rethink an alternative use for the site which is said to be the size of 36 football pitches. Ethiopia has since turned the site into a new waste-to-energy plant via the Reppie Waste-to-Energy Project which is the first of its kind in Africa. This forms part of efforts

to revolutionise waste management practices in the country. The plant is designed to generate electric power from solid waste collected from the capital. Incinerating 1,400tn of waste a day, the plant is meant to contribute 185GWh of electricity a year to the national grid. But disputes which was between EEP and two contractors, Cambridge Industries and its partner, China National Electric Engineering Company led to the plant ceasing operations after its inauguration.

SOURCES: CONSTRUCTION REVIEW ONLINE





EAST AFRICA PLANS TO INCREASE SPENDING ON INFRASTRUCTURE PROJECTS

But the question many ask is whether those countries can afford it? Kenya, Tanzania, Uganda, Rwanda and Burundi will unveil plans to fund the building of more roads, railways and power plants, as well as expand services such as health care and education, for the year starting July 1. In most cases, this will raise budget gaps as a percentage of gross domestic product, and increase borrowing requirements. Spending will probably climb about 10% in Kenya in the next fiscal year, 17% in Uganda and 11% in Rwanda, while it will be broadly flat in Tanzania, the nations' respective governments have said in forecasts. While the governments forecast that revenue will increase by double digits next year, Kenya, Uganda and Tanzania all have plans to approach the debt markets to help raise the funds to finance their deficits. GDP in East Africa will probably expand 5.9% in 2019 and 6.1% in 2020, according to the African Development Bank, making it the fastest-growing region on the continent.

SOURCES: CGTN AFRICA

GETTING AROUND AFRICA'S LOGISTICAL NIGHTMARE

Industries can make a variety of goods, but they struggle to transport them safely and quickly to customers without established networks. According to global property consultancy Knight Frank, the cost of transport takes up 50-75% of the retail price of goods. But there is hope, from both foreign investment and home-grown solutions. For example, in Nigeria, digital start-up Kobo360 developed an app that revolutionises cargo delivery by making sure that everyone in the supply chain is connected to ensure the safety and accountability of cargo in transit. In the Senegalese capital, Dakar, more and more people are shopping online, and getting goods delivered to your front door is a growing trend amongst shoppers.

SOURCES: BBC



IN OTHER NEWS...

Have you checked the newest "Forbes 400: The Full List of The Richest People in America" yet? Surprise, Bill Gates, with a net worth of \$81 billion, is ranked No. 1 for the 23rd year running. Meanwhile, his friend Warren Buffett fell to third place for the first time in 15 years with a net worth of \$65.5 billion. Thanks to soaring stock prices of hot tech firms, CEOs at the helm of those companies seem to have been accumulating wealth at a much faster pace than others. Amazon.com CEO Jeff Bezos gained \$20 billion to boost his net worth to \$67 billion, making him the second-richest person in the U.S. Facebook CEO Mark Zuckerberg jumped into fourth place, his highest rank ever, with a net worth of \$55.5 billion. However, Oracle founder Larry Ellison landed at No. 5 for the first time since 2007. His net worth is \$49.3 billion. Standing on the No. 6 spot is former New York City Mayor Michael Bloomberg, CEO of the eponymous firm Bloomberg L.P., who has a net worth of \$45 billion.

Below are the residences the six richest moguls call home:



Bill Gates Worth: \$81 billion
Home: Medina, Washington



Jeff Bezos Worth: \$67 billion
Home: Medina, Washington



Mark Zuckerberg Worth: \$55.5 billion
Home: Palo Alto, California

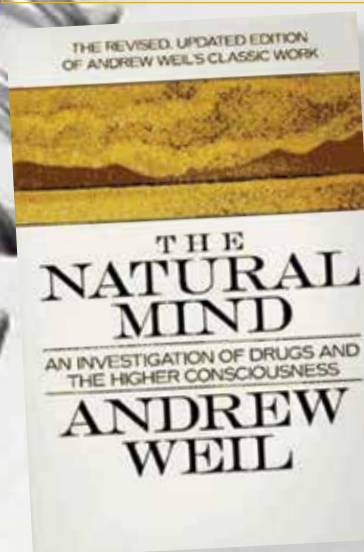


Larry Ellison Worth: \$49.3 billion
Home: Woodside, California



Michael Bloomberg Worth: \$45 billion
Home: Manhattan, New York

Source: mansionglobal.com



Reviewed by Angela Mutiso, cananews@gmail.com

Title: The Natural Mind: An Investigation of Drugs and the Higher Consciousness

Author: Andrew Weil

Category: History, health

Publisher: Originally Published by Houghton Mifflin



Andrew Weil

This book, the natural mind, by Andrew Weil, is mind-boggling. Despite having been originally published much earlier, most readers say, they appreciate it more with time. "Like good cheese, the natural mind gets better with age," says Lester Grinspoon M.D. Harvard Medical School. "I learned more reading the book fifteen years after its original publication, than I did in 1971."

To me, one of the most interesting chapters (all are) is when he talks of reliance of intuition as well as intellection. Weil observes that intuition is something known to all of us by experience; to the intellect, it is a mystery. He says in chapter 7 where he talks of a trip to stonerville that stoned thinking is the mirror image of straight thinking. "When we step into non-ordinary reality even for a moment, we experience things directly, see inner contents rather than external forms, and suddenly find ourselves able to participate in changing things for the better. But the more flashes of it one has, the easier it becomes to maintain. And stoned thinking is not something foreign to be learned; it develops spontaneously as we unlearn habitual ways of using the mind." Weil says the ubiquity of drug use is so striking that it must represent a basic human appetite. The author notes further that the use of drugs to alter consciousness is nothing new. It has been a feature of human life in all places on the earth and in all ages of history. He says to his knowledge, the only people lacking a traditional intoxicant are the Eskimos, who had the misfortune to be unable to grow anything and had to wait for alcohol to be brought to them. He

points out that alcohol, has always been the most commonly used drug. The book is described as a new model for solving the drug problem by acknowledging our innate yearnings and offering an alternative.

A reviewer Alan Watts, author of the Way of Zen, describes Weil's ground breaking book as an incredibly sane approach to the 'drug problem'. He explains that somehow his deep understanding of the dynamics and principles of consciousness enables him to look at this problem from a very new and refreshing point of view. - He says psychedelic drugs are a temporary catalyst which, when properly used, lead on to simpler ways of meditative contemplation.

Weil has come up with some interesting topics in this book that has been re-jacketed and revised. (It was, as indicated above, originally published by Houghton Mifflin (1972). They include, what this book is about, why people take drugs, is anything wrong with it? What no one wants to know about marihuana, clues from the Amazon, and the topography of straight land. Other topics are - a trip to stonerville, the only solution to the drug problem and where to go from here. He explains that the book is an exposition of a theory that can help us. It is not a primer of pharmacology or a program for social reform. Rather, it is a germ of a new way of thinking about drugs and consciousness - a way that creates possibilities for solving a problem that divides us bitterly in our nation, in our schools, and in our homes.

The author says the growing presence in our midst of chemicals that seem to

alter consciousness raises questions of the utmost importance for us as individuals and as social beings. Examples of these questions are: what do these drugs tell us about the relationship between mind and body? Are they legitimate tools (in any sense) for changing the mind in a direction of greater awareness? He notes that these questions are important because they bear directly on the nature of consciousness, which is, ultimately, the only problem worthy of total intellectual effort. He points out that anyone who speaks or writes about drugs (and certainly all who 'investigate' them) together with everyone who hears or reads what is said and written has an emotional involvement with the information. The exact nature of this involvement differs from person to person in both degree and quality, but it is always there. Consequently, he notes, it is extremely difficult to talk about drugs except in a direct interpersonal situation, where, at least, there is some possibility of keeping tabs on emotional reactions.

Weil states categorically that nothing is ever really known by indirect means, least of all the nature of one's mind. And that he is firmly on the side of the younger generation in its estimation of direct knowledge above all other kinds of knowledge. He says his authority of presenting these theories, is his own experience, not the medical degree he received from Harvard.

This is a very interesting and captivating book. It is available in leading bookshops and online.



"Youth are not homogeneous, and in varied ways, have been left behind, but with guidance can channel their innovative ideas to contribute to development of their respective cities, communities, and respective economies."

UNICEF Deputy Country representative Patrizia Di Giovanni, said this when a high level panel held talks during a five-day UN Habitat Assembly in Nairobi. The theme was Generation Unlimited: The Prosperity Potential of Cities and Regions of Young People. Ms Di Giovanni added that a million of Kenya's youthful population (65 percent) enter the workforce annually, but only one in 10 find gainful employment.

"Approximately 46 percent of people in Nairobi walk because the existing matatus and boda boda are not always enough and also not always affordable for the low class citizens...we embrace the efforts to develop Bus Rapid Transport system so it can carry more people and in an affordable manner."

Thomas Chiramba, a senior regional settlements officer at the UN-Habitat; speaking at the same function.

"Anopheline mosquitoes transmit the malaria parasite, but the insects themselves are prone to their infections. The team engineered a specific fungal pathogen of anophelines to carry insect selective toxins. The effectiveness of this fungus for controlling mosquitoes was subjected to a trial in nearfield conditions in Burkina Faso."

This was reported in the Science Journal on 31st May, 2019. It recounted that a genetically modified fungus killed 99 percent of

mosquitoes that can transmit malaria without affecting other insects. The study was done by researchers at the University of Maryland in the US and IRSS research institute in Burkina Faso.

"He just came from nowhere, he just came stream rolling from nowhere... he had the advantage of running in obscurity, no pressure on him, he was the last of the Kenyans anyone thought might win this, and is the last time he ever gonna handle a race with nobody knowing he is there."

Commentators reviewing Kenyan marathoner, Cosmas Ndeti's win in 1993, in 1994, (remembered recently) he not only retained his Boston Marathon title, he set a course record that stood for 12 years. He also won in 1995. He is now a preacher. He said in a recent interview that life has taught him to embrace the fragility of fame and vanity of wealth. The greatest lesson, he says, is that when God wants to use you, he yanks you from wherever you are.

"I did not know how to behave after winning". Cosmas Ndeti"

Source; *The standard*.

"It's only been what, two and a half days, three days? But we're just so thrilled to have our own little bundle of joy to spend some precious times with him as he slowly starts to grow up."

The Duke of Sussex Prince Harry, speaking after the birth of their son Archie Harrison.

"Everyone says babies change so much over two weeks. We're basically monitoring how the changing process happens over this next month really..."His looks are

changing every single day so who knows.

Prince Harry, answering questions about their new baby.

"I want public officers to live within their means. If your contribution to fundraisings is always in millions and it doesn't resonate with your salary, then you must tell EACC where the money has come from... the move for officers to declare their wealth to two commissions will enable both EACC and Public Service Commission to monitor the growth of their wealth in relation to their income."

National Assembly Minority leader, John Mbadi, in a letter to National Assembly Speaker Justin Muturi.

"The biggest challenge with exotic varieties is that they are bred in places where the ecological conditions are different from what we have here in Kenya. That is why the exotic chickens have to be reared in modified conditions."

Grace Moraa, JKUAT geneticist and researcher, explaining that the number of chicken varieties with inherent ability to contain heat stress is declining and raising concern of heat stress management in poultry.

Source; *Smart Harvest, the Standard*.

Some quotes for you...

Every next level of your life will demand a different you. .

Paths are made by walking.

"Keep away from people who try to belittle your ambitions. Small people always do that, but the really great make you feel that you, too, can become great."
-Mark Twain



THE UNEXPLORED WESTERN CIRCUIT TOURISM

The sleeping giant

By Alfrique Otieno

Takawiri island

For many years the tourism sector in Kenya has focused around the coastal and Maasai Mara circuit. But now the western circuit that has been a sleeping giant for years is booming and offering alternative destinations for both local and international tourists. The creation of county governments opened up tourist destinations in various towns within the western circuit.

The western circuit offers

alternatives to the beaches and bushes tourism. With incidents of insecurity in the coastal towns, Lake Victoria has become an alternative beach with a coastal feeling for tourists to enjoy diverse, original, and authentic products without straining.

Residents of counties in the Lake Region and Rift valley economic blocks can now earn a living from tourism. Islands in Lake Victoria are no longer only occupied by fish mongers but also by investors

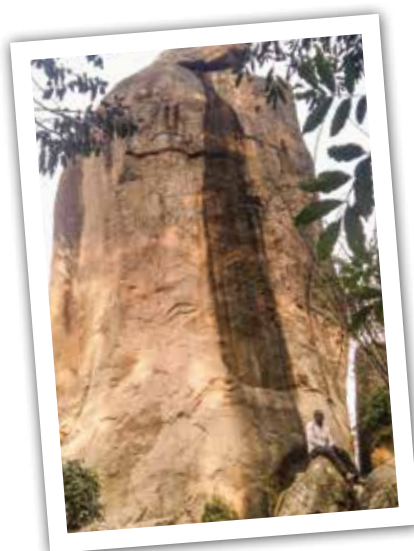
in tourism activities. In addition, fishing in Lake Victoria is no longer just for food but is a tourist activity as well.

Rusinga and Takawiri islands in Lake Victoria, now have white sandy beaches full of palm trees and magnificent hotels, reminiscent of the coastal strip. The long beach stretch, boat rides in superior boats, snorkeling, and other water sporting activities make Takawiri island not only a destination for vacation but also for sports tourism.

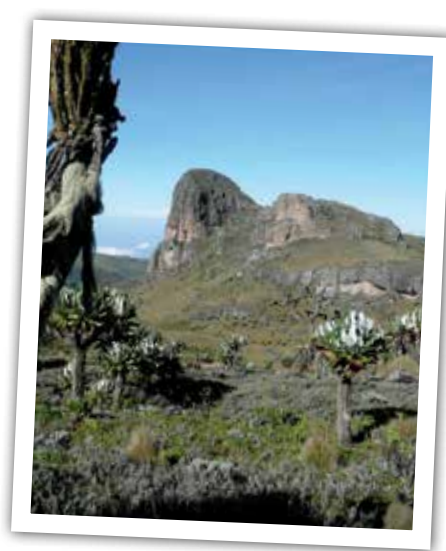
Rusinga island

“

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Crying Stone



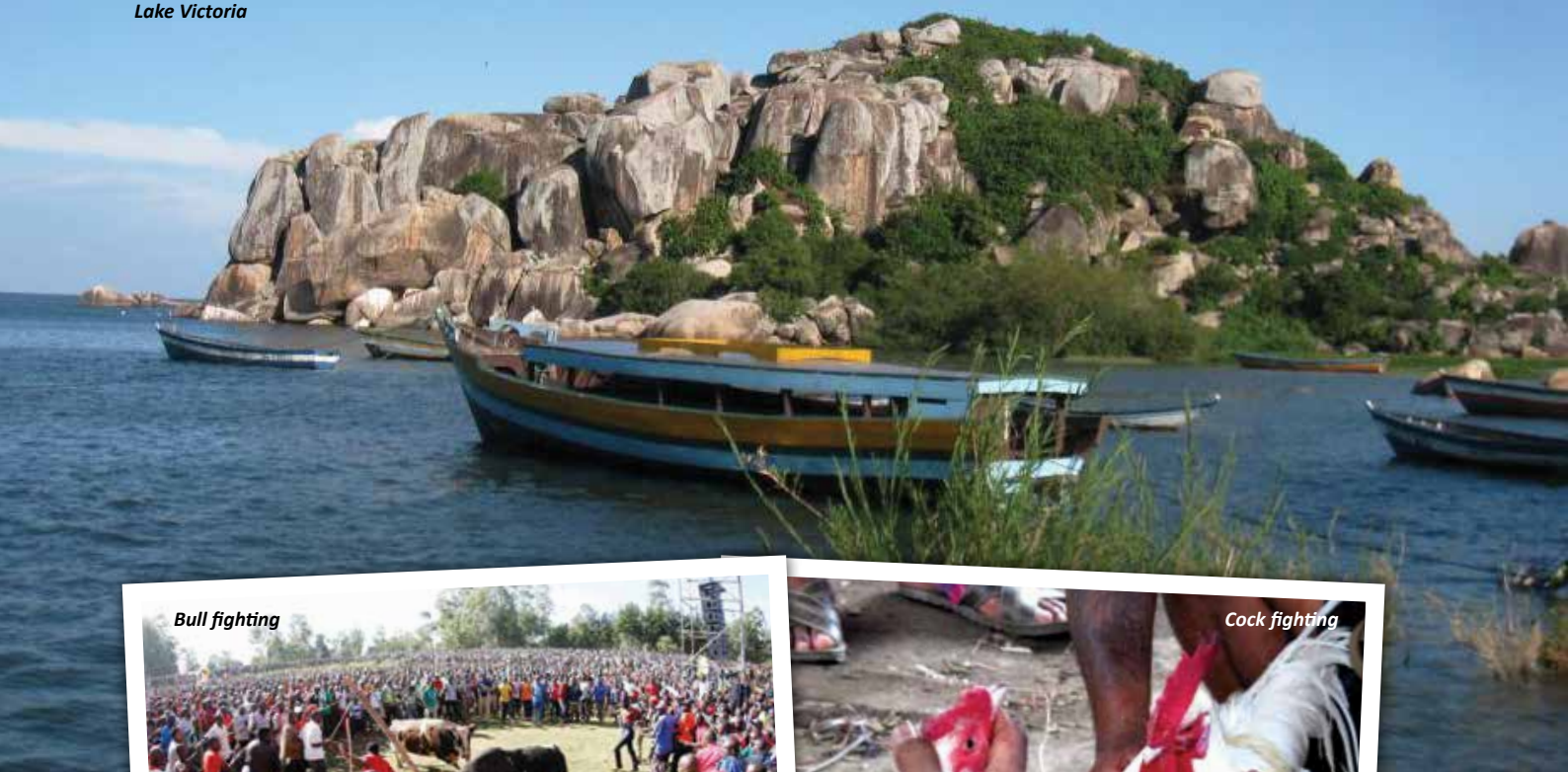
Mount Elgon National Park

Other than the aquatic life of Rusinga Island, there is a special stone called KIT YESU. (According to folklore, footprints there are believed to be those of Jesus Christ. The story there, is that Jesus ascended to heaven from that point). Besides, the salty homa hot springs, (a replica of Baringo hot springs) is said to have health benefits and can cook an egg in fifteen minutes.

Kakamega County is famous for the crying stone and dense forest; it reminds you of the dense Congo equatorial forest, and is a magnificent place for bird watching, and home to various animal species. On the Northeast side of Lake Victoria, is a secluded splendor that stretches beyond

the Kenya Uganda border. Mount Elgon National Park, is home to the big five and other animals. Caves, waterfalls, gorges, hot springs are other touristic sites not fully exploited yet with high potential of growing the region's economy.

The hills of Iten are a marvelous place for sports tourism; the home of champions as it is known, is a beehive of activity with athletes from different parts of the world flocking to train in the high altitude. These activities have increased investment in the hotel industry and boosted the economy of the area. Iten is a good breeding ground for sports biking. The high altitude and hilly terrain make the area superb for training.

Lake Victoria**Bull fighting****Cock fighting**

Kisumu city, a cosmopolitan town on the shores of Lake Victoria is known for its tasty fish, cooked and served right at the shore. A tour of Kisumu city will take you to the Impala sanctuary 3 kilometres from the city centre, the hippo point, museum, Dunga beach and the Kogello home of Barrack Obama's grandmother. Enjoy boat rides and fishing in dhows and modern speed boats; you can also tour different islands using the modern water bus, enjoy comfort, speed and safety.

According to Dennis Ochieng a tourism expert, only 40% of the western circuit has been explored and this he attributes to poor marketing of the circuit. He also says there is need for infrastructure and value addition. There are not enough good hotels, lodges and camps to attract international tourists and county governments need to work on adding new products to the existing ones.

Compared to other parts of the country, Dennis says the western circuit is still a virgin and most of its natural resources are intact and original. He feels that, over time, natural resources in the common tourist attractions sites have been depleted, and therefore, the western circuit offers a better and natural alternative.

The uniqueness of parks within the western circuit lies in its flora and fauna. Every park has species that can only survive in that park. Mount Elgon National Park, has elephants that can only survive in that ecosystem. A tour of the park gives you an opportunity to view the peak of Mount Elgon, the largest volcanic mountain in East Africa similar to the Amboseli National Park.

Kakamega forest is a home to primates and various birds' species unique only to the forest. The climatic conditions

within the rain forest make it conducive for primate families to thrive. Tourism pundits say the dense forest is conducive for gorillas' families which can be a good foreign currency earner for the county and country. Thousands of tourists flock Uganda and Rwanda parks for gorilla treks; a venture that Kenya can borrow to add more value to the forest and make it more marketable locally and internationally.

According to the CEC Minister for Trade, Industrialization and Tourism in Kakamega County Kassim Were, plans are underway to fence off kakamega forest and develop an animal orphanage as a precursor to bringing gorilla families to the forest. He says this move will greatly boost tourism in the western circuit.

Tourism stakeholders within the western circuit say the region also has great potential in conference tourism.

Lake Victoria Tourism Association LVTA, chairman Dedan Olawo says Kisumu hosts more regional meetings compared to Nairobi and the Coastal towns of Mombasa and Malindi. He says marketing of the western circuit, as a conference destination will open the region to the world of conferencing.

Ordinarily, a drive from Nairobi to the Maasai Mara takes over six hours while a drive from Kisumu to the Mara would only take three to four hours. Olawo says if Kisumu airport can be opened to the world thus allowing regional and international flights to land in Kisumu, animal lovers travelling to the Maasai Mara would enjoy shorter rides to the park as compared to long trips from Nairobi to the Mara. He further states that the western region is endowed with thousands of bird species good for bird watchers.

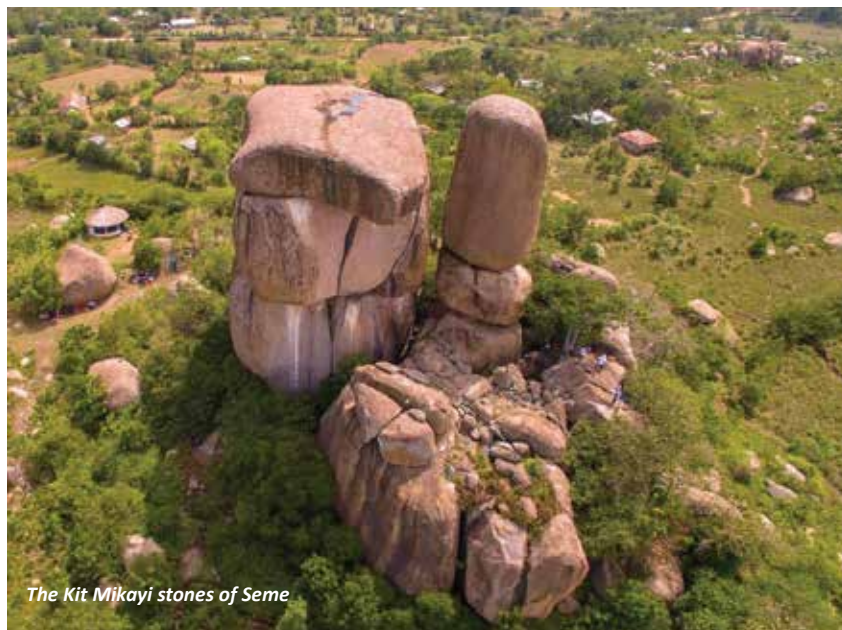
The mushrooming of hotels and lodges in different parts of the region is a sign that tourism in the western circuit is slowly picking up and residents are preparing themselves for busy days ahead. Residents have equally adopted homestay plans and opened up their homes to accommodate guests on vacation as well as volunteers, and in exchange get some much needed cash.

Cultural tourism

Cultural tourism is the leading product in this circuit and majorly explored by domestic tourists, leading to the development of cultural centres in every community. Counties within the western circuit have many tribes and sub tribes with diverse cultures and cultural practices. Development of cultural centres in various parts, help to nurture and maintain these cultures for generations.

Cultural culinary, music, dances, and cultural regalia are good tourist attractions mostly enjoyed by domestic tourists and if marketed internationally, can be a good source of income to many locals. Maragoli cultural festival, bull fighting, cock fighting and wrestling, are some of the cultural social activities that would promote cultural tourism.

Other than the famous crying stone which has a rich history, different cultural heritage sites have been identified within Kakamega County; Mawe Tatu, Misango hills, Kaambili hills, and Nabongo shrine. Kassim says these are important sites to the Luhya community. The Kit Mikai



stones of Seme, Gor Mahia shrine in Homabay, and the Lwanda Magere stone are some of the Luo historic sites that reveal the origin of the Luo community. The Kalenjin community and its sub tribes, Luhya sub tribes each have cultural centres that uniquely talk about origins of the tribes and traditions.

Food is an essential part of culture. Communities within the western circuit prepare food in different ways that depict their culture. Each community has its own staple food; in some instances the foods are the same but the cooking is different. Different foods served to people in the olden days, said a lot about your status in the community or family. Visitors were and are still accorded much respect and this is usually shown through the foods

served to them.

A visit to Kisumu County takes you to the lake along Dunga beach or Lwang'ni beach to enjoy a meal of fish with ugali or rice. In the land of mulembe (luhya community) chicken is preferred accompanied with ugali or rice. A meal among the Kalenjin community must be accompanied by a glass of 'Mursik' fermented milk. Kisii is the land of bananas. A visit to Kisii without a meal of bananas, either boiled, fried or stewed accompanied by chicken, beef, beans etc...is not complete.

Medical Tourism

This is an additional product to be launched within the western circuit. Kakamega County CEC says expert doctors will be trained by the county to handle most critical illnesses that cost Kenyans millions to seek treatment outside Kenya. These doctors will be complimented by foreign expert doctors thus reducing costs of treatment outside Kenya and at the same time boost local tourism. Kassim says this will not only improve medical standards but also the hospitality sector. Kenyans spend millions seeking treatment for terminal diseases outside Kenya. Medical pundits say approximately 10,000 Kenyans travel to India for treatment annually. "Tourism in not in towns but in the villages," says Dedan Olawo.

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Transition

CPA Rose Mwaura has been elected the 23rd Chairman of ICPAK, she was installed during ICPAK's 42nd Annual General meeting. She takes over from Julius Mwatu who had served as ICPAK Chairman from June 2017-9th June 2019. CPA Rose won the seat after garnering 3815 votes against her closest rival CPA Denish Osodo who got 3528 number of votes.

"I will endeavor to enhance regulation of the profession by ensuring timely and effective implementation of the amendments to the Accountant's Act. This will safeguard the sanctity of our profession and public interest," assures the incoming ICPAK Chairman.

Others who were elected as council members include FCPA George Mokua, CPA Dr.

Elizabeth Kalunda and CPA Risper Olick. Other members joining the council for the first time include, CPA George Mokua, CPA Risper Olick and Elizabeth Kalunda. The newly elected council will work other council members who include: FCPA Wycliffe Shamiah, CPA Geoffrey Malombe, CPA Susan Oyatsi, CPA Samuel Okello, CPA Anne Wangechi, Ms. Damaris Kimosop and Dr. Nicholas K. Letting.



Top: Immediate former ICPAK Chairman FCPA Julius Mwatu (fourth from left), Chairman elect CPA Rose Mwaura (fifth from left), FCPA Rose Ogega (sixth from left) together with other Council members during the 41st AGM and handing over ceremony.

Below: The first lady ICPAK Chairman FCPA Rose Ogega (middle) passing the chain to the 2nd lady Chairman, CPA Rose Mwaura (right)





Top: Immediate former ICPAK Chairman FCPA Julius Mwatu (far right) with Chairman elect CPA Rose Mwaura (middle) and ICPAK CEO CPA Edwin Makori (left) before handing over.

Below: Immediate former ICPAK Chairman FCPA Julius Mwatu with current ICPAK Chairman CPA Rose Mwaura after official handing over.



HOW TO DESTROY A NATION

By FCPA Dr. Jim McFie

When I mentioned to a couple of friends that I intended to write an article on “how to destroy a nation”, one of the friends, knowing that I am on the board of a publishing house which does not publish “The Nation”, suggested that an article with the title “How to destroy The Nation” would certainly be published in the newspaper produced by that publishing house. But the other friend was more serious: he added “If the leaders of a country are criminals, then the country will certainly be ‘cooked’ – the slang for broken”. But let us examine the topic in greater detail. If one puts into Google the title of this article, one hundred and eighteen million sites on the internet are available where one can read about the topic. Recently I was in a meeting with Dr Kibua, the former Assistant Governor of the Central Bank of Kenya: he asked what is the difference between minor and major corrections needed in a master’s or doctoral thesis? A good question, which is quite difficult to answer. And when is a country “broken”? Clearly, there are many different answers.

In “World Population Review (WPR)”, a state is defined as “a territory that is organized under one government”: when this political structure just does not work as it should, the result is a “failed state”. WPR goes on to point out that “There are two characteristics of a failed state. The first is that the government cannot project authority over the people and the territory. The second is that it is unable to protect its boundaries. In other words, the government structure is completely unsuccessful. The government of a failed state is unable to control its people or resources, and there are very few – if any – public services available. There are many reasons why a state would fail. A predatory and corrupt government is one major reason. Other reasons include civil wars, genocide, and ethnic violence. A failed state cannot implement public policies; infrastructure is not effectively built; and civil liberties and human rights are unprotected. There is no physical security for a failed state’s residents, and there is no stable political or economic systems in place”. However WPR lists states as failed which you and I would probably not claim to be failed and

omits states which you and I may possibly assert to be “failed”. WPR points out that “Currently, there are many states throughout the world that are noted to be ‘failed states’, while others classify them as ‘vulnerable’, meaning that unless change comes soon, the states will fail. Some of the states most in danger of failing include Nicaragua, Brazil, Sudan, and North Korea, due to corruption. States like Libya, Iraq, Pakistan and Siberia are in danger of failing because of rebellion. Other states including Nigeria and Nepal are at risk because of democratic collapse. States including Iraq, Yemen and Turkey are in danger due to religious and ethnic conflicts”.

Libya became a failed state because it was the victim of interference by other countries. I need to give you a background story to illuminate you about this claim that Libya failed because of outside interference. Ahmed Bensaada was born in 1958 in Fillaoucen in the mountains of Algeria and received his early education there: he move to in Aix-en-Provence in France, where he completed his schooling. He did his first degree at the University of Cairo, Egypt. In January 1989 he arrived in Montreal, Canada, to do a doctorate in physics at the University of Montreal. His doctoral thesis received honourable mention. He published a number of scientific papers: he prepared his family to return home, but Hocine his brother, Brahim his neighbor, Benaouda his journalist friend, Alloula his idol, and thousands of others disappeared and were killed in Algeria. He decided to do post-doctoral research at Ecole Polytechnique de Montreal – one must remember that there is a significant minority in Canada whose mother tongue is French; Ahmed Bensaada writes in French. But he dropped research (clearly a sensible man) and became a high school teacher. He speaks of “discovering a new passion: the happiness of working alongside young people and making them love science”. He won the Canadian Prime Minister’s Award for excellence in teaching in 2006. He became a designer and administrator of educational websites, a pedagogical advisor for teacher training at the University of Montreal and an educational advisor to “University Agency of La Francophonie”, based in Hanoi, Vietnam, which was responsible for teaching physics in all

bilingual institutions in Vietnam. He began to write, in French, academic books, but also political ones, for the largest publishing houses in Quebec; he spoke at conferences, was involved in major innovative educational projects, he wrote articles in pedagogy and a very large number of contributions to the intellectual and social life of Algeria. On 30 April 2011 in Montreal

**“
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and on 7 March 2012 in Algiers, his book “American Arabesque: The role of the United States in Arab street revolts” was published. Chapter one of the book deals with the secret American funding and orchestration of the revolutions in Eastern Europe, with particular focus on Serbia (2000), Georgia (2003), Ukraine (2004) and Kirghizistan (2005) where, in each case, pro-Russian governments were overthrown

by mobilizing pro-Western young people, financed by the CIA, the US State Department, and the Pentagon linked “democracy manipulating” foundations – these include the National Endowment for Democracy, the National Democratic Institute for International Affairs, Freedom House, the Albert Einstein Institute, the Center of Non Violent Action and Strategies, the United States Agency for International Development and George Soros’ Open Society Institute.

Chapter two gives a detailed discussion of these entities, their government funding and their subversive activities – espionage, election rigging and other destabilizing activities – in countries that oppose the US pro-corporate agenda, like Venezuela, Bolivia, Cuba and Iran. It would take too long for us to go through all the chapters. But before his summation in Chapter six, the previous chapter focuses on the “pro-democracy” organizations in Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Tunisia, Yemen and Syria financed by the US State Department and the “democracy manipulating” foundations; in the appendix, Bensaada identifies the specific pro-democracy groups by name and the exact amount of US funding each received in 2009. In the section on Libya, Bensaada zeroes in on eleven key US assets who engineered the overthrow of Gaddafi. Some participated in the same State Department trainings as the Middle East opposition activists and instigated nonviolent Facebook and Twitter protests to coincide with the 2011 uprisings in Tunisia and Egypt. Others, in exile, underwent guerrilla training sponsored by the CIA, Mossad, Chad and Saudi Arabia. A few months after Gaddafi’s assassination, some of these same militants would lead Islamic militias attempting to overthrow Assad in

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I have not told you how to destroy a nation: but reading something about Venezuela teaches us of where we can get to. Let us learn from other people’s mistakes – I find it exceedingly difficult to get young Kenyans to do this.

Syria. But let us turn to another continent and another country which has been mentioned briefly above: Venezuela.

Is Venezuela a failed state? It is not mentioned at all by WPR. Venezuela has, by various measures, the world’s highest

violent-crime rate: less than two per cent of reported crimes are prosecuted. Public health in Venezuela is rapidly getting worse: in 1961, Venezuela was the first country declared free of malaria. Now its robust malaria-prevention program has collapsed, and there are more than a hundred thousand cases of malaria yearly. Other diseases and ailments long vanquished have also returned—malnutrition, diphtheria, and plague. The government releases few statistics, but it is estimated that one out of every three patients admitted to a public hospital today dies there. State mental hospitals, lacking both food and medications, have been reduced to putting emaciated, untreated patients out on the streets. But how did Venezuela get to this position? For decades, Venezuela had been ruled by two centrist parties that took turns winning elections but were increasingly out of touch with voters. The rich were really rich and made sure they showed their wealth to one another: many would fly to do their weekend shopping in Miami, Florida. The poor were totally neglected – they lived in slums. A move to impose fiscal austerity was rejected, in 1989, with a mass revolt and countrywide looting—a violent series of actions known as the Caracazo—which was put down by the Army at a cost of hundreds, perhaps thousands, of lives. A certain Chávez was an Army lieutenant colonel, from a humble background—his parents were village schoolteachers. He crashed the national stage in 1992, by leading a military-coup attempt.

The coup failed, and Chávez went to jail, but his televised declarations of noble intent caught the imaginations of many Venezuelans. He offered a charismatic alternative to the corrupt, sclerotic status quo. After his release, he headed a small leftist party and easily

won the Presidency. He soon rewrote the constitution, concentrating power in the executive. Like his hero, Simón Bolívar, the Venezuelan leader who drove the Spanish out of South America, he had regional ambitions. He used Venezuela's oil wealth, which is vast, to help cement a close alliance with Cuba and then with a number of other neighbors in South America, Central America, and the Caribbean, creating a strategic and economic bloc to counter the traditional hegemony of the United States. Chávez was a telegenic populist with a gift for electioneering. He mesmerized the country with his Sunday TV show, "Hello, President!" on which he railed for hours on end against his opponents, particularly the country's traditional business élites and imperialist Washington, told jokes and stories, sang, extolled the achievements of his Bolivarian Revolution, and issued decrees, some of them consequential—the expropriation of a factory, or the consignment of ten military battalions to the Colombian border. He even took to TV to order the jailing of a judge who had released one of Chavez's hated enemies. In the case of the judge, the enemy was a banker who had been in jail awaiting trial for three years, which was longer than the law allowed, and the judge herself then spent three and a half years in jail—where her lawyer says she was raped—and under house arrest.

Although she has never been tried, she is still forbidden to speak to the press or leave Venezuela. Chávez propped up the Cuban economy with cheap oil, and in return the Cubans sent thousands of doctors, to help start a network of health clinics. After Chávez barely survived a 2002 coup attempt, the Cubans also sent teams of military and intelligence advisers who taught their Venezuelan counterparts how to surveil and disrupt

the political opposition Cuban-style, with close monitoring, harassment, and strategic arrests. Chávez ruled in permanent campaign mode—there was always a referendum, a parliamentary election, or a Presidential contest looming. These campaigns, lively and technically "free and fair," were not without risk for participants. In 2003, when three million voters signed a petition calling for a Presidential recall—using a mechanism included in the 1999 constitution—their names and national-identity numbers were recorded and used to create a blacklist. Those who had signed were fired from government jobs, denied loans and contracts, and otherwise penalized. During an oil-price boom that began in 2004, the distribution of state largesse to key constituencies went into overdrive. Chávez won nearly every important election held over fifteen years, including the recall effort. Chavez died on 5 March 2013 (some claim he was dead for two months prior to the announcement on 5 March).

Nicolás Maduro, a onetime bus driver and Chávez's Vice-President, lacks the magic voter touch. He squeezed into office in a special election held in April, 2013, six weeks after Chávez died. Maduro has a mystical streak, and has told the nation that a little bird speaks to him, bringing news of Chávez from the afterlife. He calls himself "the son of Chávez," and he and his government justify, at least to their fellow--chavistas (followers of Chavez), much of what they do by insisting that it represents the will of the late leader. In parliamentary elections in December, 2015, anti-chavista parties won two-thirds of the seats in the National Assembly. From that base, an opposition alliance has been demanding a referendum to recall Maduro, whose poll numbers have dropped steadily. The

Maduro government is stalling, throwing up procedural roadblocks through institutions it still controls, notably the Supreme Court and the National Election Commission.

The government in Venezuela constantly cites an "economic war," secretly directed from Washington, to explain the gutted economy. Empresas Polar, Venezuela's leading manufacturer of food and beer, is constantly accused of artificially creating shortages. Polar has been threatened with expropriation, and is harassed and vilified by the government as a treacherous bastion of capital, but it has become indispensable to feeding the country. Polar is accused of being responsible for shortages because it has reduced production. Polar's management contends that it cannot import essential ingredients, because the government, which controls all foreign exchange, declines to provide the dollars necessary. These claims are false, according to the Government: "They have enough."

A reporter who visited Venezuela had to be careful to avoid filming hospitals and crime scenes. He reported that he had spoken to the mayor of an upmarket town called El Hatillo. "The mayor, David Smolansky, said that violent crime—what everyone in Venezuela calls *la inseguridad*—is deliberate policy. 'It's part of the plan', he said. We were talking in the conference room of a small clinic, because it wasn't safe, that day, for the Mayor to be in his office. The government was jailing opposition leaders in advance of a planned protest march, and Smolansky had calculated, probably rightly, that he might be next. He is a hulking thirty-one-year-old, with a full beard and watchful eyes. Impunity, he said, made it difficult to fight crime even on the local level. In the first seven months of the year, he said, his municipal police had arrested a hundred

and eleven suspects. Eighty-eight of them had been released without charges by corrupt judges. ‘The government knows it’s probably going to need those gangs to maintain power’. He had fired dozens of cops for corruption and misbehavior. A house robbery had been caught on video surveillance. They were able to positively identify six robbers. All six were cops, and not one of them is in jail today”.

Buying the basic commodities of daily living in Venezuela is a task that takes one the whole day. The reporter joined one of the queues to buy these basics: “Avanza, avanza.” Forward, forward. An old woman picks up her plastic chair. Another woman, Mar-ibel Guzmán, hoists her bags. Everybody shuffles a few yards. They’re waiting on a food line for a supermarket in the La Trinidad neighborhood of Caracas. The supermarket is not in sight. It’s around the corner, up a hill, around another corner, on a different street. Guzmán is from Mona-gas, in eastern Venezuela. ‘I came to Caracas to find food’, she says. She is forty-one. She left her family in Monagas and found a job here, in the capital, as a housekeeper. She has an agreement with her employer—she works an extra half day each week in exchange for the day she needs to stand in la cola to buy food. Her family back home depends on her: ‘Last Wednesday, I got only toilet paper, and I thought, Oh, my God, what am I going to send home? They need food’. Today, she’s hoping for two kilograms of flour and two hundred grams of butter. She’s been in line all day. It’s now late afternoon. She is still several hundred yards from the supermarket’s door. You’re allowed to queue up for price-controlled items only on certain days of the week, and those days are determined by the last digit on your cédula—your national-identity card. Several people show me their cédulas. They all have numbers that end in 3—that’s today. A woman with an umbrella says that last week she waited from 8 A.M. to 5 P.M. and went home with nothing. Today, she’s hoping for flour and toothpaste. A television repairman says that he arrived at 3 A.M. but decided that it was too dangerous at that hour and left. ‘The National Guard usually arrives around five-thirty, and security improves after that. The store opens at seven or

seven-thirty’. There are often robberies in food lines—‘They’ll even take your glasses’, the TV repairman says—and, of course, fights. Full-scale food riots break out sometimes. Many supermarkets have been sacked. The National Guard can itself be dangerous, though not in this neighborhood. Venders sell orangeade, single cigarettes, and cheap ice lollies to the people on line. A sallow bank clerk waits with his dreadlocked sixteen-

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year-old son. I ask him about his work. ‘Computer security,’ he says. His wife is a hairdresser, now working out of their apartment. She has started asking her clients to pay her with food. This is their youngest child. The older ones are still at home, too. Young people can’t afford rent. I ask why. The clerk studies me. He seems immensely tired and sad. ‘Inflation’, he says. ‘Lack of production. The government needs to invest. The factories in this area are all closed. Chávez closed them in 2000’. Other people join in: ‘Rice, pasta, sugar, cooking oil, bread, coffee. We produce these things. Or we used to. Now they all require lines’.

I have not told you how to destroy a nation: but reading something about Venezuela teaches us of where we can get to. Let us learn from other people’s mistakes – I find it exceedingly difficult to get young Kenyans to do this. Let us hope that Kenya never ends up in the situation of Venezuela. But we have to ask ourselves: “Am I part of the problem or am I working towards a bright future

for the country”. As the Chinese have proved, work done with care and skill, performed by a large proportion of the population can make a country wealthy – gold, diamonds, minerals help but there is no substitute for efficient, effective and quality work. But the leadership of the country is crucial: if Kenya continues to have the leadership we have at the present time, the future for the children of this country will certainly be bleak.

Image copyright REUTERS Image caption Many Venezuelans blame Nicolás Maduro and his government for the economic decline.

Their socialist governments have been in power since 1999, taking over the country at a time when Venezuela had huge inequality.

But the socialist policies brought in which aimed to help the poor backfired. Take price controls, for example. They were introduced by President Chávez to make basic goods more affordable to the poor by capping the price of flour, cooking oil and toiletries.

But this meant that the few Venezuelan businesses producing these items no longer found it profitable to make them.

Critics also blame the foreign currency controls brought in by President Chávez in 2003 for a flourishing black market in dollars.

Since then, Venezuelans wanting to exchange bolivars for dollars have had to apply to a government-run currency agency. Only those deemed to have valid reasons to buy dollars, for example to import goods, have been allowed to change their bolivars at a fixed rate set by the government.

With many Venezuelans unable to freely buy dollars, they turned to the black market.

What are the biggest challenges?

Arguably the biggest problem facing Venezuelans in their day-to-day lives is hyperinflation. The annual inflation rate reached 1,300,000% in the 12 months to November 2018, according to a study by the opposition-controlled National Assembly.

By the end of 2018, prices were doubling every 19 days on average. This has left many Venezuelans struggling to afford basic items such as food and toiletries.

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